

# K92 Mining Inc.: Reverse Take-Over Completed

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VANCOUVER, May 20, 2016 - [K92 Mining Inc.](#) (formerly Otterburn Resources Corp.) ("K92 Mining" or the "Company") (TSX VENTURE:KNT) is pleased to announce the completion of its previously announced reverse take-over transaction (the "RTO") pursuant to which it acquired K92 Holdings International Limited ("K92 Holdings"). The Company expects its shares will commence trading on the TSX Venture Exchange ("Exchange") as a Tier 1 mining issuer on May 25, 2016 under the symbol "KNT", subject to the Exchange's conditions for listing being satisfied and the Exchange issuing its final exchange bulletin confirming the completion of the RTO.

In connection with the RTO:

- the Company consolidated its issued and outstanding common shares on the basis of one new share for every three previously issued shares;
- the Company changed its name from "Otterburn Resources Corp." to "K92 Mining Inc.";
- K92 Holdings merged under the laws of the British Virgin Islands with a wholly-owned subsidiary of the Company to continue as "K92 Holdings International Limited" with the Company acquiring all of the issued and outstanding shares of K92 Holdings from its shareholders in consideration for the Company issuing an aggregate 49,126,666 (post-consolidated) common shares. As a result, K92 Holdings became a wholly owned subsidiary of the Company;
- the former directors of the Company resigned and new directors and management of the Company were appointed; and
- the Company amended its Notice of Articles and Articles by adding a new class of preferred shares.

## Private Placement

The Company completed a private placement of subscription receipts in eight tranches (the "Private Placement"), and raised aggregate proceeds of \$7,487,763 through the distribution of 21,393,605 Subscription Receipts. On closing of the RTO, each Subscription Receipt automatically converted into one Unit of the Company; each Unit consisting of one post-consolidated common share of the Company, and one post-consolidated common share purchase warrant exercisable at \$0.50 per share for 18 months expiring November 20, 2017. Of the 21,393,605 Units issued at closing of the RTO:

- 4,271,225 Units were issued with no hold period
- 13,063,449 Units are subject to a hold period expiring July 12, 2016;
- 2,639,302 Units are subject to a hold period expiring August 16, 2016;
- 989,629 Units are subject to a hold period expiring August 30, 2016; and
- 430,000 Units are subject to a hold period expiring September 7, 2016.

The Company also paid finder's fees in connection with the Private Placement, totaling:

- cash in the amount of \$112,161.50;
- 592,703 post-consolidated common shares, subject to a hold period expiring September 21, 2016; and
- 741,815 post-consolidated common share purchase warrants, exercisable at \$0.50 per share for a period of 18 months expiring November 20, 2017.

## Outstanding Share Capital and Escrow

The Company currently has 75,572,752 common shares, 21,986,308 warrants and 741,815 finders' warrants

outstanding. An aggregate of 32,430,333 common shares (and 450,000 warrants) are subject to escrow. Terms of escrow are that 25% of the Shares were released from escrow on closing of the RTO, and an additional 25% will be released every six months thereafter over 18 months.

### **New Board and Management**

The Company's former board of directors and officers (Brian Lueck, Darren Devine and Darryl Cardey) have resigned. At the Company's Shareholder Meeting held May 16, 2016, Shareholders approved, and the Company has now appointed, the following directors and officers:

R. Stuart Angus - Chairman and director  
Ian (John) Stalker - CEO and director  
Bryan J.R. Slusarchuk - President and director  
Justin J. Blanchet - CFO and Secretary  
Saurabh Handa - Director  
Graham Wheelock - Director  
John D. Lewins - Director  
Mark Eaton - Director

