

K92 Mining Inc. Provides Operations and Stage 2 Expansion Update

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- Stage 2 Expansion from 200,000 tpa to 400,000 tpa continues to progress well.
- Key equipment received in late-2019, including new production long hole drill, 17t-bucket underground LHD loader, twin boom autodrill development jumbo and integrated emulsion charging unit.
- Arrival of the production long hole drill marks the beginning of Kainantu's transition from an exclusively cut and fill mine to a high-productivity, lower-cost, long hole open stoping extraction method.
- Primary ventilation system and underground electrical reticulation upgrade completed in December 2019, for a ~3x increase in ventilation fan power, resulting in a more than 100% increase in flow rates and immediate improvement to the mining cycle and operational flexibility.
- Record material movements (mill feed and waste rock) of 120,000 tonnes in Q4 2019 achieved from under 60,000 tonnes in Q1 2019. A key focus has been on waste development for the expansion and there are now seven sublevels established - previously three operating sublevels in 2018.
- Preparation for development of Kainantu Twin Incline has commenced with earthworks underway.
- Final stages of process plant expansion progressing with crusher upgrade, including installation of new secondary crusher largely completed. Additional flotation tank foundations and tank installation is complete, with piping and electricals underway.

VANCOUVER, British Columbia, Jan. 21, 2020 -- [K92 Mining Inc.](#) ("K92" or the "Company") (TSX-V: KNT; OTCQX: KNTNF) is pleased to provide an update on its operations and Stage 2 Expansion at its producing underground Kainantu Gold Mine ("Kainantu") in Papua New Guinea.

Mining Fleet

Since K92 announced the formal decision for the Stage 2 Expansion on March 13, 2019 (see Press Release:

K92 Mining to Expand Kainantu Gold Mine, PNG), Kainantu has undergone a significant expansion and modernization of the mining fleet. The fleet expansion includes not only an increase in the quantity of equipment but also a significant increase in equipment size. In late-2019, Kainantu received its latest major equipment delivery including:

- Sandvik LH517i UG LHD loader on site and operational
- Sandvik DL421-15C long hole production drill rig on site and commissioning
- Sandvik DD422i Platinum twin boom development (Autodrill capable) jumbo on site and commissioning
- Minecat integrated emulsion charging unit on site and commissioning

See Fig 1-3 for recent equipment received.

The arrival of the Sandvik long hole production drill is of particular importance as it marks the beginning of implementing lower-cost, high-productivity long hole stoping. The Kora and Kora North deposit is especially amenable to this mining method given its sub-vertical orientation, strike lengths and thickness. Cut and fill has been the mining method at Kainantu since it restarted in October 2016 and will continue to be implemented as well. Long hole drilling will focus on Kora North's K2 Vein, and the potential for long-holing other veins is an opportunity that is being assessed.

The late-2019 equipment arrivals, are in addition to the other equipment arrivals in 2019 including:

- Materials Handling
 - Two Caterpillar AD45B (45 tonne) low profile trucks on site and operational
 - One Sandvik LH517i loader on site and operational
 - Two Caterpillar loaders (930K & 924K) on site and operational
 - One Sandvik EJC 430 (30 tonne) low profile on site and operational
- Drill and Blast
 - Two Sandvik twin boom jumbos on site and operational:
 - One Sandvik DD420 twin boom jumbo
 - One Sandvik DD421 twin boom jumbo
 - One Minecat integrated emulsion charging unit on site and operational
- Mine Services
 - One Getman Underground Grader on site and operational

The mining fleet is planned to expand further in early 2020, including the acquisition of:

- Third Caterpillar AD45B (45 tonne) low profile truck expected to arrive in Q1 2020
- Third Sandvik LH517i loader with teleremote automine expected to arrive in Q1 2020
- Sandvik DS421 cable bolter expected to arrive in Q2 2020
- Jacon X5 underground cement truck expected to arrive in Q1 2020
- Modular batching plant expected to arrive in Q2 2020

Mine Infrastructure

In 2019, Kainantu's underground mine infrastructure was considerably upgraded and expanded, with several key projects completed including:

- Installation of two 132 kW fans, which replaced the two 55 kW fans in December 2019. This represents a ~3x increase in fan power. To date, primary underground ventilation flow-rates have increased more than 100%, providing an immediate improvement to the mining cycle and operational flexibility.
- Main incline debottlenecking program completed in Q3 2019, with areas of the incline widened and the excavation of three bypass drives to improve traffic management and equipment efficiencies.
- New underground magazine at the 1210 mRL level 90% completed in December 2019 and to be finalized in January 2020.
- Bulk emulsion charging system implemented in Q2 2019, increasing development advance rates by over 0.5m per cut and making Kainantu the first mine in PNG to introduce full underground emulsion charging systems.
- Establishment of seven sublevels between 1150 mRL to 1245 mRL. This represents a considerable increase to mine operational flexibility. In 2018, Kainantu had only three sublevels established and the majority of production came from the 1205 mRL level.

