



**Breakaway  
Research**

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### Company Information

ASX Code	KIN
Share Price	A\$0.092
Ord Shares(30Jun 2015)	53.1m
<b>Market Cap</b>	<b>A\$4.884m</b>
Cash (30 Jun 2015)	A\$0.118m
Total Debt	A\$2.441m
<b>Enterprise Value</b>	<b>A\$7.207m</b>

### Directors

Chairman	Terry Grammer
Managing Director	Trevor Dixon
Technical Director	Fritz Fitton
Non-Executive Director & Company Secretary	Joe Graziano

### Substantial Share Holders

Directors	30.1%
Waterton Global Value LPs	5.2%

### Company Details

Address	342 Scarborough Beach Road Osborne Park WA 6107
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Web	<a href="http://www.kinmining.com.au">www.kinmining.com.au</a>

### 1 Year Price Chart



Source (CommSec)

# Kin Mining NL (KIN)

*Significant achievements in a very short time frame -  
acquisition of Leonora Gold Project a potential  
company maker*

**Recommendation: Support the SPP/Speculative Buy**

### Key Points

- **Acquisition of the Leonora Gold Project provides the Company with an immediate gold inventory of more than one million ounces**
- **This inventory included a 2004 JORC Resource of 745,000 ounces of gold. This has subsequently been upgraded to a 2012 JORC Resource of 11.825Mt at 1.9g/t containing 722,000 ounces of gold**
- **At the acquisition price of \$2.7m, this revised resource equates to an acquisition cost of only \$2.70/oz of mineral inventory and \$3.75/oz of resource base**
- **PFS conducted on the Leonora project in 2009 demonstrated an economically viable project, with profitable trial mining concluded in 2010**
- **Kin has established a clear path to early cash flow through the proposed mining and treatment of soft, shallow material from two start-up pits at Lewis, within the larger 120,000oz Bruno-Lewis resource**
- **The Company expects to refine and add to the existing resource through systematic exploration with the view to advancing the Leonora Project to full feasibility and ultimate development**
- **There is considerable open pit and underground exploration upside along the Mertondale Shear Zone, as well as from exploration of the more advanced gold, nickel-copper-PGM and base metals exploration targets**

*Kin Mining NL is an ASX-listed exploration and development company holding extensive exploration and potential development projects in the Leonora Region of Western Australia.*

### Company Overview

Kin Mining NL ("Kin", "the Company", ASX:KIN) was listed on the ASX on 2 October 2013 with six projects in the Leonora district of the Northeastern Goldfields of Western Australia. The focus is on gold, nickel-copper-platinum-group metals (PGMs) and base metals exploration.

In late 2014, the Company acquired the Leonora Gold Project from the Administrator of Navigator Resources. This provided Kin with an immediate gold resource base as well as significant exploration upside. The Company plans to target near-term cash flow through the exploitation of two shallow open pits as part of a longer term objective of establishing a more substantial gold operation at Leonora.



## Investment Thesis

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### Significant achievements in a short time frame

The Company has been listed on the ASX for less than two years and has achieved significant milestones in that brief period of time:

*Successful exploration, acquisition and development opportunities in <2yrs*

- Successful exploration on the IPO assets has defined numerous targets for follow up work
- The acquisition of the Leonora Gold Project (LGP), which is a potential game changer for Kin, at a cost of only \$2.7m
- The LGP provides an immediate million ounce gold inventory, a pathway to near-term production, the potential to expand production and to develop a moderate-sized gold project, as well as significant exploration upside
- Secured finance for the LGP and early production program under difficult market conditions
- Asset enhancement and acquisition has largely been achieved with minimal dilution of shareholders' equity

### Near-term cash flow opportunity

*Good progress on mining and treatment of 'starter pit' ore*

Following on from above, the Company has identified an opportunity for securing early cash flow through the mining and treatment (vat leaching) of shallow material from two 'starter pits' at Lewis, within the larger 120,000oz Bruno-Lewis resource at Cardinia. The estimated upfront capital of \$1m is low. Historic metallurgical test work indicates gold recoveries of +70% on coarse material. Free dig, shallow supergene ore should account for an inexpensive operating cost of around \$750/oz.

