

K92 MINING INC. SIGNS OFFTAKE AGREEMENT FOR CONCENTRATE AND REPORTS ON SITE AND CORPORATE PROGRESS

By admin Posted June 7, 2016 In 2016, News Releases

- **concentrate offtake agreement signed with Interallloys Trading Limited**
- **water commissioning of mill and floatation circuit is completed**
- **successful commissioning of crusher**

K92 Mining Inc. (the “Company” or “K92 Mining”) is pleased to provide an operational and corporate update.

SITE

Onsite, the load commissioning of the refurbished crushing plant has been completed with the plant achieving an estimated throughput of 95 tonnes per hour (“tph”), indicating significant excess capacity in comparison to the planned milling rate of 25 tph. All major components of the plant including the jaw and cone crushers, conveyors and vibrating screen operated within acceptable parameters. Subject to the completion of usual minor punch list items the crusher is now considered fully operational.

Additionally, water commissioning of the mill and flotation circuit has also been undertaken over the last few days. This commissioning included the operation of the major equipment items in this section, including major pumps, float cell agitators, conditioners and compressor. The focus for the coming month will be on addressing punch list items in this area, commissioning of the process control system and associated instrumentation and the load commissioning of the Ball Mill.

At the mine, the Company completed the previously announced remedial work on the main mine access (Muck Bay 9) on schedule, now allowing full access to the upper working levels.

Currently, there are approximately 150 employees and contractors onsite involved in the refurbishment and rehabilitation work and moving the Company towards the restart of operations.

K92 Chief Operating Officer, Mr. John Lewins, states,



“Our Mine Restart program is progressing well. We have put together a very strong site based management team which has not only has extensive experience in the development and operation of gold deposits similar to Irumafimpa and Kora, but also has collective experience of in excess of 100 years in the PNG mining industry.

The remedial work on our 800 Portal and incline, the main entry and exit point for our Irumafimpa Mine is well in hand with safe access to the upper working levels being achieved, ventilation re-established, and the mobile equipment necessary for the restart now on site or in transit.

We have successfully recommissioned the crushing plant and importantly achieved a throughput of up to 95 tonnes per hour (“tph”), indicating the crusher has significant excess capacity in comparison to the planned mill throughput of 25 tph or 200,000 tonnes per annum (“tpa”).

With the installation of the new Drum Scrubber, which has arrived on site, the crusher throughput rate is expected to be further increased. We are also aware from historical records that the mill and flotation sections have operated for sustained periods at tonnages in excess of 30 tph and that even at this rate the mill was still not drawing full power. In addition we believe that the flotation circuit also has spare capacity as it was designed to treat grades of greater than 20 g/t Au. This indicates that the process plant has a potential capacity in excess of 250,000 tpa, which obviously provides significant upside potential from a future production perspective.

We have also completed the initial water commissioning of the mill and flotation circuits and are now working towards load commissioning of these circuits”.

CORPORATE

The Company has signed an offtake agreement with Interallloys Trading Limited (“ITL”) covering the first three years of concentrate production from the mine. The signing of the offtake agreement follows extensive negotiations with a number of potential offtakers and while the commercial terms remain confidential between the Company and ITL, the Company is confident that the terms are extremely competitive and provide for payment of gold, silver and copper contained in the concentrate.

Further, the Company reports that it has received US\$412,626 from CRH Funding II Pte. Ltd. (“CRH”), representing the fourth tranche advance (the “Fourth Tranche”) pursuant to the Gold Prepayment Agreement dated February 4, 2016 (the “GPA”) entered into between K92 Mining’s wholly-owned subsidiary and CRH. As the Company satisfied the conditions for the Fourth Tranche, the Company also additionally received CDN\$1,900,000 from CRH pursuant to the Equity Subscription Agreement entered into with CRH dated February 4, 2016 and issued 5,428,571 Preferred shares (“Preferred Shares”) and 5,428,571 Common share purchase warrants (“Warrants”) to CRH.

The Preferred Shares entitle CRH, upon due conversion thereof, to receive, subject to adjustment as provided in the Articles of the Company, up to 10,318,261 Common shares (the “Underlying Common Shares”) of the Corporation without payment of any further consideration.

The Warrants entitle CRH upon due exercise in accordance with the certificates representing the Warrants, to receive, subject to adjustment as provided in such certificates, up to 5,428,571 Common shares of the Corporation (the “Warrant Shares”) at an exercise price of \$0.75 per Warrant Share for a period of 2 years following the date of issue. The Preferred Shares, the Underlying Common Shares, the Warrants and the Warrant Shares are subject to a hold period expiring October 8, 2016.

For a detailed description of the GPA and Equity Subscription Agreement, please refer to the Company’s Information Circular dated April 15, 2016 which was prepared for the Annual & Special Meeting held on May 16, 2016.

The Company also announces the appointment of Allison Snetsinger as Corporate Secretary. Ms. Snetsinger has spent over 10 years providing regulatory and corporate services to public and private companies, primarily in mining and resource development. She is a member of the Canadian Society for Corporate Secretaries, the Canadian Institute of Corporate Directors and has provided corporate secretarial services for a variety of public companies including Imperial Metals Corporation, Turquoise Hill Resources Ltd. and SouthGobi Resources Ltd.

On behalf of the Company,

Ian Stalker

Chief Executive Officer and Director

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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. The material factors and assumptions include the ability of the Company to repay and satisfy its obligations owed to CRH; restart of mining and processing within the Company’s Mining License 150; and that K92 will be successful in extracting any gold from its properties in Papua New Guinea. In particular, this news release contains forward-looking information relating to the mining operations at the Company’s properties in Papua New Guinea. 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.