



7 November 2018

Management

Andrew Munckton
Managing Director

Stephen Jones
Chief Financial Officer
and Company Secretary

Glenn Grayson
Exploration Manager

Trevor Dixon
Executive Director
Business Development &
Land Tenure

Board of Directors

Jeremy Kirkwood
Chairman

Joe Graziano
Non-Executive Director

Brian Dawes
Non-Executive Director

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Shares on Issue

324,730,577

Unlisted Options

37,335,750

Response to Unauthorised Release of Information

Kin Mining NL (**Kin** or **the Company**) advises that it has become aware of the unauthorised public release of Como Engineers' preliminary report entitled *Fatal Flaw Analysis: Engineering* (**Engineering Report**) on Kin's Leonora Gold Project (**LGP**).

In light of this, and to ensure all investors have access to equal detail of information, Kin has elected to make the final version of this report and an accompanying report, *Fatal Flaw Analysis: Metallurgy* (**Metallurgy Report**) (and collectively with the Engineering Report, the **Como Engineers' Reports**), available on both the Australian Securities Exchange (**ASX**) and Kin website today.

Kin advises that the key findings of the Como Engineers' Reports have previously been released to shareholders in the Kin ASX announcement dated 9 May 2018, "*Leonora Gold Project Update*". At the time of that release, the Kin Board advised of its decision to suspend LGP construction activities in order to complete further testwork, engineering design and costing following confirmation of an expected material increase in the estimated capital cost of the Cardinia Processing Plant.

This announcement contains important information which should be understood in conjunction with any review of the Como Engineers' Reports.

Critically, the Como Engineers' Reports confirmed no fatal flaws with the aspects of the LGP that were considered by Como and identified a number of opportunities to capture additional value and reduce risk for shareholders which Kin has been pursuing for the past six months.

Kin remains focussed on advancing the LGP to a lower risk, higher quality development decision in the second half of 2019.

As a matter of priority, Kin is undertaking an investigation as to how the Engineering Report was obtained by an unauthorised external party and made public. The Kin Board is concerned by these events and takes its continuous disclosure obligations very seriously.

Commissioning of the Como Engineers' Reports

The LGP Definitive Feasibility Study released on 2 October 2017 *"Feasibility confirms a high margin gold mine for Kin at its Leonora Gold Project"* estimated the pre-production capital cost of the LGP at A\$35.4 million. On 8 February 2018, clearing of the processing plant site and planned project construction commenced.

The Como Engineers' Reports were commissioned by Kin in early April 2018 following the completion of the first two months of construction of the LGP, which had resulted in budget overruns, particularly for the month of March 2018.

Following receipt of the March 2018 expenditure figures, the Kin Board oversaw an urgent internal review of the expenditure completed to date, remaining budget, any potential areas for further cost increases and funding capacity.

Having identified concerning deficiencies in the forward budget and development plan, a high likelihood of an increase in the existing pre-production capital cost estimate and an accompanying funding shortfall, on 9 April 2018 the Kin Board elected to curtail development of the Cardinia plant construction to complete a full review of the pre-production capital cost and schedule for completion.

At this time, Como Engineers was engaged as Kin's principal external consultant to complete the reviews necessary to assist the Board with the decision to either proceed with, or suspend, development of the Cardinia plant construction.

On 27 April 2018, Kin appointed current Managing Director, Andrew Munckton, as Chief Executive Officer. Mr Munckton is a geologist with extensive experience in the mining industry, including as General Manager of a number of large, operating gold mines in Western Australia. He was immediately tasked with completing his own review of the LGP development plan and budget.

As previously mentioned, the key findings of the Como Engineers' Reports and CEO review were outlined in the Kin ASX release of 9 May 2018, when the Board took the decision to suspend construction of the Cardinia plant.

Scope of the Como Engineers' Reports

The Como Engineers' Reports have a clearly defined scope and do not cover all components of the LGP that are captured by the original LGP Definitive Feasibility Study pre-production capital cost estimate of A\$35.4 million.

