

K92 DRILLING SIGNIFICANTLY UPGRADES PREDICTED GRADE AND CONTAINED OUNCES IN FIRST TWO PLANNED PRODUCTION STOPES

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K92 (TSXV – KNT) is pleased to announce the initial results from the ongoing grade control drilling programme at its high grade Kainantu Gold Mine, that is currently in the start-up phase. The results have significantly increased both the predicted grade and contained gold ounces in the first two planned production stopes.

HIGHLIGHTS INCLUDE:

- Grade increase from 5.82 gpt Au in original AMDAD Stope Model to 9.21 gpt Au
- Combined ounces in the two stope designs increase from 1,550 ozs Au to 2,390 oz Au
- Intercepts include 102 gpt Au over 1.1m and 9.21 gpt Au over 0.5m in GCDD 002 and 30.19 gpt Au over 2.5m in GCDD 001

In September 2016, K92 Mining Inc. (“K92”) commenced a campaign of close spaced underground diamond drilling as part of a comprehensive grade control strategy. This grade control drilling is designed to bring a significantly higher degree of confidence to the production planning and scheduling by drilling out all scheduled production areas underground ahead of actual development on a closed space pattern of approximately 15 metres by 15 metres. This compares with resource drilling which has been carried out of a 50 metre by 50 metre or greater pattern.

The initial grade control drilling intercepts included high grade gold intercepts including 102 grams per tonne gold (“gpt”) over 1.1 metres and 9.21 gpt gold over 0.5 metres in diamond drill hole GCDD 002 and 30.19 gpt gold over 2.5 meters in diamond drill hole GCDD001.

The results from this drilling are then used to finalize the various stope and ore development designs and provide updated information on projected production from the areas in terms of tonnage, grade and contained ozs. Table 1 below provides a comparison between the original AMDAD stope design and the new design based on grade control data, using both cut and uncut data. The stopes are situated at the lowest point in the underground which K92 have planned to mine and are also at the southern edge of the known resource that has only been drilled on a 100 metre by 100 metre pattern.

The updated stope designs based on the grade control drilling indicate the projected grade of the combined stopes has increased from 5.82 g/t Au in the original AMDAD stope model to 9.21 g/t (applying a top cut of 70 g/t Au) in the new stope model using the grade control results. The combined ozs in the two stopes has increased from 1,550 ozs Au to 2,390 ozs Au (applying the top cut of 70 g/t Au).

Table 1 Comparison of Grade Control Stope Design versus AMDAD Stope Design – tonnage, grade and contained ozs

Elevation	Grade Control Model						AMDAD stope Design Model			
	Volume	Tonnes	Au Cut 70	Au Ozs	Au Uncut	Au Ozs	Volume	Tonnes	Au Amdad	Au Ozs
1205 -> 1220	1,358	3,937	4.17	528	4.95	627	1,625	4,713	6.05	917
1220 -> 1235	1,427	4,138	14.01	1,864	16.89	2,247	1,234	3,580	5.53	637
Total	2,785	8,075	9.21	2,392	11.07	2,874	2,859	8,293	5.82	1,553

Table 2 and 3 below provides a summary of the results from the first six diamond grade control holes which have been drilled into the first two stope areas it is planned to be mined underground. Table 1 provides a summary of the significant intercepts from the holes, while Table 2 provides details of collar location and hole orientation.