If the Company can meet its production and operating cost targets, even the first phase should generate excess cash. More importantly, the infrastructure would be in place for a phased expansion of more easily accessible material. Funding is in place and pit optimisation and metallurgical test work are well advanced.

### Potential for a full scale operation at Leonora

*Significant resource base could provide the platform for a medium sized gold operation*

Kin acquired a +1Moz gold mineral inventory, which includes a resource of 745,000 ounces. In 2009, the previous owners of the project conducted a pre-feasibility study which demonstrated an economically viable project with substantial upside. Since acquiring the Leonora assets, the Company has also defined an Exploration Target of 1.0-1.2Mozs of gold mineralisation at a grade range of 1.6-2.5g/t.

The existing resources are already largely pit-constrained, suggesting that a reasonable portion of this resource could be converted into economic reserves, providing an opportunity of developing a moderate-sized gold operation at Leonora.

### Exploration upside

*Numerous targets established on IPO assets...*

Exploration results from the Company's IPO assets have been very encouraging. Like most junior explorers, Kin's exploration effort has been slowed by lack of funding; it is a credit to the Company that so much has been achieved in this tight economic environment. Multiple targets have been identified within the Desdemona Project, including the Gwalia Shear Zone, Kingfisher, Paradise, Annapurna and Pelican Prospects. Through focused exploration and prudent acquisition of additional leases, exploration potential along the Gwalia Shear has been increased from 12km to 26km. High grade gold intersections (up to 32m at 4.29g/t) have also been recorded at the Murrin Murrin Eastern Gabbro Prospect.



*...with significant exploration upside from acquisitions*

The exploration upside has been substantially boosted by the Leonora Gold Project acquisition. Although the current resources at the Leonora Project are well defined, the ground along strike is highly prospective. There are areas which have had little modern day mining activity since the 1940s. Immediate exploration targets are shallow deposits to supplement and expand the Company's current early start-up program. Previous drilling has concentrated on near-surface deposits and little deep drilling has been carried out, despite the presence of high grade underground workings.

### Team with extensive experience in the Western Australian goldfields

*Team with extensive experience in Eastern Goldfields*

Kin has a Board and Senior Management with extensive experience across a broad range of disciplines in the mining and exploration industries. In particular, the experience is largely related to discovery and development in Western Australia's North-Eastern Goldfields. In addition to this vast pool of experience, the Board has demonstrated that it is prepared to support the Company financially, something that has already proven to be very advantageous during recent periods of accessing capital.

### Risks & Mitigants

*Technical risks being mitigated by sound planning*

**Technical.** The starter pits have been well planned and while they may provide a relatively low cost mining option, inherent risks nevertheless exist. Cost over-runs and technical hitches can adversely impact small scale start-ups. In particular, metallurgical recoveries achieved in practice often fall short of estimates from bench scale test work. The main mitigant is that the mining operations at the Lewis pits have been thoroughly planned. Kin has used a more conservative 50% recovery rate than the +70% achieved in test work and has estimated a break-even recovery rate as low as 24%.

*Ongoing funding a challenge...*

**Funding.** The single largest risk to Kin is perceived to be on-going funding. The Company has managed to negotiate innovative agreements for up-front development expenditure and earthmoving, but will require on-going funding for resource drilling and definition, feasibility studies, exploration and corporate overheads. Directors of the Company have, to date, been very financially supportive, but investor support for current and future equity raisings is the vital mitigant against this risk.

*...being prudently managed by supportive directors*

*For the reasons outlined above, Breakaway recommends support for the Share Purchase Plan (SPP) offer and Placement.*

*Support the SPP*

## Background

*Kin listed in October 2013*

Kin Mining NL (ASX: KIN) was listed on the ASX on 2 October 2013. The initial offer was for the issue of 12.5m shares at a price of 20 cents per share to raise \$2.5m. The Company actually raised \$2.583m under the offer by the issue of 12.918m fully paid ordinary shares at \$0.20. The total number of quoted securities was 23.238m. Restricted securities, held in escrow for between 12 and 24 months, totalled 15.285m.