Additionally, advisors of the Company include Doug Kirwin and Alex Davidson

### **Assumption of Financing Obligations**

As a condition of closing the RTO, the Company assumed, to the extent possible, all obligations of K92 Holdings to CRH Finance II Pte. Ltd. ("CRH"). This included the Company creating a new class of Preferred Shares for issuance to CRH. CRH has agreed to acquire up to 10,000,000 Preferred Shares at \$0.35 per share in two tranches, subject to K92 Holdings meeting certain project development milestones. The terms and provisions attached to the Preferred Shares are detailed in the Company's Information Circular dated April 15, 2016 (the "Circular") and filed on SEDAR on April 19, 2016, but include that:

- i. the Preferred Shares are convertible to common shares, on the basis that if the Preferred Shares are fully subscribed, CRH will be entitled to receive 19,007,324 common shares on conversion;
- ii. the Preferred Shares may be redeemed by CRH in certain circumstances at 1.5 times the subscription price therefor.

Please refer to the Company's news releases of February 4, 2016, March 30, 2016 and May 10, 2016, and the Circular for the terms of CRH's financing of K92 Holdings.

Ian Stalker, Chief Executive Officer, states, "Another milestone has been achieved by K92 following this successful completion of the RTO Process and our subsequent listing on the TSXV. Progress on site, remains on track for the Mine Restart, as we execute the K92 business plan. We wish to express our thanks to all involved in this effort, including in particular the local community for the strong support they have provided the company during the restart process. We look forward to the enhanced employment and economic opportunities that restarting production will bring the area."

### **About K92**

K92 purchased the Kainantu Gold Project ("Kainantu") from [Barrick Gold Corporation](#) ("Barrick") in 2014 after Barrick initiated its divestiture program in South East Asia. Barrick originally purchased Kainantu from Highland Pacific Group in 2007 for US\$141.5 million and proceeded to invest significantly in underground mine development, drilling, regional exploration work, roadworks and camp amenities.

K92's focus at Kainantu is advancing towards the restart of mining and processing within the Company's Mining License 150 (ML 150).

The initial resource estimate for the Kora and Irumafimpa deposits, situated within ML 150, is 1.84 M inferred oz. at 11.6 g/t Au eq. and 240,000 indicated oz. at 13.3 g/t Au eq (based on the Independent Technical Report, Resource Estimate and Summary of Mining Facilities, Kainantu Project, Papua New Guinea, Nolidan Mineral Consultants, Author Anthony Woodward, BSc Hons., M.Sc., MAIG, April 15, 2016 - a copy of which is available for review and has been filed on SEDAR under the Company's profile and contains a full description of all underlying assumptions)). This mineral resource estimate is based on 78,935 metres of drilling from 767 holes and 18,312 metres of assayed intervals across all lodes. Kora remains open in all directions and strongly mineralized at the extent of drilling. In addition to ML 150, K92 has a surrounding

438.8 sq km exploration land package with multiple known intrusive vein targets as well as porphyry targets.

Kainantu is operated by an experienced team of mining professionals with expertise and success in capital projects, mine production, mill processing, engineering, geology, finance, law and mergers and acquisitions.

The technical information in this new release has been reviewed and approved by Brian Lueck, a former director of the Company and a director of K92 Mining Inc. (an indirectly wholly-owned subsidiary of the Company), in his capacity as a "qualified person" as defined under National Instrument. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.

#### ON BEHALF OF THE BOARD

"Ian Stalker"

Chief Executive Officer and Director

*The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

**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. The material factors and assumptions include the ability of the Company to meet the conditions for listing of the Exchange; repay and satisfy its obligations owed to CRH; restart of mining and processing within the Company's Mining License 150; and that K92 will be successful in extracting any gold from its properties in Papua New Guinea. In particular, this news release contains forward-looking information relating to the satisfaction of the issuance of the final exchange bulletin in respect of the RTO and the resumption of trading of the Company's common shares and mining operations at the Company's properties in Papua New Guinea. The final exchange bulletin will not be issued if the Exchange determines that the Company has not met the conditions set out in the Exchange's conditional approval letter. 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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