Table 1 Kainantu Gold Mine – Significant Intercepts from Irumafimpa Grade Control

Hole_id	From (m)	To (m)	Interval (m)	True width (m)	Gold g/t	Copper %	Silver g/t	Gold equivalent
GCDD0001	31.7	33.1	1.4	1.02	2.19	0.17	4.2	2.49
GCDD0001	44	46.5	2.5	1.85	30.19	0.31	6.24	30.72
GCDD0001	49.1	50.1	1	0.74	6.1	0.08	1.7	6.24
GCDD0002	44.9	46	1.1	0.74	102	0.13	13.1	102.36
GCDD0002	47.4	48.9	1.5	0.8	2.97	0.04	18.4	3.27
GCDD0002	50.1	50.6	0.5	0.34	9.21	0.02	1.2	9.26
GCDD0003	5.6	6.5	0.9	0.58	3.21	2.3	33.7	6.95
GCDD0003	51.5	51.7	0.2	0.13	4.37	0.24	17.7	4.94
GCDD0003	54	55.1	1.1	0.74	2.76	0.33	6.4	3.31
GCDD0004	13	14.2	1.2	0.61	4.39	0.03	5.5	4.5
GCDD0004	37.1	40.1	3	1.53	3.24	0.18	7.1	3.59
GCDD0005	41.8	43.5	1.7	0.94	2.05	0.14	0.37	2.25
GCDD0006	46	47	1	0.9	33.8	0.07	8.4	34.01

Notes

Shaded rows are the intersections which are included in the designed stopes

Gold Equivalent uses Copper price – US\$2.50/lb; Silver price US\$16/oz and Gold price of US\$1200/oz

Table 2 Kainantu Gold Mine – Collar Locations and Orientation for Irumafimpa Grade Control Drilling

Hole_id	Collar location			Collar orientation		EOH depth (m)	Lode
	Local north	Local East	RL	Dip	Local azimuth		
GCDD0001	59561.41	29918.5	1235.22	-0.4	226.38	72	Irumafimpa
GCDD0002	59560.9	29917.89	1234.63	-13	226.56	69.1	Irumafimpa
GCDD0003	59560.95	29917.98	1234.01	-26.4	225.45	73.6	Irumafimpa
GCDD0004	59561.58	29917.28	1235.18	-2.3	239.27	67.1	Irumafimpa
GCDD0005	59561.57	29917.27	1234.54	-15	239.27	72	Irumafimpa
GCDD0006	59656.34	29922.65	1247.42	-25.7	292.22	65.7	Irumafimpa

Ian Stalker, K92 Chief Executive Officer and Director, states, *“These results are very positive, as the stopes are located at the southern extremity of the resource where data is limited and significantly lower grades were expected. The results, combined with the results from the recently completed Preliminary Economic Assessment (“PEA”) on Kora reinforce our belief that this high grade gold system has significant expansion potential. The key focus of the technical team on site is the successful ramp up in our production from the Irumafimpa ore body and these first grade control results certainly indicate we are on track to achieve our targeted design production in the coming quarter.”*

Recently, K92 Mining announced that initial gold production commenced at the Irumafimpa Gold Deposit and also announced results from a Preliminary Economic Assessment (“PEA”) completed at the Kora Gold Deposit, which the company is targeting to bring online in Q1 2018 (key results from the PEA include estimates of 108,000 AuEq ounces per annum of annual production at an all-in sustaining cost of \$619/ozAuEq, cash flow of USD \$558 million over a 9 year period, an NPV5 of USD \$415 million and initial capital costs of USD \$13.84 million. See K92 News Release dated October 13, 2016 for the full News Release). The ongoing drill program commenced concurrent with these achievements.

Andrew Kohler, BSc, Geo, a qualified person under the meaning of Canadian National Instrument 43-101, has reviewed and is responsible for the technical content of this news release.

ON BEHALF OF THE COMPANY,

Ian Stalker

Chief Executive Officer and Director

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, including statements regarding potential ongoing production which may or may not occur and the generation of further production assessment work at deposits, which may or may not occur. The Preliminary Economic Assessment (“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. Forward-looking statements and information contained herein are based on certain factors and assumptions regarding, among other things, the market price of the Company’s securities, metal prices, taxation, the estimation, timing and amount of future exploration and development, capital and operating costs, the availability of financing, the receipt of regulatory approvals, environmental risks, title disputes, failure of plant, equipment 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, 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.