*IPO assets all in Leonora district*

At listing, the Company had options over, or had applied for, a total of 70 mineral exploration and mining tenements within one of the major gold and nickel regions of Western Australia. Of the \$2.789m of funds available at the time of listing, \$1.250m was set aside as an exploration budget. The six main exploration areas (with exploration budget in parenthesis) were Desdemona (\$350,000), Iron King Group (\$125,000), Murrin Murrin (\$237,500), Redcastle (\$237,500), Mt Flora (\$200,000) and Randwick (\$100,000).

*Acquisition of Leonora Gold Project announced*

In April 2014, the Company announced that it had signed a binding agreement with the administrator of Navigator Resources Limited (ASX: NAV) to acquire the Leonora Gold



Project for a cash consideration of \$2.7m. On 10 June 2014, Kin announced that it was to fund the purchase and initial definitive studies on the project through a pro-rata 1-for-1 non-renounceable rights issue at \$0.15 per share. The Issue closed on 10 October 2014, raising \$0.705m.

In July 2014, the Company announced that it had secured a \$3m cornerstone investment with Geolord Resources Pty Ltd, an Australian private company, enabling it to complete the acquisition. This Agreement was subsequently terminated.

In late October 2014, Kin announced that it had negotiated revised terms with the Administrator of Navigator Resources to complete the acquisition of the Leonora Gold Project. The revised terms were as follows:

*Funding for Leonora acquisition secured in October 2014*

- The Company will pay \$1.0m on 31 October 2014
- The Company will issue 1.0m fully paid ordinary shares to Waterton Global Value L.P. ("The Secured Creditor") on 31 October 2014
- The Secured Creditor will provide \$1.350m as a vendor loan to the Company for a term of 24 months at an interest rate of 10% secured by a first ranking security over the assets of Navigator Mining Pty Ltd
- The Company will provide the Secured Creditor with all the proceeds from the release of environmental performance bonds associated with the Leonora Gold Project, once the Transaction is complete

*\$1m payable by Kin secured by a loan from Director Fritz Fitton*

The \$1m payable by the Company was secured by a loan provided by Mr Marvyn John (Fritz) Fitton, who is a Director of the Company. The loan will have a term of 12 months and an interest rate of 15% and will be secured by the Company's non-Leonora Gold Project assets. This loan has recently been extended by a further 12 months, commencing 24 October 2015, on the same terms and conditions.

*\$1m being raised through share placement*

On 9 June 2015, Kin announced that it had resolved to raise approximately \$1m in a placement to sophisticated and professional investors through the issue of up to 10m new shares at 10 cents per share. Participants in the placement would receive one option exercisable at 20 cents on or before two years for every two shares subscribed. In addition to the placement, eligible shareholders would be able to participate in a Security Purchase Plan (SPP) to raise up to a further \$2m. This was subsequently amended on 31 July to the current Security Purchase Plan described below.

## **Share Offer**

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*SPP to raise up to \$2m from eligible shareholders...*

On 31 July 2015, Kin Mining issued a Prospectus for an offer to eligible shareholders of up to 20m shares at an issue price of \$0.10 per share, together with one free attaching option for every two shares applied for and issued. The offer aims to raise up to \$2.0m, with each eligible shareholder able to apply for up to \$3,000 (30,000 shares and 15,000 options) ("SPP Offer"). In the event the SPP Offer is not fully subscribed, those shares and options that are not applied for and issued will form a separate public offer, the General Offer. The Prospectus also contains an offer of 5m options for placement subscribers. The offers are separately conditional upon shareholders' approval which is being sought at the general meeting of the Company scheduled for 3 September 2015. Closing date for the SPP is currently envisaged to be 2 September 2015 with the General Offer closing date set at 25 September. The Directors reserve the right to extend a closing date at any time without notice.



*Funds to be used for ongoing exploration, DFS and working capital*

The funds are to be used for:

- The completion of a feasibility study on the Leonora Gold Project
- Upgrading 2012 JORC Resources with data that was not included in the original calculation
- Infill and extensional drilling at Mertondale and Cardinia with the main objective of lifting a portion of the Inferred Resources into the Indicated category
- Working capital to assist with the development of the Lewis open pit mining and processing operation

## ***Kin Projects***

*All Kin's assets located in North-eastern Goldfields*

All the Company's assets are located in the greenstone belts of the North-eastern Goldfields of Western Australia, close to the regional town of Leonora. Gold was first discovered in the Leonora district in 1896 and historical production from the area exceeds 16Mozs. The area is also host to a large number of nickel-copper-cobalt mineral deposits.

