

K92 MINING ANNOUNCES RESULTS OF PRELIMINARY ECONOMIC ASSESSMENT (PEA) ON ITS KORA DEPOSIT

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PEA ESTIMATES;

- **positive cash flow of US\$558 million over 9 years, an Internal Rate of Return (IRR) of 113% and achieve an NPV₅ of US\$415 million**
- **400,000 tonnes per annum (108,000 Au Eq per annum) over a 9 year period with cash costs of US\$547/oz AuEq and all in sustaining costs (AISC) of US\$619/oz AuEq**
- **Treatment of 3.2 Million tonnes @ 7.1 g/t Au, 25 g/t Ag & 1.7% Cu (9.3 g/t Au Eq*) over the 9 years**
- **Initial Capital Cost of US\$13.84 Million**

K92 Mining Inc. (the “Company” or “K92”, TSXV: KNT, OTC QB: KNTNF) is pleased to announce the results of a Preliminary Economic Assessment (“PEA”) on its Kora gold deposit (“Kora”), which together with its Irumafimpa gold deposit (“Irumafimpa”) comprise the Kainantu Gold Project (the “Kainantu Project”).

The PEA process has been undertaken concurrent with the Company’s restart process at Irumafimpa, where production has recently commenced.

K92 engaged Mincore Pty Ltd (“Mincore”) to complete a scoping study for the expansion of the existing processing plant to double its capacity to approximately 400,000 tonnes per annum. The study found that the current crushing, milling and concentrate handling circuits have sufficient capacity to treat the Kora ore at a rate of 400,000 tpa, subject to upgrading the flotation circuit and plant services. The estimated total cost of such expansion and upgrading would be US\$3.3 million, including EPC and commissioning with a contingency of 10%.

The Company engaged Australian Mine and Development Pty Ltd (“AMDAD”) to undertake the PEA and a mine plan for Kora, which involved:

- applying financial and processing parameters to determine cut off grades for stope design.
- generating three-dimensional stope shapes and mining inventory using the CAE Mineable Shape Optimiser (MSO) program.
- creating a conceptual development layout to suit the MSO inventory.
- producing a Project cash-flow model.
- producing a simple mining schedule as input to the cash-flow model.

The conceptual mine plan prepared by AMDAD makes use of two proposed exploration inclines to be mined to the south from Irumafimpa. However, the mine plan assumes that these drives are a “sunk” cost. The mine plan does not incorporate proposed Kora exploration drilling that will be undertaken from the Kora exploration inclines or any results from this work.

The key results from the Kora PEA are as follows:

- expected to have a 9 year operating life and treat 3.2 Million tonnes @ 7.1 g/t Au, 25 g/t Ag & 1.7% Cu (9.3 g/t Au Eq*);
- expected to generate an estimated positive cash flow to deliver a return of US\$558 million using current metal prices;
- expected to achieve an estimated pre-tax NPV of US\$415 Million using current metal prices, exchange rate and a 5% discount rate;
- Initial Capital Cost estimated to be US\$13.84 Million, including US\$3.3 million for the plant upgrade identified in the Mincore Scoping Study, but excluding the proposed Kora exploration inclines and diamond drilling;
- Sustaining Capital Cost estimated to be a further US\$64 million spent over the life of Kora
- Operating Cost per ounce estimated to be US\$125/ tonne
- Cash Cost estimated to be US\$547/oz Au Eq (inclusive of a 2.5% NSR) and AISC of US\$619/oz Au Eq
- produce an estimated average of 108,000 Au Eq* ozs per annum over an 8 year period in years 2 through to 9;
- excludes approximately 1 Million tonnes of unclassified material above 4.52 g/t Au g/t in current resource model – which represents significant upside; and
- Current Metal Prices used were: Au – US\$1,300/oz; Ag – US\$18/oz; Cu – US\$4,800/tonne.

*Au Eq – calculated on above Current Metal Prices.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.

The Company is targeting production of 52,000 ounces Au Eq from Irumafimpa in 2017 and targeting to commence production at a higher rate, at Kora in Q1 2018. Concurrent with production at Irumafimpa, an underground incline drive will be driven from Irumafimpa to Kora with expansion and exploration drill testing along the way.

The initial resource estimate for Kora, situated within the Company’s Mining License 150, is 1.65 M inferred oz. at 11.6 g/t Au Eq. Kora remains open in all directions and strongly mineralized at the extent of drilling.

The mineral resource estimates for the Kora deposit is based on the National Instrument 43-101 Compliant Independent Technical Report, Resource Estimate and Summary of Mining Facilities, Kainantu Project, Papua New Guinea, Nolidan Mineral Consultants, Author Anthony Woodward, BSc Hons., M.Sc., MAIG, with an effective date of April 15, 2016 (the “Resource Estimate”). A copy of the Resource Estimate is available for review and has been filed on SEDAR under the Company’s profile and contains a full description of all underlying assumptions relating to the resource estimates. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Ian Stalker, K92 Chief Executive Officer, states



“This Kora PEA indicates not only the opportunity of a fast lead into gold equivalent production levels in excess of 100,000 ounces per year, but also the potential of better than expected cash flow, lowest quartile all-in sustaining costs per ounce, low initial capital costs with a short payback period.

It is also important to note that this PEA has been undertaken on the assumption that operations will ramp down at Irumafimpa once we commence production at Kora. While the proposed Kora operation reflects excellent economics, it is worth noting that production at Irumafimpa is targeted at \$650 per oz AISC and that at the proposed time for full production from Kora, there will still be circa 300,000 ounces in the mining inventory at Irumafimpa. Therefore, there remains potential to further enhance our current production expansion plans.

In addition to evaluating the potential of continuing production at Irumafimpa once Kora is online, we will also be testing the Kora expansion potential by drilling from underground set ups, scheduled to commence in the 1st quarter of 2017. Kora is not only open in all directions, but is strongly mineralized at the extent of all drilling.

K92 has an established team of mining professionals on the ground in PNG and it is reassuring that this team, who have now restarted Irumafimpa on-time and on-budget, will be guiding the rapid advancement of Kora.”

An updated technical report prepared in accordance with NI 43-101 in respect of the Project, which will include the results of the PEA discussed in this news release, will be filed on SEDAR at www.sedar.com under the Company’s profile within 45 days of the date of this news release.

Brian Lueck, BSc, Geo, is the “qualified person” under the meaning of National Instrument 43-101 responsible for and has reviewed and approved the technical information in this news release.

ON BEHALF OF THE COMPANY,

Ian Stalker

Chief Executive Officer and Director

The TSXV 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 TSXV) accepts responsibility for the adequacy or accuracy of this release.

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