

K92 Mining Achieves Record Annual and Quarterly Production, With 29,820 oz Gold Equivalent Produced in Q4

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- Record quarterly production in Q4 of 29,820 oz of gold equivalent (“AuEq”)(¹) or 28,809 oz gold, 493,584 lbs copper and 10,395 oz silver, representing a 26% AuEq increase from Q4 2019.
- Record annual production of 98,872 oz AuEq or 95,109 oz gold, 1,853,078 lbs copper and 36,067 oz silver, representing a year-over-year AuEq increase of 20%.
- Record quarterly plant throughput with 68,932 tonnes processed, representing a 127% increase from Q4 2019.
- Record quarterly mining material movements and development metres, with 207,600 tonnes of total material movements (mill feed and waste) and 1.9 km of development advance, respectively in Q4. Mining operations achieved beginning of year target of 1,100 tpd by year-end, despite the challenges of the COVID-19 pandemic. This resulted in a ~3,000 tonnes stockpile increase from the previous quarter to ~21,000 tonnes at 11.8 g/t AuEq at year-end.
- Positive gold and copper grade reconciliation versus resource model in Q4, with gold head grade of 14.2 g/t and copper head grade of 0.36%. Head grades also benefitted from less dilution than planned, particularly from long hole stoping.
- Financial position remains strong and balance sheet has continued to strengthen during Q4 and throughout the COVID-19 pandemic.

Note (1): AuEq production for 2020 is based on a gold price of US\$1,500/oz; silver price of US\$17.75/oz; copper price of US\$2.70/lb.

VANCOUVER, British Columbia, Jan. 13, 2021 -- [K92 Mining Inc.](#) (“K92” or the “Company”) (TSX: KNT; OTCQX: KNTNF) is pleased to announce record production in the fourth quarter (“Q4”) at its Kainantu Gold Mine in Papua New Guinea of 29,820 oz AuEq, or 28,809 ounces of gold, 493,584 pounds of copper and 10,395 ounces of silver. Annual production also achieved a record of 98,872 oz AuEq or 95,109 oz gold, 1,853,078 lbs copper and 36,067 oz silver, representing year-over-year AuEq production growth of 20%.

The fourth quarter achieved record mill throughput, processing a total of 68,932 tonnes. The record mill throughput and production was achieved despite five days of downtime for mill reline maintenance and a further five days treating a lower grade bulk sample from Judd Vein development. The ramp-up of the mill following the commissioning of the Stage 2 Expansion has progressed well, sequentially improving through the fourth quarter, with metallurgical performance also improving, achieving recoveries of 91.70% for gold and 90.60% for copper. Further improvements are expected through 2021 from additional optimization to the flotation circuit, re-commissioning of the drum scrubber and introduction of the gravity circuit.

Mining operations achieved record material movements and development in the fourth quarter with 207,600 tonnes of total material movements (mill feed and waste) and 1.9 km of development mined. Importantly, the underground mine achieved the beginning of year target of reaching 1,100 tpd (mill feed) by year-end, despite the challenges of the COVID-19 pandemic. As a result, during the quarter, stockpiles increased ~3,000 tonnes to ~21,000 tonnes at 11.8 g/t AuEq at year-end.

In Q4, mining operations focused on Kora’s K1 and K2 veins and Judd’s J1 vein, for a total of seven levels mined. On the K1 vein, development tonnes were mined on five levels and long hole stoping (modified AVOCA method) was mined from five sublevels (1150, 1170, 1205, 1225 and 1245 mRL level). On

the K2 vein, development tonnes were mined from two sublevels and long hole stoping (modified AVOCA method) on the 1185 mRL level. J1 vein mining was from the 1235 mRL development. Importantly, Q4 marked the third full quarter of long hole stoping, which commenced in March 2020 on the K1 vein. Long hole stoping has performed well for both the K1 and K2 vein with less dilution than expected from both veins in Q4, particularly the K1 vein. The combination of additional levels developed through 2020 and strong performance from long hole stoping has provided a notable positive impact on operational flexibility.

The blend of K1, K2 and J1 vein material provided an average head grade to the process plant for Q4 of 14.2 g/t Au and 0.36% Cu. Both gold and copper head grades delivered a positive grade reconciliation.

The new twin incline development made considerable progress in Q4 with the #2 (6m x 6m) incline now advanced 194 metres and the #3 (5m x 5m) incline advanced 200 metres at year-end. The rates of development achieved are consistent with meeting the 30-month project schedule.

