

# **K92 Ships First Kora Concentrate under new Kora Offtake Agreement Which Includes a Provision for USD \$15 Million in Non-Dilutive Capital**

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- Ships first 146 tonnes of Kora concentrate to Port of Lae with payment for this concentrate received by K92 from Offtaker

- New Offtake Agreement includes provision for Offtaker to provide USD\$15 million financing for Kora Expansion

- First 4,000 tonnes of Kora material processed in October resulted in the production of 163 tonnes of concentrate at 143 g/t Au, 196 g/t Ag and 18.4% Cu containing 750 ozs of Au, 1,030 ozs of Ag and 66,000 lbs of copper

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 14, 2017) - [K92 Mining Inc.](#) ("K92") (TSX VENTURE:KNT)(OTCQB:KNTNF) is pleased to announce the first concentrate from Kora production has been shipped to the Port of Lae, pursuant to a new offtake agreement, with the provisional payment (90% of total value of shipment) received by K92.

The new offtake agreement includes a provision for funding of USD \$15 million in non-dilutive financing from one of the world's largest commodity trading groups, to secure the long term offtake for production from the Kora Deposit ("Kora").

The \$15 million in financing is subject to a number of closing conditions, which the two parties have commenced pursuing. Prior to the removing of these conditions, K92 will ship Kora concentrate under an agreement with interim provisions facilitating the same. K92 anticipates utilizing the \$15 million to target an expansion of the mining and processing rate to a level envisioned in the Preliminary Economic Assessment referred to below.

K92 Chief Executive Officer, John Lewins, states, *"This offtake agreement announced today allows for immediate shipping of concentrate that K92 is producing from Kora. At the same time, it provides a potential path for a non-dilutive financing to target significant production expansion. The offtaker is one of the world's largest commodity traders, is very active in Papua New Guinea and familiar with K92 and our operations. The discovery of the Kora extension area adjacent to our current mining area has been game-changing for the company and we are continuing to drill and mine in this area."*

The current Kora/Eutompi inferred resource, as defined by previous drilling to date, is 4.36 million tonnes at a grade of 7.3 g/t Au, 35 g/t Ag and 2.23 per cent Cu, or 11.2 g/t gold equivalent (see Table 1.0) and is open for expansion at depth and in both directions along strike.

K92 has previously announced and has been following up on the discovery of an extension of Kora, made in K92 drillhole KMDD0009, which recorded an intersection of 5.4 metres at 11.68 g/t gold, 25.5 g/t silver and 1.33 per cent copper 500 metres to the north from the closest point of the currently defined Kora deposit inferred resource (see K92 news release dated May 24, 2017, for details including true thicknesses). All ten follow-up holes drilled since, in this discovery area, have intersected gold, silver and copper mineralization.

K92 has filed and made available for download on the company's SEDAR profile a technical report titled "Independent Technical Report, Mineral Resource Update and Preliminary Economic Assessment of Irumafimpa and Kora Gold Deposits, Kainantu Project, Papua New Guinea," with an effective date of March 2, 2017, that provides additional information on the geology of the deposits, drilling and sampling procedures, lab analysis, and quality assurance/quality control for the project, and additional details on the resource estimates.

The PEA estimates for Kora, based on the current resource estimates (4.36 million tonnes of 7.3 g/t Au, 35 g/t Ag and 2.23 per cent Cu):

- Over a nine-year operating life, the plant would treat 3.2 million tonnes averaging 7.1 g/t Au, 25 g/t Ag and 1.7 per cent Cu (9.3 g/t AuEq (1));
- This would generate an estimated positive cash flow of \$537-million (U.S.) using current metal prices if 15-metre levels are used in mining; if 25-metre levels are used, then net cash flows are estimated as \$558-million (U.S.); this cash flow includes conceptual allowances for capital;
- Production of an estimated average of 108,000 AuEq (1) ounces per annum over an eight-year period from year 2 through to year 9;
- An estimated pretax net present value (NPV) of \$415-million (U.S.) for 25-metre levels, or \$397-million (U.S.) for 15-metre levels, using current metal prices, exchange rates and a 5-per-cent discount;
- An estimated after-tax NPV of \$329-million (U.S.) for 25-metre levels, or \$316-million (U.S.) for 15-metre levels, using current metal prices, exchange rates and a 5-per-cent discount;
- Initial capital cost is estimated to be \$13.8-million (U.S.), including the \$3.3-million (U.S.) for the plant upgrade identified in the Mincore scoping study, but excluding the proposed Kora exploration inclines and diamond drilling; sustaining capital cost is estimated to a further \$64-million (U.S.) spent over the life of the Kora mining for 25-metre levels, or \$83-million (U.S.) for 15-metre levels;
- Operating cost per tonne is estimated to be \$125 (U.S.) per tonne for 25-metre levels, or \$126 (U.S.) per tonne for 15-metre mining levels;

- Excluding initial capital expenditure of \$14-million (U.S.), cash cost is estimated to be \$547 (U.S.) per ounce AuEq (inclusive of a 2.5-per-cent net smelter return (NSR) royalty) and all-in sustaining cost (AISC) of \$619 (U.S.) per ounce AuEq for 25-metre mining levels, or \$549 (U.S.) per ounce (inclusive of a 2.5-per-cent NSR royalty) and AISC of \$644 (U.S.) per ounce AuEq for 15-metre mining levels.

Metal prices used were \$1,300 per ounce for gold, \$18 (U.S.) per ounce for silver and \$4,800 per tonne for copper. Gold equivalent calculated on above metal prices.

Kora remains open for expansion in every direction and strongly mineralized at the extent of all drilling.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. The technical report contains a full description of all underlying assumptions relating to the PEA. Mineral resources that are not mineral reserves and do not have demonstrated economic viability.

TABLE 1.0 IRUMAFIMPA AND KORA/EUTOMPI RESOURCES

Deposit	Resource by Deposit and Category									
	Resource Category	Tonnes	Gold	Silver	Copper	Gold Equivalent				
		Mt	g/t	MOz	g/t	MOz	%	Mlb	g/t	MOz
Irumafimpa	Indicated	0.56	12.8	0.23	9	0.16	0.28	37	13.4	0.24
	Inferred	0.53	10.9	0.19	9	0.16	0.27	74	11.5	0.20
Kora/Eutompi	Inferred	4.36	7.3	1.02	35	4.9	2.23	215	11.2	1.57
Total Indicated		0.56	12.8	0.23	9	0.16	0.3	4	13.4	0.24
Total Inferred		4.89	7.7	1.21	32	5.06	2.0	218	11.2	1.76

*M in Table is millions. Reported tonnage and grade figures are rounded from raw estimates to reflect the order of accuracy of the estimate. Minor variations may occur during the addition of rounded numbers. Gold equivalents are calculated as  $AuEq = Au \text{ g/t} + Cu\% * 1.52 + Ag \text{ g/t} \times 0.0141$ .*

K92 Vice President Chris Muller, PGeo, a qualified person under the meaning of Canadian National Instrument 43-101, has reviewed and is responsible for the technical content of this news release. Data verification by Mr. Muller includes significant time onsite reviewing drill core, surface exposures, underground workings and discussing work programs and results with exploration personnel.

ON BEHALF OF THE COMPANY,

John Lewins, Chief Executive Officer and Director

**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 Project, expectations of future cash flows, the proposed plant expansion, 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, 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. There is specifically, no assurance the USD \$15 million will be received. 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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