



Know when to hold-em!
Know when to fold-em!
Know where to set stops!
Know when to run!
Never count your portfolio
Until the sells are done..

K92 Mining TSXV:KNT**Recent Price C\$1.00****75.5 million shares out. No debt and \$16 million cash**

KNT just started to trade today. They bought the Kainantu Mine in Papua New Guinea from Barrick Gold for a \$2 million cash payment, a tiny fraction of the US\$141.5 million Barrick paid for the property in 2007 before spending another US\$141 million developing the property. Barrick had to start casting off assets and reducing debt as the gold price was pounded down and Barrick's Balance sheet was in trouble.

Barrick paid the high price for not just the infrastructure as a past producer, but more for exploration potential. The project includes 410 square kms of exploration ground.

Barrick upgraded all the infrastructure, and most important they put in a wide adit at a much lower level to access the ore body.

The project is permitted and estimated it can produce 50,000 ounces per year – starting later 2016

At 50,000 ounces it was small potatoes for Barrick, but it is an awesome start for a junior.

The mine is high grade so mining and production costs will be among the lowest in the world.

Management

Experienced management team has built over 20 mines and has been involved in buyouts worth over \$5B combined

Stuart (Tokie) Angus Chairman and Director

Mr. Angus is an independent business advisor to the mining industry. For the past 30 years, Mr. Angus has focused on structuring and financing significant international exploration, development and mining ventures. Mr. Angus is the former chairman of the board of B.C. Sugar Refinery Ltd.; he was a director of First Quantum Minerals until June, 2005, a director of Canico Resources Corp. until its takeover by CVRD in 2005, and a director of Bema Gold until its takeover by Kinross Gold in 2007. More recently, he was managing director of mergers and acquisitions for Endeavour Financial, a director of Ventana Gold until its takeover by AUX Canada Acquisition in 2011, and a director of Plutonic Power until its merger with Magma Energy in 2011. He is presently chairman of Nevsun Resources Ltd., which operates one of the highest-grade open-pit copper mines in the world

Ian Stalker, CEO and Director

Mr. Stalker is an international mining executive with 40 years of experience in mine development and operations in Europe, Africa and Australia. Mr. Stalker was the chief executive officer of UraMin Inc., a London-listed and Toronto-listed uranium company, from July, 2005, until its \$2.5B acquisition by Areva in August, 2007. Mr. Stalker was a vice-president of Gold Fields Ltd., the world's fourth-largest gold producer, where he spent considerable time on the ground on its international operations. He has worked his way up from operational roles in the base and precious metals arenas to executive positions in some of the largest mining companies in the world and has successfully managed eight mining projects through feasibility study, development and construction phases. In recent years, Mr. Stalker has been involved in raising in excess of \$500-million for various exploration and development projects around the world.

Kainantu Mine Highlights

- NI 43-101 Resource of 1.84Moz @ 11.6 g/t AuEq Inferred and 240,000 oz @ 13.3 g/t AuEq Indicated
- Existing infrastructure including underground mine development, mill processing facility, staff housing, licensed tailings pond, office space, paved access roads and reliable hydro supply via a dedicated power line
- USD \$41.3 million invested in exploration drilling and definition drilling with the current resource estimate based on 78,935m of drilling via 767 drill holes
- Funded through mine re-start at Irumafimpa Deposit
- Significant opportunity to expand known zones, as well as for the discovery of new ore bodies
- High Grade and Low operating costs

I THINK THE KAINANTU PROJECT IS ONE OF THE MOST PROSPECTIVE IN PAPUA NEW GUINEA. THE STRENGTH OF THE STRUCTURES AND VEINS ARE MOST IMPRESSIVE. AND THEY CONTAIN SIGNIFICANT HIGH GRADE GOLD!
Alex Davidson, K92 Mining Advisor & Former Executive Vice President Barrick Gold Corporation



Summary

In a tough market (2015) they raised \$10.5M from a NY Fund and in total currently have \$16 million cash to restart the mine.

KNT may have to make additional payments to Barrick, for up to an additional US\$60M payable as:

- US\$20M upon exceeding 1M gold equivalent ounces (reserves or measured and indicated resources plus cumulative production) within 10 years, and
- US\$5M for every 250,000 incremental ounces identified within 10 years, up to a maximum of US \$40M

However, the company is planning to start production soon, so they will have production, probably for a number of years before they would trigger these payment requirements.

Even with these payments it is still a fraction of the US\$282 million Barrick put into the project.

With 75.5M shares out at \$1.00, less the \$16M cash, the market is pricing this C\$59.5M or approximately US\$46 million.

With all the work and infrastructure I think it is fair to include half the inferred resources of 1.84 million. Thus we have 920,000 ounces plus the 240,000 ounces indicated.

Enterprise value of \$46 million / 1,160,000 ounces = \$39.6 per ounce.

I see this as a low valuation for high grade ounces and all the infrastructure present and going into production this year and it is 1/6 the value Barrick put into it.

No sense in a stock chart for the 1st day of trading

[See this interview of Ian Stalker by Tommy Humphreys](#)

The presentation on the web site is good as well

<http://www.k92mining.com/wp-content/uploads/2016/05/2016-05-24-K92-INVESTOR-Presentation.pdf>

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