

K92 Mining Inc. Announces 2024 Q3 Financial Results

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Record Revenue, Net Income and Operating Cash Flow with a Significant Increase in Net Cash

VANCOUVER, Nov. 14, 2024 - [K92 Mining Inc.](#) ("K92" or the "Company") (TSX: KNT; OTCQX: KNTNF) is pleased to announce financial results for the three and nine months ended September 30, 2024.

Production

- Record quarterly production of 44,304 ounces gold equivalent ("AuEq") or 41,702 oz gold, 1,278,492 lbs copper and 37,613 oz silver ⁽¹⁾. With over 80% of AuEq production for the lower end of annual guidance delivered in the first 9 months of the year, the Company is well positioned to meet its 2024 operational production guidance.
- Cash costs of \$584/oz gold and all-in sustaining costs ("AISC") of \$941/oz gold⁽³⁾, significantly better than our 2024 operating guidance of \$820/oz to \$880/oz cash costs and \$1,440/oz to \$1,540/oz gold all-in sustaining costs.
- Record metallurgical recoveries in Q3 of 95.3% for gold and near-record recoveries of 95.1% copper, with September achieving record monthly gold recoveries of 96.5% and copper recoveries of 95.9%, both exceeding the recovery parameters from the Updated Integrated Development Plan, of 93% and 94%, respectively (see *October 16, 2024 press release*).
- Quarterly ore processed of 104,992 tonnes and total ore mined of 112,333 tonnes, with long hole open stoping performing to design, and 2,190 metres of total mine development.
- Head grade of 13.8 grams per tonne ("g/t") AuEq or 13.0 g/t gold, 0.58% copper and 13.0 g/t silver. AuEq head grade in Q3 was the highest since Q4 2020 and above budget, benefiting from higher grade stopes in Q2 reporting to Q3, in addition to a moderate positive gold grade reconciliation versus the latest independent mineral resource estimate (effective date of September 12, 2023 for Kora and Judd) for both gold and copper.

Financials

- Strong cash and cash equivalent position of \$120.3 million, which excludes restricted cash of \$20.3 million⁽⁴⁾. Under the terms of the Trafigura loan, the Company has the ability to convert restricted cash to cash and cash equivalents on January 1, 2025. During the quarter, the Company completed a drawdown of \$20 million of unrestricted cash and has \$60 million of unrestricted cash available to draw anytime. Unrestricted cash and cash equivalents during the quarter increased by \$49.5 million.
- Subsequent to quarter end, K92 purchased put contracts for \$2.2 million covering, 12,500 oz Au per month for 9 months at \$2,400/oz, to protect against commodity price risk during the Stage 3 Expansion construction. K92 maintains full exposure to commodity price upside.
- Record quarterly revenue of \$122.7 million.
- Record quarterly net income of \$46.5 million or \$0.20 per share.
- Record operating cash flow (before working capital adjustments) for the three months ended September 30, 2024, of \$61.0 million or \$0.26 per share, and record earnings before interest, taxes, depreciation and amortization ("EBITDA") ⁽³⁾ of \$78.9 million or \$0.33 per share.
- Sales of 45,248 oz gold, 1,615,185 lbs copper and 46,062 oz silver. Gold concentrate and doré inventory of 1,887 oz as of September 30, 2024, a decrease of 3,082 oz over the prior quarter.