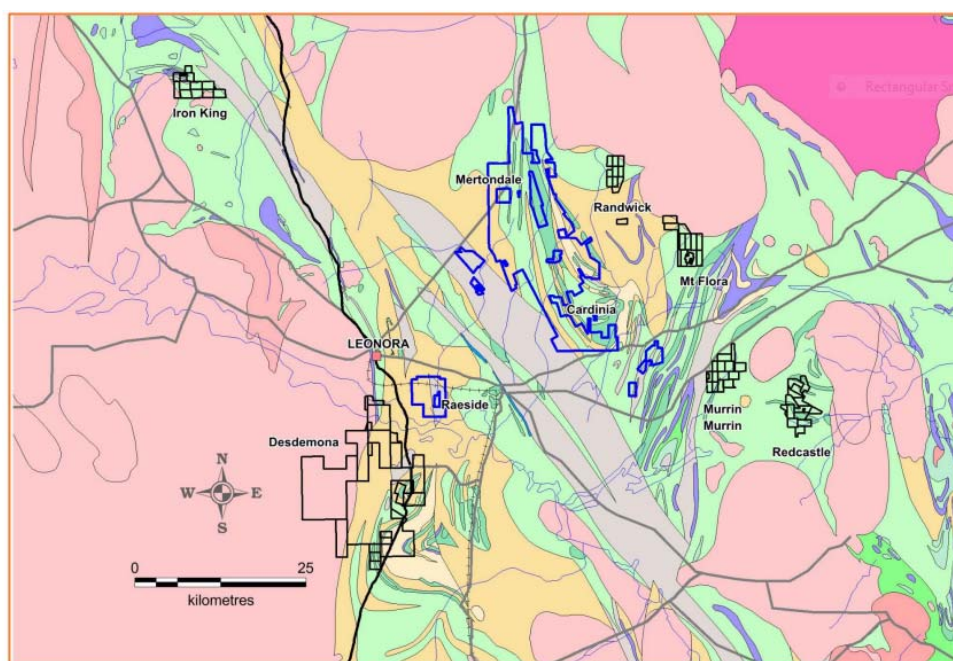


Figure 1: Location of Kin Mining NL Projects

Source: Kin Mining NL

## **Leonora Gold Project (LGP), Western Australia**

*LGP acquired from Administrator of Navigator Resources*

On 8 April 2014, Kin announced that it had executed a binding term sheet with the administrator of Navigator Resources Limited (ASX: NAV) to acquire the Leonora Gold Project. Consideration was \$2.7m in cash. This followed the appointment of voluntary administrators by Navigator resulting from operating difficulties at the Bronzewing Mine. Navigator had acquired the original Mertondale property from the Administrators of Sons of Gwalia Limited.

### **Location & History**

*Historic gold production of 316,000 ozs at 4.92g/t*

The project is located in the centre of the Eastern Goldfields, approximately 35km northeast of Leonora and 700km northeast of Perth, Western Australia. The tenements collectively referred to by Navigator as the Leonora Gold Project comprise the Mertondale, Cardinia, Gambier Lass and Raeside project areas. The Mertondale Pits (2,3,4 and 5) alone produced 214,300 ozs from 1.720Mt at a recovered grade of 3.87g/t



between 1986 and 2010, while the Merton's Reward underground produced 60,524 ozs at a recovered grade of 21.0g/t up to 1942. The project area includes a number of historical gold mines in close proximity to Kin's existing assets. Together, these mines have recorded historical gold production of more than 316,000 ozs at a grade of 4.92g/t. Historical exploration expenditure on the properties exceeds \$20m.

