

K92 Mining Inc Releases Strong 2020 Q2 Financial Results Including Records for Revenue, Cash Flow and Net Cash

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VANCOUVER, Aug. 13, 2020 - [K92 Mining Inc.](#) (TSX-V: KNT; OTCQX: KNTNF) is pleased to announce results from its financial statements for the three months ended June 30, 2020.

Second Quarter 2020 Highlights:

Safety

- Strong safety record continues, with no lost time injuries and one of the best safety records in the Australasia region since start of operations.
- Proactive and focused management of COVID-19, with no confirmed cases amongst employees. K92 continues to operate and has strong preventative and response plans.

Production

- Record quarterly production of 26,847 gold equivalent (AuEq) oz, comprising 25,762 oz of gold, 531,406 lbs copper and 10,867 oz silver.
- Record tonnage of 49,311 tonnes treated, a 30% increase from Q2 2019.
- Cash costs of US\$596/oz gold and all-in sustaining costs (AISC) of US\$678/oz gold⁽²⁾.
- Long hole stoping at the K1 and K2 Veins has continued to perform to design and has provided a notable positive impact on operational flexibility.

Financials

- Sold 27,149 ounces of gold, 566,084 lbs of copper and 11,729 ounces of silver. Gold concentrate inventories of 3,439 ounces as of June 30, 2020, a quarterly decrease of 1,474 ounces.
- Record quarterly revenue of US\$47.9 million, a 105% increase from Q2 2019.
- Record operating cash flow (before working capital adjustments) of US\$30.3 million or US\$0.14 per share and EBITDA of US\$29.7 million or US\$0.14 per share.
- Net income of US\$16.9 million or US\$0.08 per share.
- Balance sheet significantly strengthened, with cash increasing by US\$13.1 million to US\$34.7 million and debt decreasing by US\$4.2 million to US\$9.1 million as at June 30, 2020.

Growth

- Reported an updated mineral resource for Kora, with a Measured and Indicated Resource of 1.1 million ounces at 10.45 g/t AuEq and Inferred Resource of 3.7 million ounces at 9.01 g/t AuEq, representing a +180% and +50% increase from the October 2018 resource, respectively (see May 19, 2020 Press Release [K92 Mining Inc. Reports Significant Resource Increase at High-Grade Kora Deposit](#)).
- Surface exploration recommenced in late Q2 following lifting of the COVID-19 State of Emergency (SOE) in Papua New Guinea, targeting nine diamond drill rigs operating by the end of Q3 2020 and ten rigs by year end.
- Resumed commissioning of the Stage 2 Expansion and development of the twin incline following the lifting of the SOE. Stage 2 Expansion commissioning is expected to be completed by the end of Q3 2020.

For complete details of the interim consolidated financial statements and associated management's discussion and analysis, please refer to the Company's website or profile on SEDAR

(www.sedar.com). All amounts are in U.S. dollars unless otherwise indicated.

John Lewins, K92 Chief Executive Officer and Director, stated, *“The second quarter represented another important step forward for Kainantu, achieving record gold production, mill throughput, cash flow generation and a very significant increase to mineral resources at Kora. During the quarter, our financial position strengthened considerably, with cash growing by \$13.1 million to \$34.7 million and debt decreasing by \$4.2 million to \$9.1 million as at June 30th.*

Importantly, this was largely achieved during the COVID-19 State of Emergency in Papua New Guinea and was possible due to the tremendous commitment of our workforce and the quality of the Kora deposit. Strong support from all levels of Government in Papua New Guinea, especially during this COVID-19 pandemic has also been a major positive factor in all our achievements to date. The State of Emergency was lifted on June 16th.

During the second half of this year, Kainantu is expected to continue to take significant steps forward. Our Stage 3 Expansion PEA was completed last month outlining a potential Tier 1 asset with ~318,000 ounces per annum AuEq run-rate production at a life of mine average all-in sustaining cost of \$362 per gold ounce net of by-product credits that is fully funded at \$1,500/oz gold prices. Stage 2 Expansion commissioning and twin incline development are both underway and exploration activity has increased considerably. Currently three separate vein targets on the mining lease and one regional target is being explored, plus two additional drill rigs are arriving on site shortly.”

Mine Operating Activities

	Three months ended June 30, 2020	Three months ended June 30, 2019
Operating data		
Head grade (Au g/t)	17.6	16.7
Gold recovery (%)	92.1%	93.2%
Gold ounces produced	25,762	18,980
Gold ounces equivalent produced ⁽¹⁾	26,847	19,652
Tonnes of copper produced	241	119
Silver ounces produced	10,867	6,894
Financial data (in thousands of dollars)		
Gold ounces sold	27,149	18,824
Revenues from concentrate sales	US\$47,857	US\$23,293
Mine operating expenses	US\$8,027	US\$4,369
Other mine expenses	US\$6,936	US\$6,339
Depreciation and depletion	US\$3,408	US\$1,801
Statistics (in dollars)		
Average realized selling price per ounce, net	US\$1,631	US\$1,258
Cash cost per ounce	US\$596	US\$572
All-in sustaining cost per ounce	US\$678	US\$703

Notes:

- Gold equivalent for 2020 based on the following prices: gold \$1,500 per ounce; silver \$17.75 per ounce; and
 (1) copper \$2.70 per pound. Gold equivalent for 2019 based on the following metal prices: gold \$1,300 per ounce; silver \$16.50 per ounce; and copper \$2.90 per pound.

- The Company provides some non-international financial reporting standard measures as supplementary information that management believes may be useful to investors to explain the Company's financial results. Please refer to non-IFRS financial performance measures in the Company's management's discussion and analysis dated August 13, 2020, available on SEDAR, for reconciliation of these measures.

K92 has not based its production decisions on mineral reserve estimates or feasibility studies, and historically such projects have increased uncertainty and risk of failure. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Conference Call Information

K92 will host a conference call and webcast to present the 2020 Q2 Financial Results at 10:00 am (EDT) on Friday, August 14, 2020.

- Listeners may access the conference call by dialing toll-free to 1-800-319-4610 within North America or +1-604-638-5340 from international locations.
- The conference call will also be broadcast live (webcast) and may be accessed via the following link: <http://services.choruscall.ca/links/k92mining20200814.html>

Qualified Person

K92 Mine Geology Manager and Mine Exploration Manager, Mr. Andrew Kohler, PGeo, a Qualified Person under the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* has reviewed and approved the technical content of this news release.

For further information regarding the Kainantu Gold Mine, please refer to the technical report with an effective date of April 2, 2020, and entitled, "Independent Technical Report, Mineral Resource Estimate Update and Preliminary Economic Assessment for Expansion of the Kainantu Mine to Treat 1 MTPA from the Kora Gold Deposit, Kainantu Project, Papua New Guinea," available on SEDAR.

On Behalf of the Company,

John Lewins, Chief Executive Officer and Director

For further information, please contact David Medilek, P.Eng., CFA at +1-604-687-7130.

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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 in PNG, mitigation of the Covid-19 pandemic, continuation of the lifted state of emergency, 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.

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