Following the establishment of a comprehensive COVID-19 Management Plan, the Kainantu Mine has continued to operate during the pandemic, with a significant focus on health and safety and risk-mitigation. The COVID-19 Management Plan includes establishing a Government recognized testing lab facility utilizing qualified medical personnel on site, establishing quarantine and isolation facilities for incoming staff, and implementing enhanced hygiene, disinfecting and training systems and procedures. On March 20, 2020, the Government of Papua New Guinea declared a COVID-19 State of Emergency (“SOE”); (see March 23, 2020 press release - *K92 Announces COVID-19 Operational Update and Response Plan*) and on June 16, 2020, the Government of Papua New Guinea lifted the SOE (see June 16, 2020 press release - [K92 Mining Inc. Provides Operations and Stage 2 Expansion Update After Lifting of PNG COVID-19 State of Emergency](#)), resulting in a further easing of restrictions. After the lifting of the SOE, Kainantu has experienced a significant improvement in the movement of personnel, with exploration and development projects resuming.

Table 1 – Q4 & 2020 and 2019 Annual Production Data

| | | 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | 2020 |
|----------------------------|-----|---------|---------|---------|---------|---------|---------|
| Tonnes Processed | T | 127,190 | 47,421 | 49,311 | 64,702 | 68,932 | 230,365 |
| Feed Grade Au | g/t | 20.8 | 13.6 | 17.6 | 11.3 | 14.2 | 14.0 |
| Feed Grade Cu | % | 0.37% | 0.36% | 0.54% | 0.38% | 0.36% | 0.40% |
| Recovery (%) Au | % | 93.7% | 93.00% | 92.10% | 90.70% | 91.70% | 91.80% |
| Recovery (%) Cu | % | 92.8% | 91.70% | 91.10% | 90.20% | 90.60% | 90.90% |
| Metal in Conc Prod Au | Oz | 79,838 | 19,240 | 25,762 | 21,298 | 28,809 | 95,109 |
| Metal in Conc Prod Cu | T | 432 | 154 | 241 | 221 | 224 | 841 |
| Metal in Conc Prod Ag | Oz | 22,984 | 7,678 | 10,867 | 7,127 | 10,395 | 36,067 |
| Gold Equivalent Production | Oz | 82,256 | 19,944 | 26,847 | 22,261 | 29,820 | 98,872 |

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

John Lewins, K92 Chief Executive Officer and Director, stated, “We are especially pleased with the performance of the Kainantu Gold Mine during the fourth quarter, achieving record production. Importantly, the quarter was underpinned by record mill throughput, mine material movements and mine development.

The fourth quarter represented the first full quarter of the Stage 2 Expansion, after completing the commissioning of the plant expansion in late-Q3. The mill has continued to ramp-up well, with both throughput and recoveries improving through the quarter, and particularly strong performance in December. Both throughput and recoveries are expected to continue to improve as we optimize the circuit and recommission the drum scrubber and gravity circuit.

Underground mining operations have delivered strong performance on multiple fronts and achieved the beginning-of-year target of 1,100 tpd mill feed by year-end. This target was achieved through progressively improving our operational flexibility by executing on our underground development plan to open up the mine

vertically and laterally, and executing on long hole stoping for both the K1 and K2 veins. We are pleased to report that long hole stoping has delivered lower dilution than planned, particularly from the K1 vein. Less dilution than expected combined with a generally persistent positive gold grade reconciliation to date has contributed to another quarter of solid head grades.

2020 represents our third consecutive year of production growth and 2021 promises to continue that record with our first full year of the Stage 2 Expansion. Exploration activities have ramped up considerably, ending 2020 with 10 drill rigs on site and an eleventh rig expected to arrive shortly. The drill rigs are targeting the Judd, Karampe, Kora and Kora South vein systems, and the Blue Lake porphyry.

Lastly, I would like to once again, highlight the exceptional commitment of our workforce and the quality of the Kora Deposit. The significant steps taken forward at Kainantu, including commissioning the Stage 2 Expansion, achieving our year-end mine throughput goals, record development, doubling our drill rig fleet and strengthening our financial position, despite the challenges of the COVID-19 pandemic, has been extraordinary. The support of all levels of Government in Papua New Guinea, especially during the COVID-19 pandemic, has also been a major positive factor in all of our achievements to date.

Qualified Person

K92 mine geology manager and mine exploration manager, Andrew Kohler, PGeo, a qualified person under the meaning of Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, has reviewed and is responsible for the technical content of this news release. Data verification by Mr. Kohler includes significant time onsite reviewing drill core, face sampling, underground workings, and discussing work programs and results with geology and mining personnel.

On Behalf of the Company,

John Lewins, Chief Executive Officer and Director

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