Growth

- On the Stage 3 and 4 Expansions, 63% of growth capital has been either spent or committed as of September 30, 2024. K92 has completed handover to GR Engineering Services (GRES) for the construction of the 1.2 million tpa ("tonnes per annum") Stage 3 Expansion Process Plant, with commissioning of the Stage 3 Expansion Process Plant targeting the second half of Q2 2025. Majority of the long-lead time items have arrived on site for the process plant with construction most advanced at the grinding circuit (SAG + Ball), which is the critical path for the mill construction schedule. Underground, the two raise bore rigs are operational, with reaming of the first raise (5 m diameter) completed to upgrade ventilation to the main mine. The first waste/ore pass is currently being developed. Subsequent to quarter end, K92 awarded the river crossing construction contract. This contract was awarded largely on a lump sum fixed price basis and as of October 31, 2024, 69% of growth capital has been either spent or committed.
- Subsequent to quarter end, K92 announced results of its Updated Integrated Development Plan ("Updated IDP") for the Kainantu Gold Mine, with an effective date of January 1, 2024, that comprises two scenarios: 1) Kainantu Stage 3 Expansion Definitive Feasibility Study Case ("DFS" or "DFS Case"); and 2) Kainantu Stage 4 Expansion Preliminary Economic Assessment Case ("PEA" or "PEA Case").
 - Stage 3 Expansion DFS Case Highlights:
 - Evaluates the Stage 3 Expansion to 1.2 million tpa, representing a 100% throughput increase from the 600,000 tpa Stage 2A Expansion throughput
 - Involves a new standalone 1.2 mtpa process plant, which is currently under construction
 - After-tax NPV5% of \$680 million at \$1,900 per ounce gold, rising to an after-tax NPV5% of \$1.2 billion at \$2,600 per ounce gold
 - Average annual run-rate production of 303,288 ounces AuEq per annum and a peak annual production of 319,360 ounces AuEq in 2027
 - Life of Mine average cash costs of \$380 per gold ounce or \$694 per AuEq ounce and AISC of \$665 per gold ounce or \$920 per AuEq ounce over a 7-year mine life
 - Growth capital of \$194 million and life of mine sustaining capital of \$337 million
 - Stage 4 Expansion PEA Case Highlights:
 - Evaluates two-stages of expansions to a run-rate throughput of 1.8 mtpa, a 200% increase from the 600,000 tpa Stage 2A Expansion throughput
 - Involves running the new 1.2 Mtpa process plant in conjunction with the current 600,000 tpa Stage 2A process plant
 - After-tax NPV5% of \$2.3 billion at \$1,900 per ounce gold, rising to an after-tax NPV5% of \$3.5 billion at \$2,600 per ounce gold
 - Average annual run-rate production of 413,593 ounces AuEq per annum and a peak annual production of 484,692 ounces AuEq in 2034
 - Life of Mine average cash costs of \$174 per gold ounce or \$633 per AuEq ounce and AISC \$432 per gold ounce or \$822 per AuEq ounce over a 14-year mine life
 - Growth capital of \$201 million and life of mine sustaining capital of \$900 million

See the Company's new release dated October 16, 2024 for additional details.

- Subsequent to quarter end, results from the third set of holes were reported from K92's maiden drill program at the Arakompa project. Between the high-grade lodes, the tonalite to dioritic host rock is overprinted with porphyry style mineralization increasing the potential for bulk mining. The target size of Arakompa is very large, with mineralization demonstrated from drill holes, rock samples and surface workings for at least 1.7 km of strike, hosted within a ~150-225 m wide mineralized intense phyllic altered package, and exhibits a vertical extent of +500 m. Arakompa is sparsely drilled, with K92's maiden drill results representing the first drilling on the project completed in 32 years. Exploration has ramped up from 1 rig in Q1 2024 to 4 rigs currently operating. K92 is targeting a maiden mineral resource estimate for Arakompa by Q1 2025. Highlights from the third set of drill results include:
 - Potential thick high-grade zone discovered from two holes stepping out 250 metres along strike to the south, encountering both high-grade and bulk mineralized zones:
 - KARDD0029: 20.60 m at 9.87 g/t AuEq, including 10.70 m at 14.97 g/t AuEq
 - Located ~60 metres up-dip, KARDD0025 recording 23.60 m at 6.57 g/t AuEq, including 12.00 m at 11.16 g/t AuEq
 - Significant extension of bulk tonnage strike by ~250 metres to the south to a total interpreted strike now exceeding 750 metres, with bulk tonnage intersections reported to date recording an average true thickness of 56 meters and mineralization reaching a vertical depth of up to 350 meters, with highlights including:
 - KARDD0025 (~250 m southern step-out along strike): 100.80 m at 1.92 g/t AuEq
 - KARDD0030 (~125 m southern step-out along strike): 111.62 m at 1.53 g/t AuEq
 - KARDD0018: 57.0 m at 1.58 g/t AuEq
 - KARDD0028: 45.9 m at 1.88 g/t AuEq
 - Other high-grade intersections include:
 - KARDD0018: 1.30 m at 35.72 g/t AuEq and 4.00 m at 6.59 g/t AuEq
 - KARDD0030: 5.40 m at 5.88 g/t AuEq and 1.62 m at 33.52 g/t AuEq
 - KARDD0013: 7.10 m at 5.69 g/t AuEq
 - KARDD0023: 2.00 m at 14.60 g/t AuEq

See the Company's news release dated October 22, 2024 for additional details.

