



## KIN MINING SECURES \$3M CORNERSTONE INVESTMENT TO UNDERPIN ACQUISITION OF LEONORA GOLD PROJECT

21 July 2014

### Board of Directors

#### Terry Grammer

Chairman

#### Trevor Dixon

Managing Director

#### Fritz Fitton

Technical Director

#### Joe Graziano

Non-Executive Director &  
Company Secretary

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### Shares on Issue:

38,653,003 (KIN)

### Options on Issue:

19,362,512 at \$0.30

Expiring 31 January 2015

ASX: KIN

## Share subscription agreement puts company firmly on track to deliver its gold production strategy

Kin Mining NL ("Kin") is pleased to announce that it has secured a **\$3 million cornerstone investment**, enabling it to complete its acquisition of the Leonora Gold Project in Western Australia and cementing its strategy to become a significant Australian gold producer.

Kin has entered into a Share Subscription Agreement with Geolord Resources Pty Ltd ("Geolord"), an Australian private company, under which Geolord has agreed to inject \$3 million into the Company through a share placement at 15 cents a share, to be completed in two tranches, subject to shareholder approval.

The agreement with Geolord constitutes a critical step in the completion of the transaction with the Deed Administrator to acquire all the issued capital of Navigator Mining Pty Ltd (Subject to Deed of Company Arrangement), which holds the assets in the Leonora Gold Project.

A \$200,000 deposit has already been paid for this acquisition, with a balance of \$2.5 million required to complete the transaction.

The Board of Kin is very pleased to welcome a committed cornerstone investor to underpin the Company's plans to take the Leonora Gold Project into production and further develop the exploration potential of Kin's other assets in the Leonora District of Western Australia. Further background information on the Leonora Gold Project is provided in the Appendix attached to this announcement.

### Share Placement

Geolord has agreed to subscribe for 23,809,524 shares in Kin at a price of \$0.15 per share for a total consideration of \$3,571,429 and receive a 16% Placement Fee, providing net funds of \$3,000,000 to Kin. On allotment of the shares, Geolord will become a substantial shareholder of Kin.

The key terms of the Share Subscription Agreement are as follows:

- Geolord (or its Nominee) will subscribe for a total of 23,809,524 shares in two tranches subject to certain conditions:
  - Tranche 1 – 13,333,334 shares @ \$0.15 for \$2,000,000 to be completed on or before 31 October 2014 as agreed by the parties; and
  - Tranche 2 – 10,476,190 shares @ \$0.15 for \$1,571,428.50 to be completed on or before 28 November 2014 as agreed by the parties.
- The key conditions precedent to the agreement are summarized as follows:
  - That the Leonora Gold Project Transaction remains in full force and effect on the Tranche 1 Completion Date;
  - The receipt of all necessary approvals ( as may be required under the Constitution of the Company, The Corporations Act and the Listing Rules) at General Meeting in relation to the transactions contemplated by the Subscription Agreement;
  - The Appointment of two nominee directors by the Subscriber to the Company’s Board, which must not consist of more than five directors in total with effect from:
    - The Tranche 1 Completion Date in the case of Nominee 1;
    - The Tranche 2 Completion Date in the case of Nominee 2; and
  - Completion of the previously announced Rights Issue with the receipt by the Company of a minimum subscription of \$1,000,000.

#### **Placement Fee**

- On the Tranche 2 completion date, the Company has agreed to pay to the subscriber a placement fee of 16% of the total amount of the subscription price paid by the subscriber, which will be offset and applied in full against the subscription price of the Tranche 2 shares.

#### **Use of Funds**

- The Company must apply all of the consideration it receives from the Subscriber under the Agreement in the following manner:
  - Tranche 1 must be used to effect completion of the Leonora Gold Project Transaction under the Share Sale Agreement;
  - In satisfaction of its payment obligations in favour of Navigator Resources Ltd (Subject to Deed of Company Arrangement) as required by the Share Sale Agreement; and
  - The development of the Leonora Gold Project held by Navigator Mining Pty Ltd (Subject to Deed of Company Arrangement).

Shareholder approval will be required and a Notice of Meeting will be prepared in due course.

Furthermore, as a result of this announcement changes will be required to the current non-renounceable rights issue, which has been extended. The Company will prepare the necessary Supplementary Prospectus to update existing shareholders with all the required changes, as well as amendments to the timetable.

## **Management Comment**

Kin's Managing Director, Mr Trevor Dixon, said: "This important cornerstone investment secures the Leonora Gold Project transaction and enables us to move forward with certainty to deliver our growth strategy, including our plans to move to production in the short-to-medium term.

"Kin is in the fortunate position of having been able to secure an outstanding advanced gold asset in the Leonora Project, complementing our existing high quality exploration portfolio in the region.

"The proceeds of this placement, together with the proceeds of the current rights issue, will enable us to complete the acquisition and move ahead with exploration and feasibility studies while also testing some of our other high quality exploration targets in the region to create value for our shareholders.

"We are absolutely delighted to have secured the backing of a committed cornerstone investor, and we are now looking forward to completing the acquisition and getting on with the job of building a quality Australian gold mining company," he added.

For further information please contact:

Trevor Dixon  
Managing Director  
Kin Mining NL



## **Appendix – Background on the Leonora Gold Project, WA**

Kin Mining has reached agreement to purchase of Navigator Resources Limited's (Subject to Deed of Company Arrangement) (NAV) Leonora Gold Project (LGP), comprising a tenement portfolio extending over an area of 308km<sup>2</sup>.

The Project has a current 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 2004 compliant status.

An upgraded Mineral Resource will form the basis for a Definitive Feasibility Study, scheduled to commence in early 2015, with a decision to mine targeted during Q3 2015.

The Company's objective is to upgrade the resources with the view to commence mining at near-surface deposits, initially open pit oxide deposits, focusing on higher grade starter pits at Mertondale, Cardinia and Raeside.

The Company's combined land-holding in the Leonora region (including existing tenements held by Kin prior to the Leonora Project acquisition) is regarded as highly prospective. Significant drill programs are planned with the objective in the short term of increasing existing resources at both Mertondale and Cardinia.

The LGP has outstanding growth potential with +280,000oz of resources beneath the existing pit shell designs highlighting the untested underground potential. Potential extensional zones between the existing resources and extending over an estimated 35km strike length from the Mertondale 5 deposit in the north to the Cardinia deposit in the south – along the mineralised Mertondale Shear and sub-parallel Kurrajong trend – remain largely unexplored.

These extensional zones represent priority exploration targets and demonstrate the Project's considerable upside potential.

Drill campaigns conducted by Navigator after November 2008 have not been included in the existing Mineral Resources, highlighting the potential to further increase the current Mineral Resource inventory for negligible cost.

The Project is located in a region that hosts several significant underground mining operations and the depth potential of the existing Mineral Resources have never been fully evaluated.

**Please refer to Kin Mining NL ASX announcement dated 10 June 2014 – Kin Announces Rights Issue. The Company is not aware of any new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters in relation to the mineral resource estimates referred to in the announcement continue to apply and have not materially changed.**