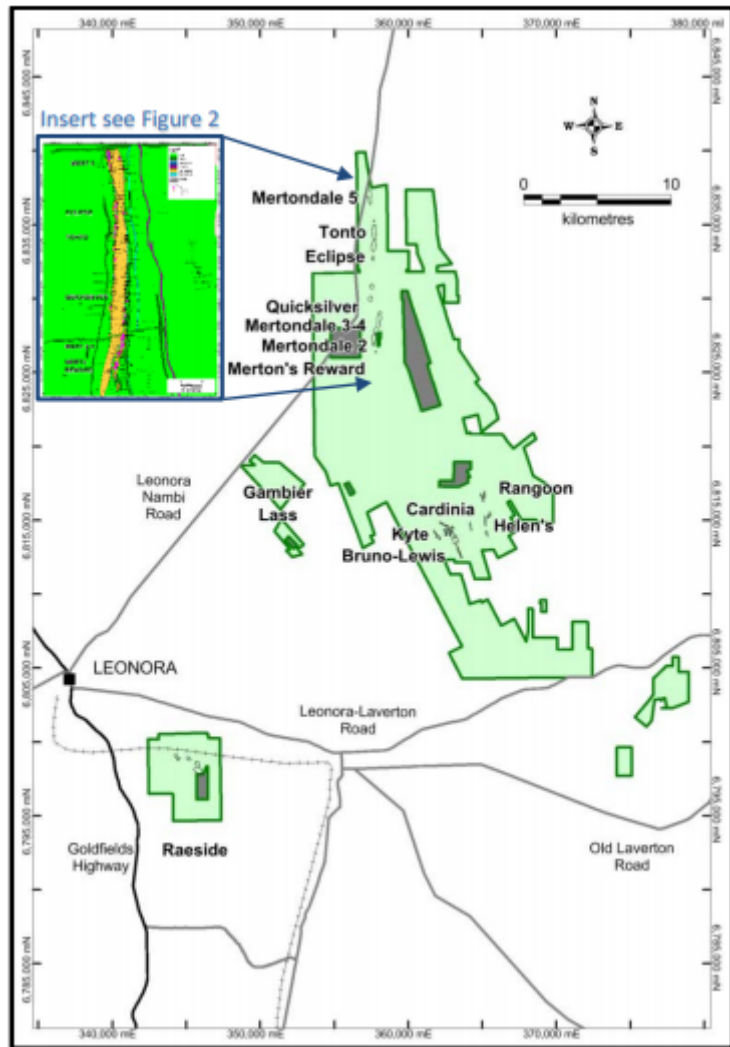


Figure 2: Location plan of LGP highlighting key deposits Source: Kin Mining NL

**Resources**

Kin acquired a 2004 JORC compliant open pit resource of 745,000 ounces with an additional 282,000 ounces beneath or along strike of the open pit designs for a total mineral inventory of more than one million ounces of gold. In May 2015, Kin completed a resource audit to comply with the 2012 JORC code and the resource currently stands at 11.825Mt at 1.9g/t containing 722,300 ounces. More than 70% of the resources are in the Indicated category. The 282,000 ounces outside existing pit shells currently remains as a mineral inventory. At the acquisition cost of \$2.7m, this equates to approximately \$2.70/oz of inventory and \$3.75/oz of resource. Establishing this resource from scratch would probably be 8-10 times as high. Resource details are shown in Table 1 below.