The Company's interim consolidated financial statements and associated management's discussion and analysis for the three and nine months ended September 30, 2024 are available for download on the Company's website and under the Company's profile on SEDAR+ (www.sedarplus.ca). All amounts are in U.S. dollars unless otherwise indicated.

See Figure 1: Quarterly Production, Cash Cost and AISC Chart

John Lewins, K92 Chief Executive Officer and Director, stated, *"The third quarter delivered our strongest quarter to date, achieving multiple records and importantly, a significant strengthening to our net cash position while concurrently progressing construction and development for the Stage 3 and 4 Expansions. Our financial position is strong - at quarter end, the cash balance has grown to \$120 million, plus multiple other liquidity sources including \$20 million of restricted cash that K92 has the ability to convert to cash and equivalents on January 1, 2025; \$60 million in undrawn credit facilities; another \$30 million of credit available through an accordion feature, and; cash flow from operations with \$2,400/oz put contracts in place until June 2025 to protect commodity price downside while retaining full upside exposure to the record gold price environment."*

As at October 31, 2024, 69% of growth capital has been either spent or committed, several major contracts have been awarded on a majority lump sum / fixed price basis de-risking capital costs, and with less than 7 months to the planned commissioning of our Stage 3 Process Plant, there is a tremendous amount of excitement within the organization, as it will mark the transition of K92 to a Tier 1 Mid-Tier Producer."

Mine Operating Activities

	Three months ended September 30, 2024	Three months ended September 30, 2023
Operating data		
Gold head grade (Au g/t)	13.0	6.2
Copper grade (%)	0.58%	0.72%
Gold equivalent head grade (AuEq g/t)	13.8	7.3
Gold recovery (%)	95.3%	92.0%

Copper recovery (%)	95.1%	93.0%
Gold ounces produced	41,702	22,227
Gold ounces equivalent produced ^{(1) (3)}	44,304	26,225
Tonnes of copper produced	580	809
Silver ounces produced	37,613	40,233
Financial data (in thousands of dollars)		
Gold ounces sold	45,248	18,339
Revenues from concentrate and doré sales	US\$122,749	US\$32,814
Mine operating expenses	US\$13,133	US\$9,811
Other mine expenses	US\$17,761	US\$5,280
Depreciation and depletion	US\$10,130	US\$7,422
Statistics (in dollars)		
Average realized selling price per ounce, net ⁽²⁾	US\$2,388	US\$1,848
Cash cost per ounce ⁽³⁾	US\$584	US\$684
All-in sustaining cost per ounce ⁽³⁾	US\$941	US\$1,300

Notes:

(1) AuEq in Q3 2024 is calculated based on: gold \$2,474 per ounce; silver \$29.43 per ounce; and copper \$4.17 per pound. AuEq in Q3 2023 is calculated based on: gold \$1,928 per ounce; silver \$23.57 per ounce; and copper \$3.79 per pound.

(2) The average realized selling price per ounce is net of metal payabilities for both concentrate and doré.

(3) The Company provides some non-international financial reporting standard measures as supplementary information that management believes may be useful to investors to explain the Company's financial results. Please refer to non-IFRS financial performance measures in the Company's management's discussion and analysis dated November 13, 2024, available on SEDAR+ and on the Company's website, for reconciliation of these measures.

(4) AuEq exploration results are calculated using longer-term commodity prices with a copper price of US\$4.00/lb, a silver price of US\$22.50/oz and a gold price of US\$1,750/oz.

(5) The restricted cash is in relation to a condition precedent in the Loan with Trafigura. All conditions precedent for the advance of US\$120 million have been satisfied. Restricted cash can become unrestricted beginning January 1, 2025.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Conference Call and Webcast to Present Results

K92 will host a conference call and webcast to present the 2024 third quarter financial results at 8:30 am (EDT) on Thursday, November 14, 2024.