There are several additional projects underway including:

- Construction of equipment maintenance workshop and office at portal, with completion of office expected in Q1 2020 and completion of workshop expected in Q3 2020.
- New high-tech underground communications system including wifi, personnel tracking, advanced remote equipment communications and real-time safety tracking system. Completion expected in Q1 2020.

Kainantu Twin Incline

Early earthworks for the two 3-km twin inclines have commenced with incline development expected to commence in Q1 2020. The design for the twin incline could handle production of up to 2 million tonnes per annum.

Process Plant

Completion of the plant expansion is in the final stages, with commissioning expected to begin in February 2019. The gravity circuit and gold room was installed in Q3 2019 and the new secondary crusher was

installed in December 2019. The focus is on the installation of the flotation tanks, with foundations and tanks installed and piping and electrical installations underway.

See Fig 4 – New Secondary Crusher installed and due for commission in Q1 2020

See Fig 5 – Flotation Tanks Foundation and Tanks Installed, Piping and Electrical Underway - expected completion Q1 2020

John Lewins, K92 Chief Executive Officer and Director, stated, *“The Company is moving forward rapidly with the Kora Expansion Project expected to significantly increase throughput, achieving 400,000 tpa annualized process plant run-rate by the end of 2020. In Q4 2019, Kainantu achieved record material movement rates of 120,000 t, an increase from under 60,000 in Q1 2019; and is being further bolstered by multiple positive developments including ongoing expansion to the mining fleet; the commencement of higher productivity long hole stoping in Q1 2020, and; the completion of key infrastructure projects in the second half of 2019. The completion of the incline debottlenecking program and the ventilation upgrade, in particular, has had an immediate positive impact on equipment efficiencies and cycle times.*

We are also very excited to have commenced the development of our twin incline. The incline is being designed for throughputs of up to 2 million tonnes per annum. This is materially greater than the Stage 2 Expansion throughput of 400,000 tpa, and the decision was based on our view that the mine has further expansion potential as indicated from our exploration results to date.

It is important to highlight that the combination of above-budget production and below-budget cash costs has enabled the Company to fund the expansion as well near-mine and regional exploration from operational cash flow. While 2019 was very much a transformational year for K92, we expect 2020 to build on this and enable our Company to move towards the next level.”

About K92

[K92 Mining Inc.](#) is engaged in the production of gold, copper and silver from the Kora and Kora North deposits of 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 has commenced an expansion of the mine. An updated Preliminary Economic Assessment on the property was published in January 2019. 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

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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 regarding [K92 Mining Inc.](#)’s future financial, and current and projected operating

performance 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 forward-looking statements in this news release are based on the opinions and estimates of management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond the Company's ability to control or predict. 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 Gold Mine; the generation of further drilling results; expectations of future cash flows; expectations of future production results; expected success of the proposed plant expansion; potential expansion of resources; any which may or may not occur. Forward-looking statements and information contained herein are based on certain factors and assumptions regarding, among other things: there being no significant disruptions affecting the Company's operations; political and legal developments in Papua New Guinea being consistent with the Company's current expectations; the accuracy of K92's current mineral reserve and mineral resource estimates; the exchange rate between the Canadian dollar and U.S. dollar, and the Papua New Guinea Kina, being approximately consistent with current levels; prices for fuel, electricity and other key supplies being approximately consistent with current levels; equipment, labour and materials costs increasing on a basis consistent with K92's current expectations; all required permits, licenses and authorizations being obtained from the relevant governments and other relevant stakeholders within the expected timelines and the absence of material negative comments during the applicable regulatory processes; the market price of the Company's securities; metal price; 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. 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.

Fig 1 – End of 2019 arrival of (from left to right) DL421-15C long hole production drill rig, Sandvik LH517i UG LHD loader (17 t bucket) and Sandvik DD422i Platinum twin boom development (Autodrill capable) jumbo:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/7a992a2e-5836-42f3-b3aa-1d1490b51a6b>

Fig 2 – End of 2019 arrival of Minecat integrated emulsion charging unit on site:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/22af855d-72a9-4ee6-975e-479d8410e9d8>

Fig 3 – Minecat integrated emulsion charging unit on site and commissioning at the underground development face:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/968dea84-da24-43b6-b6e8-9740531ea024>

Fig 4 – New Secondary Crusher Installed and due for commission in Q1 2020:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/a9359af1-763c-4b08-9c39-6fa2c7e27fec>

Fig 5 – Flotation Tanks Foundation and Tanks Installed, Piping and Electrical Underway - expected completion Q1 2020:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/ed22f906-0387-4b8e-abf7-6b826de8672d>

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