*Current resource of 11.8Mt at 1.9g/t for 722,00 ozs gold*



## Leonora Gold Project - JORC (2012) Compliant Mineral Resources

LEONORA GOLD PROJECT										
Leonora Gold Project Mineral Resources										
Project Area	Lower cut-off grade g/t Au	Indicated Resources			Inferred Resources			Total Resources		
		Mt	g/t Au	koz	Mt	g/t Au	koz	Mt	g/t Au	koz
<b>Mertondale*</b>										
Mertondale 3_4	0.7	0.87	2.3	65	0.66	2.1	45	1.53	2.2	110
Merton's Reward	0.7	1.01	2.7	87	0.07	1.7	4	1.08	2.6	91
Tonto	0.7	0.97	1.9	60				0.97	1.9	60
Eclipse (Tonto North)	0.7	0.62	1.8	35	0.25	1.7	14	0.87	1.8	49
Mertondale 5	0.7	0.32	3.2	33	0.16	2.7	13	0.48	3.0	46
Quicksilver (Tonto South)	0.7	0.55	1.8	31	0.11	2.1	8	0.66	1.8	39
<b>Subtotal Mertondale</b>		<b>4.34</b>	<b>2.2</b>	<b>311</b>	<b>1.25</b>	<b>2.1</b>	<b>84</b>	<b>5.59</b>	<b>2.2</b>	<b>395</b>
<b>Cardinia**</b>										
Bruno-Lewis Exploration	0.7	1.04	1.1	37	1.52	1.3	63	2.56	1.2	100
Helen's North	0.7	0.63	1.2	24	0.13	1.1	5	0.76	1.2	29
Kyte	0.7				0.31	1.6	16	0.31	1.6	16
Rangoon	0.7	0.09	1.8	5	0.23	1.3	9	0.31	1.4	14
Lewis Grade Control	0.7	0.29	1.4	13				0.29	1.4	13
Bruno Grade Control	0.7	0.11	1.4	5	0.03	1.1	1	0.15	1.3	6
Helen's South	0.7	0.19	1.8	11	0.01	1.3	0	0.20	1.7	11
Lewis South	0.7				0.10	1.3	4	0.10	1.3	4
<b>Subtotal Cardinia</b>		<b>2.35</b>	<b>1.3</b>	<b>95</b>	<b>2.44</b>	<b>1.3</b>	<b>98</b>	<b>4.79</b>	<b>1.3</b>	<b>193</b>
<b>Raeside</b>										
Michelangelo-Leonardo	0.7	1.28	2.7	111				1.28	2.7	111
Forgotten Four	0.7	0.07	3.0	7	0.10	2.1	7	0.17	2.5	14
Krang	0.7	0.11	2.6	9				0.11	2.6	9
<b>Subtotal Raeside</b>		<b>1.47</b>	<b>2.7</b>	<b>127</b>	<b>0.10</b>	<b>2.1</b>	<b>7</b>	<b>1.57</b>	<b>2.6</b>	<b>134</b>
<b>TOTAL</b>		<b>8.16</b>	<b>2.0</b>	<b>533</b>	<b>3.665</b>	<b>1.6</b>	<b>189</b>	<b>11.825</b>	<b>1.9</b>	<b>722</b>

\* Resource estimate by McDonald Speijers, 2009 with Merton's Reward depleted by McDonald Speijers in 2010.  
 \*\* Resource estimate by Runge Limited, 2009 with Bruno Grade Control depleted by Runge in 2010.  
 Notes: Assay top cuts for Mertondale and Raeside are variable but generally between 10-20g/t Au and are 15g/t Au at Cardinia. No allowance has been made for dilution or ore loss. All resources are constrained by open pit shells optimised at A\$2,000/oz.

Table1: Leonora Gold Project: Mineral Resource Estimates Source: Kin Mining NL

### Pre-Feasibility Study

*PFS in 2009 based on 1Mtpa producing >50,000 ozs pa for 6 years...*

A pre-feasibility study (PFS) was completed by Navigator Resources in March 2009. The PFS investigated open pit mining at Mertondale, Cardinia, Tonto-Eclipse and Raeside to deliver 1Mtpa of ore to a centrally located treatment facility at Merton's Reward. Estimated plant feed within the base case A\$1,250 pit shell was 6 Mt at 1.8g/t gold, with average production of 53,000 ounces of gold per annum recovered over a 6 year mine life. The open pits were planned to be mined via conventional benching using a hydraulic excavator and 100t dump trucks. Mining costs were based on independent mining contractor estimates that were in line with contract mining benchmark figures. Average mining costs equated to A\$18.00 per/tonne of ore treated.

Three processing alternatives were considered in the PFS:

1. A stand-alone carbon-in-leach (CIL) processing facility;
2. A heap leach option; and
3. A toll treatment option.

Selection of the base case processing option included consideration of capital and operating costs, as well as operability, maintainability, technology and process risk. A stand-alone CIL treatment plant was considered to have the advantage of maximising



*...demonstrated economically viable project*

gold recovery from the resource, and was expected to produce the optimum return in an escalating gold price environment. The main disadvantage was a higher start-up capital expenditure. The capital cost of the treatment plant was estimated on the basis that it would require additional equipment in order to ensure that the metallurgical recovery from the plant was maximised.