- Listeners may access the conference call by dialing toll-free to 1-844-763-8274 within North America or +1-647-484-8814 from international locations.

The conference call will also be broadcast live (webcast) and may be accessed via the following link:
<https://event.choruscall.com/mediaframe/webcast.html?webcastid=bBRYFhsh>

Qualified Person

K92 Mine Geology Manager and Mine Exploration Manager, Mr. 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.

About K92

K92 Mining Inc. is engaged in the production of gold, copper and silver at the Kainantu Gold Mine in the Eastern Highlands province of Papua New Guinea, as well as exploration and development of mineral deposits in the immediate vicinity of the mine. The Company declared commercial production from Kainantu

in February 2018, is in a strong financial position and is working to become a Tier 1, mid-tier producer through ongoing expansions. A maiden resource estimate on the Blue Lake copper-gold porphyry project was completed in August 2022. K92 is operated by a team of mining company professionals with extensive international mine-building and operational experience.

On Behalf of the Company,

John Lewins, Chief Executive Officer and Director

For further information, please contact David Medilek, P.Eng., CFA, President and Chief Operating Officer at +1-604-416-4445

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION: *This news release includes certain "forward-looking statements" under applicable Canadian securities legislation. Such forward-looking statements include, without limitation: (i) the results of the Kainantu Mine Definitive Feasibility Study, and the Kainantu 2022 Preliminary Economic Assessment, including the Stage 3 Expansion, a new standalone 1.2 mtpa process plant and supporting infrastructure; (ii) statements regarding the expansion of the mine and development of any of the deposits; (iii) the Kainantu Stage 4 Expansion, operating two standalone process plants, larger surface infrastructure and mining throughputs; and (iv) the potential extended life of the Kainantu Mine.*

All statements in this news release that address events or developments that we expect to occur in the future are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors, many of which are beyond our ability to control, that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, without limitation, Public Health Crises, including the COVID-19 virus; changes in the price of gold, silver, copper and other metals in the world markets; fluctuations in the price and availability of infrastructure and energy and other commodities; fluctuations in foreign currency exchange rates; volatility in price of our common shares; inherent risks associated with the mining industry, including problems related to weather and climate in remote areas in which certain of the Company's operations are located; failure to achieve production, cost and other estimates; risks and uncertainties associated with exploration and development; uncertainties relating to estimates of mineral resources including uncertainty that mineral resources may never be converted into mineral reserves; the Company's ability to carry on current and future operations, including development and exploration activities at the Arakompa, Kora, Judd and other projects; the timing, extent, duration and economic viability of such operations, including any mineral resources or reserves identified thereby; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the Company's ability to meet or achieve estimates, projections and forecasts; the availability and cost of inputs; the availability and costs of achieving the Stage 3 Expansion or the Stage 4 Expansion; the ability of the Company to achieve the inputs the price and market for outputs, including gold, silver and copper; failures of information systems or information security threats; political, economic and other risks associated with the Company's foreign operations; geopolitical events and other uncertainties, such as the conflicts in Ukraine, Israel and Palestine; compliance with various laws and regulatory requirements to which the Company is subject to, including taxation; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions, including relationship with the communities in Papua New Guinea and other jurisdictions it operates; other assumptions and factors generally associated with the mining industry; and the risks, uncertainties and other factors referred to in the Company's Annual Information Form under the heading "Risk Factors".

Estimates of mineral resources are also forward-looking statements because they constitute projections, based on certain estimates and assumptions, regarding the amount of minerals that may be encountered in the future and/or the anticipated economics of production. The estimation of mineral resources and mineral reserves is inherently uncertain and involves subjective judgments about many relevant factors. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation. Forward-looking statements are not a

guarantee of future performance, and actual results and future events could materially differ from those anticipated in such statements. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking statements, there may be other factors that cause actual results to differ materially from those that are anticipated, estimated, or intended. 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.

Figure 1: Quarterly Production, Cash Cost and AISC Chart

An infographic accompanying this announcement is available at
<https://www.globenewswire.com/NewsRoom/AttachmentNg/9df62338-d9a1-40ad-9596-67552fca4c14>

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