The Engineering Report is confined to the following items related to the Lawlers plant dismantle and the construction of the Cardinia processing plant:

- Provisional items;
- Dismantle and relocate;
- Refurbish, install and upgrade;
- First fills and critical spares; and
- Lawlers mill acquisition costs.

The Metallurgy Report incorporates a general metallurgical review and reviews of design criteria, mass balance and flowsheets.

The Como Engineers' Reports did not review the adequacy of the pre-production capital cost estimates for critical mining or infrastructure development including:

- The main haul road or roads external to the processing plant;
- The Tailing Storage Facility;
- Borefields/water supply;
- Power station (including earthworks, concrete, etc);
- The accommodation village; and
- Electrical supply to infrastructure outside the Cardinia processing plant.

Further, the Como Engineers' Reports does not consider the pre-production working capital cost involved in establishing stockpiles, non-plant commissioning costs or build up of gold-in-circuit during commissioning and early operations.

Findings of the Como Engineers' Reports

As part of its urgent internal review following receipt of the March 2018 LGP expenditure figures, Kin generated an internal and preliminary revised estimate of the pre-production capital cost for the LGP. This internal revised estimate was approximately A\$45.0 million.

This estimate was deemed unsuitable for external release given that:

- 1) The Kin Board did not have sufficient confidence in the accuracy of the estimate based on the budget not reconciling with expenditure in February and March 2018, and perceived deficiencies in the execution plan; and
- 2) The Kin Board did not therefore have a reasonable basis for release of the estimate to the market.

This internal revised estimate was provided to Como Engineers for whatever assistance it might offer in its review and compilation of the Como Engineers' Reports.

The scope of the Engineering Report incorporated aspects of the Lawler's and Cardinia plants which amounted to A\$40.0 million of the internal revised estimate of approximately A\$45.0 million.

The Engineering Report concluded: *"Preliminary indications are that the costs as provided by Kin Mining are under estimated by 10% to 20%. A more detailed investigation into the project cost estimate would need to be undertaken to formulate an accurate control budget for the project".*

Further, it stated: *"There is a high risk of slippage from the current schedule, given the lack of engineering design, lack of final approved design documents, including layouts, equipment lists, load lists, etc. The lack of information will make it difficult to tender the works with any confidence."*

By applying a notional 10% to 20% increase to the internal revised estimate for those aspects of the plant considered in the Engineering Report, the LGP pre-production capital costs had potentially increased to A\$49.0 – A\$53.0 million, or 38% – 50% above the original Definitive Feasibility Study pre-production capital estimate of A\$35.4 million delivered in October 2017.

Based on the findings of the Como Engineers' Reports, and its own review, the Kin Board did not have sufficient confidence in the accuracy of the LGP pre-production capital cost estimate to continue with the Cardinia plant construction. To do so would have involved unacceptable risks to delivery of the project, financial returns from the LGP, Kin's balance sheet and its capital structure.

Como Engineers also outlined 11 "areas of concern" which needed to be addressed by additional work in the Engineering Report. A further six "areas of concern" which required further work were identified in the Metallurgy Report.

Critically, no fatal flaws were identified in the Engineering Report or Metallurgy Report and Kin is conducting additional studies and testwork in the areas identified to advance the LGP to a lower risk, higher quality investment decision in the second half of 2019.

–ENDS–

For further information, please contact:

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About Kin Mining NL

Kin Mining NL (ASX: KIN) is a West Australian based gold development and exploration company. Kin's focus is its 100% owned Leonora Gold Project (LGP) located in the highly prospective North-Eastern Goldfields region of Western Australia. The LGP has a +1Moz¹ gold Mineral Resource defined in both supergene and deeper primary mineralisation with considerable potential to grow this resource with further drilling.

¹ Other than the update to the Helens Resource in the ASX Announcement of 10 September 2018 "Helens Mineral Resource Update", the company confirms that it is not aware of any new information or data that materially affects the information included in the ASX Announcement of 30 August 2017 "Kin Defines +1 Million ounces of Gold at the Leonora Gold Project", and that all material assumptions and technical parameters underpinning the estimates in that announcements continue to apply and have not materially changed.