



KIN embarks on WA gold production strategy

7 May 2014

Highlights

Board of Directors

Terry Grammer

Chairman

Trevor Dixon

Managing Director

Fritz Fitton

Technical Director

Joe Graziano

Non-Executive Director &
Company Secretary

- **Discussions underway with potential financiers for \$5M raising to complete acquisition of Leonora Gold Project and provide working capital.**
- **Technical studies underway in parallel with funding discussions to update existing gold inventory to JORC 2012 standards (Indicated and Inferred Resources of 12.29Mt @ 1.9g/t Au for 745,000oz Au under JORC 2004 code).**
- **Due diligence completed by Kin shows that the Leonora Gold Project has all the attributes to be a low-cost gold project generating robust cash flow and with outstanding growth potential.**
- **Feasibility study scheduled to start in early 2015, with decision to mine targeted for October 2015.**

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Kin Mining NL (ASX: KIN) is pleased to announce that its strategy to become a significant WA gold producer is now well underway, with the Company beginning discussions with potential financiers for its \$2.7 million acquisition of the Leonora Gold Project.

At the same time, Kin has initiated technical studies aimed at upgrading the Project's existing Indicated and Inferred Resource of 12.29Mt grading 1.9g/t gold for 745,000oz (over 70% of which is classified in the higher confidence Indicated category) to JORC 2012 compliant status.

This updated resource estimate will provide the basis of the Bankable Feasibility Study, which is scheduled to begin in early 2015. A decision to mine is targeted by October 2015.

Kin completed its due diligence on the Leonora Project acquisition last week and has paid a non-refundable \$200,000 deposit. It now intends to raise \$5 million to fund the remainder of the acquisition and provide working capital for exploration and resource drilling and development studies.

Kin is acquiring the Leonora Project from the Administrator of Navigator Resources, which produced 7,233oz at an average grade of 2.33g/t Au from trial mining of two pits at Leonora in 2010 before turning its attention to the Bronzewing Project.

Total historical production from the Project area amounts to nearly 2Mt at an exceptional average grade of 4.92g/t gold for over 316,000oz.

Substantial planning and development work has already been completed at Leonora, with pit optimisation studies completed for each of the key deposits. Metallurgical test work has also returned strong results, including recoveries of 95% plus. A CIP gold plant designed to treat 500kt/pa from the project has been the subject of a previous feasibility study to determine potential capital and operating costs.

A Pre-Feasibility Study completed by Navigator in 2009 for 97% of the total Mineral Resource demonstrated an economically viable project with considerable upside.

Shares on Issue:

38,653,003 (KIN)

Options on Issue:

19,362,512 at \$0.30

Expiring 31 January 2015

ASX: KIN

These studies also demonstrated that 282,000oz are contained outside the main resource areas, highlighting the substantial exploration potential within the broader 308 km² tenement package.

As well as upgrading the resource estimate to JORC 2012 compliance, Kin plans to launch a significant drilling program to expand and grow the inventory in these areas.

Kin Managing Director Trevor Dixon said: “The technical data accumulated by Navigator showed there was strong potential to develop high-grade starter pits at Leonora with the aim of maximising upfront cash flow. This would in turn help secure project funding and enable Kin to rapidly pay off the capital cost while growing the resource and reserves as part of a long-life operation.

“Kin is very fortunate to have secured exclusive rights to a project with an established gold inventory in Leonora’s backyard for what is an extremely attractive price,” Mr Dixon said.

“Our due diligence supports our initial belief that Leonora has all the attributes to be a low-cost gold project generating robust cash flow and with outstanding potential to grow through exploration.

“We look forward to completing the capital raising, establishing a JORC 2012 compliant resource inventory and undertaking the mining and development studies needed to advance Kin’s maiden project.”

Summary of Key Outcomes from Kin Mining’s Due Diligence

- Total Mineral Resource of 12.29Mt @ 1.9g/t Au for 745,000oz of gold at the Leonora Gold Project (Navigator’s 2012 Annual Report Leonora). Over 70% of the total resource is classified in the Indicated category, increasing confidence in the overall resource.
- Pre-feasibility Studies (PFS) completed for 97% of the total mineral resource demonstrated an economically viable project with considerable upside.
- 282,000oz are contained outside the current pit shell designs within the main resource areas, highlighting potential to further expand the resource (NAV: ASX announcement 1 – April 2009).
- Pit optimisation studies have been completed for all the major deposits within the resource.
- Trial mining undertaken by Navigator Resources at the Bruno and Mertondale 2 pits was successful with a total of 114,000 tonnes of ore material processed for 7,223oz of gold (Navigator ASX Announcement – 2 September 2010).
- Free-dig mining of the supergene ore at Bruno was confirmed and overall grade of the supergene mineralisation at 2.33g/t was 40% higher than mine plan grade (Navigator ASX Announcement – 2 September 2010).
- Gold recovery of trial mining confirmed at more than 95% (Navigator ASX Announcement – 2 September 2010).
- Metallurgical test work undertaken by AMMTEC in the oxide zones at Mertondale, Cardina and Raeside indicates a plus 95% recovery (Navigator ASX Announcement – 25 March 2009).
- PFS indicates low risk open pit development with mainly near-surface oxide ore, with the operational flexibility of higher grade “starter pits” (Navigator – ASX announcement 1 April 2009).
- Heritage and environmental agreements are in good standing.

A large tenement package of 308km² with multiple advanced prospects representing huge exploration upside.

Competent Persons Statement

The information in this report relates to Exploration Results based on information compiled by Paul Maher who is a member of the AusIMM and an employee of the company and fairly represents this information. Mr Maher has sufficient experience of relevance to the styles of mineralisation and the types of deposit under consideration, and to the activities undertaken to qualify as a Competent Person as defined in the 2012 edition of the JORC Australian code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Maher consents to the inclusion in the report of the matters based on information in the form and context in which it appears. The information in this report that relates to the JORC resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.