

K92 Mining Inc. Provides Operations and Stage 2 Expansion Update After Lifting of PNG COVID-19 State of Emergency

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- Operations have delivered strong performance despite the ongoing COVID-19 State of Emergency (“SOE”) in Papua New Guinea (declared on March 20), with gold equivalent production on track to exceed 1Q 2020. On June 16, the SOE ended, resulting in a further easing of some restrictions.
- The process plant has performed well, with daily throughput of over 700 tonnes achieved on numerous days. As a result, throughput for 2Q is expected to meet or exceed 1Q 2020, despite lower running time associated with the SOE and other production impacts.
- Stage 2 plant commissioning to double throughput from 200,000 tpa to 400,000 tpa expected to commence in first half 3Q and targeting completion by end 3Q.
- Twin incline and surface exploration activities have resumed.
- Movement of personnel has improved significantly, with expatriates arriving onsite after quarantine in early June and open movement of PNG nationals.
- Stage 3 Preliminary Economic Assessment targeting completion in July.

VANCOUVER, British Columbia, June 16, 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 Operations

In March 2020, Kainantu achieved a major milestone, commencing the first long hole stope utilizing the modified AVOCA method. This is particularly significant since previous mining had been exclusively from lower productivity and higher cost development and cut and fill stoping. The first stope was from the K1 Vein, and to date, long hole stoping activities have performed in-line with design and have been increasing, providing a notable positive impact on operational flexibility.

Mining operations have also benefited from further additions to Kainantu’s mining fleet. The Papua New Guinea COVID-19 State of Emergency declared on March 20, 2020 has seen limited impact to freight, with the arrival of a third Sandvik LH517i underground LHD loader with Automine, a third CAT AD45B 45t underground truck and two Terex Articulated Surface Haul Trucks, since its declaration. The equipment joins a significantly expanded and modernized fleet since the decision to proceed with the Stage 2 Expansion on March 13, 2019 (see Press Release: K92 Mining to Expand Kainantu Gold Mine, PNG). *See Figure 1 for recent mining equipment received.*

Twin incline activities have recently recommenced with the easing of restrictions from the SOE. Ground support for the portal is underway, with portalling and the installation of steel sets expected to commence in the first half of 3Q 2020.

Processing

The process plant has achieved multiple daily throughput records during 2Q 2020, significantly exceeding the 200,000 tpa / ~550 tpd nameplate capacity, with over 700 tpd achieved on multiple occasions. The strong performance of the process plant and underground mine to date are expected to result in gold equivalent production exceeding Q1 2020.

Preparations are also being made to recommence Stage 2 commissioning near-term, to double plant throughput capacity from 200,000 tpa to 400,000 tpa. All of the equipment is installed, and commissioning is expected to commence in first half 3Q, with completion targeting end of 3Q.

Exploration

Underground drilling activities continued during the SOE, and surface exploration activities have recently recommenced as restrictions have eased. Surface drill rigs will be focusing on the Karempa and Kapore targets. Importantly, exploration activities and the number of targets drilled concurrently are expected to significantly increase in the second half of 2020, with three additional drill rigs (one underground and two surface) in transit and expected to arrive during the second half of 3Q 2020. The two surface rigs are currently planned to drill Kora and Blue Lake. The underground rig will provide additional capacity to drill Kora and Kora South. Underground development has made considerable progress advancing towards Kora South, with a new drill cuddy allowing drilling to the edge of the mining lease currently being developed and scheduled to be operational in early July.

COVID-19 Mitigation and Response Plans

To date, Papua New Guinea has confirmed 8 cases of COVID-19, with all cases recovered and the last recorded case on April 23, 2020. There have been no known cases of COVID-19 amongst our workforce or local communities. K92 remains determined to do our part to combat the COVID-19 Pandemic, with a COVID-19 Management Plan, that includes occupational health, hygiene and safety, business continuity, travel, supply chain, statutory compliance, communications, testing, risk assessment and contingency planning. We have also established a COVID-19 Assistance Fund (see April 21, 2020 Press Release: [K92 Mining Inc.](#) Announces COVID-19 Assistance Fund). See Figure 2 for images highlighting some of Kainantu's COVID-19 systems and procedures.

The Government of Papua New Guinea ended the COVID-19 State of Emergency on June 16, resulting in a further easing of some of the restrictions, particularly around domestic movement. Papua New Guinea remains vigilant in protecting its country from COVID-19, and its response will now be under the National Pandemic Act 2020. The Act enables the government to quickly impose restrictions on the advice of health and medical experts and maintain the operation of the COVID-19 National Control Centre.

John Lewins, K92 Chief Executive Officer and Director, stated, *"We are very pleased with the resiliency and strong performance of the Kainantu Gold Mine during what has been a challenging period globally for the mining industry due to the COVID-19 Pandemic. This would not have been possible if it weren't for the exceptional dedication, resourcefulness and preparedness of our workforce. The support of all levels of Government in Papua New Guinea has also been a major factor.*

It is worth highlighting that our non-local employees, both expatriate and national, were given the choice to go back to their families ahead of the State of Emergency declaration and almost all of them decided to stay on site. They went above and beyond what is expected from them, with many staying on site for over three months to make sure the mine performed before returning home for a very well deserved break.

We believe their efforts have set the stage for a very exciting second half of 2020 in terms of both production expansion and exploration. Our process plant is performing well and our Stage 2 expansion commissioning to double mill throughput is set to begin in the first half of 3Q. We will also see the potential future of Kainantu beyond Stage 2, with a Stage 3 Expansion PEA planned for July.

On the exploration front, the rate of activity and number of targets drilled concurrently is expected to make a major step change, with not only surface exploration resuming but three new drill rigs arriving on site near-term. This will provide capacity to potentially test Karempa, Kora, Blue Lake and Kora South concurrently in the second half of 2020."

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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Photos accompanying this announcement are available at:

<https://www.globenewswire.com/NewsRoom/AttachmentNg/b829eded-2f3f-494d-9453-cb50cf6ee874>

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