



21 October, 2016

Board of Directors and Management

Terry Grammer
Chairman

Don Harper
Chief Executive Officer

Trevor Dixon
Executive Director

Fritz Fitton
Technical Director

Joe Graziano
Non-Executive Director &
Company Secretary

Kin responds to misleading and inaccurate letter to shareholders

Letter advocating board changes also contains material omissions concerning track record of nominee Paul Kopejtka

Kin Mining (ASX: KIN) wishes to respond to the letter to Kin shareholders from three individuals seeking to remove three of the Company's directors and replace them with their nominees.

The letter contains highly misleading and inaccurate statements in respect to the Kin Board, the Company and its activities.

The Kin directors are also extremely concerned that the letter fails to disclose several highly relevant facts, particularly relating to the track record of Paul Kopejtka, who the letter's authors have nominated to be a Kin director.

In light of the letter's gross shortcomings, the Kin directors believe the letter, and therefore the attempt to change the Kin board, has zero credibility.

Kin's directors believe Kin shareholders should view the proposal for exactly what it is: a self-interested attempt to snatch control of your Company without paying shareholders a premium for such control.

The proponents' letter claims that Kin's share price has "grown only 73 per cent over the past two years" and has "underperformed the gold sector and its peers".

This is a highly misleading claim because it fails to recognize that Kin has been in the formative stages of building and exploring its asset base. The proponents also compare Kin's share price performance to project developers and substantial gold producers such as Dacian Gold and Millennium Minerals. Such comparisons are irrelevant to the point of being absurd and extremely misleading.

The proponents also claim that Kin is "pursuing a flawed strategy of small-scale trial mining".

The proponents are aware, because Kin has advised the market, that the recent trial mining exercise was aimed merely at establishing the mining and processing characteristics for a commercial-scale operation. That is why it was called a trial mining exercise.

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Unlisted Options:

13,775,000

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The exercise was not undertaken *instead* of developing the “significant drilling, mining and processing operation” the proponents are advocating. Rather, the trial mining was an important step in establishing such an operation.

The proponents claim that Kin has a “drip feed approach to raising capital which is delaying development of the Leonora Gold Project”.

This allegation is ignorant and plain wrong. Kin has adopted a policy of maximizing value for shareholders by not diluting the capital base by more than is necessary at any given point in time.

It is also completely wrong to claim that the project’s development is being delayed by this strategy. Following the recent rights issue, Kin has more than \$3 million cash, meaning it has sufficient funding to pursue its project development strategy for some time.

The proponents claim that part of their “answer” is to appoint Paul Kopejtka to the Kin board. In their letter to shareholders, they claim that Mr Kopejtka has held a number of executive positions, “most notably Murchison Metals, where he was founding director and executive chairman”.

Mr Kopejtka’s performance at Murchison was certainly notable, but for the wrong reasons. Murchison was a monumental disaster for its shareholders. The share price collapsed amid massive cost blow-outs at its Oakajee Port and Rail Project in WA.

Mr Kopejtka resigned as executive chairman amid a wave of extremely negative media reports about the company, the Oakajee project and its failure to secure funding.

In addition to his performance at Murchison, Mr Kopejtka is chairman of MHM Metals (ASX: MHM).

MHM shares last traded at 3.5c – virtually the same price at which they were trading around two years ago. This compares to the 73 per cent increase in Kin shares over the same period – a performance about which Mr Kopejtka’s advocates are now complaining.

MHM shares have been suspended since mid-July this year, when MHM proposed a merger with Kin. Kin rejected the proposal on the grounds that it represented extremely poor value for Kin shareholders. MHM subsequently advised the ASX that its shares would remain suspended until it “identified a suitable new opportunity”.

Kin Chairman Terry Grammer said the mis-leading and inaccurate commentary in the proponents’ letter, combined with the material omissions concerning Mr Kopejtka, would be funny if they weren’t at the centre of an attempt to take control of Kin.

“Those campaigning to change the Kin board appear to be taking Kin shareholders for fools,” Mr Grammer said.

“They admit that Kin has ‘high-quality mining assets’. That’s why MHM and Mr Kopejtka proposed a merger with Kin.

“Not surprisingly, the proposal to change the Kin board would benefit the three men being nominated. But it would not benefit Kin shareholders.”