The PFS demonstrated a robust and economically viable project with substantial upside.

### **Trial Mining**

*Profitable trial mining...*

A trial mining and milling program was carried out at Leonora between February and June 2010. A total of 74,200 tonnes of ore was milled at St Barbara Limited's Leonora processing facility recovering 4,876 ounces at an average recovery of 97.9%. Following the favourable results, a further 39,800 tonnes were treated at Bronzewing, recovering 2,773 ounces at a recovery of 94.2%.

*...with +ve grade reconciliation*

Mining from the trial pits at Bruno and Mertondale 2 was profitable. Importantly, there was a significant (+30%) positive grade reconciliation compared to the pre-production grade estimates of the pit material.

### **Independent Valuation**

*Project independently valued at \$8.4m*

The Independent Valuation of the Leonora Gold Project by Optiro Pty Ltd in December 2014 assigned a value of between \$3.0m and \$13.4m, with a preferred value of \$7.5m, for the existing resources as well as \$0.9m (range \$0.8m to \$1.1m) for exploration potential i.e. a preferred value of \$8.4m for the mineral assets.

### **Fast-tracking gold production**

*Opportunity to fast-track production through two starter pits...*

In an announcement on 19 December 2014, Kin advised that it had identified an outstanding opportunity to fast-track its gold production at Leonora. Following interrogation of the extensive project database, the Company identified potential start-up pits known as Lewis East and Lewis West, located within the larger 120,000 oz Bruno-Lewis resource at Cardinia. The gold mineralisation is hosted in a supergene blanket that covers the entire Lewis resource which predominantly sits between 6m and 25m below surface. The starter pits are located within this larger supergene deposit and represent shallow, free-dig material which eliminates blasting costs. These two pits are designed to generate cash flow as they focus on higher grade ore close to surface. On site vat leaching is envisaged as the quickest and lowest cost treatment option. Close spaced grade control RC drilling that has been completed from surface covering the entire starter pits should further reduce start-up costs. The development is modular in concept, allowing for ease of expansion as the project develops.

*...should generate revenue of +\$2.5m and profits at current gold price*

Advanced mine plans, metallurgical test work and pit optimisation studies are in place. Historically metallurgical test work indicated a >70% gold recovery on the coarser material. However, the Company has conservatively used a 50% recovery in its studies. The indicative capital requirement of the first stage of production – to mine and treat the first 50,000t of ore at Lewis- is in the order of \$1m. At a grade of 2.17g/t and metallurgical recovery of 50%, gross income in excess of \$2.5m would be generated at a gold price of A\$1,500/oz. Operating costs have been estimated at \$750/oz, providing a fairly healthy gross margin.

In late February 2015, the Company announced \$1m in funding for the development of trial mining pits. The investor, ACN 112 940 057 Pty Ltd, agreed to invest up to \$1m in three tranches:





*\$1m financing of the development secured in Feb 2015*

1. Tranche 1 – Placement of 833,333 Ordinary Shares at \$0.12 for an investment of \$100,000 on execution of the Subscription Agreement
2. Tranche 2 – A \$400,000 Convertible Note Facility based on 400,000 Convertible Notes convertible into ordinary shares in Kin, payable on Kin receiving mining approval from the Department of Mines and Petroleum
3. Tranche 3 – A \$500,000 Convertible Note Facility based on 500,000 Convertible Notes converting into Kin shares, payable on Kin completing the construction of the infrastructure required and commencing mining operations

Each note will convert into one fully paid ordinary share at a discount to the 30 day VWAP, the discount dependent on the share price. The notes will mature after 2 years. Kin has the option to repay \$1.2m over the two year period either through the right to the physical gold extracted or through cash flow generated.

*Mining approvals recently received*

The Company has recently received mining approvals from the Department of Mines and Petroleum to carry out mining activities on Mining Leases covering the Lewis pits. It has also entered into a Memorandum of Understanding with Advanced Mining & Civil Pty Ltd (AMC) to provide open pit mining and civil earthmoving activities at Lewis and the Leonora Gold Project. The main terms and conditions are that AMC commits to invest \$500,000 in Kin via a staged placement of shares, Kin commits to provide AMC with up to \$2m of open pit and civil earthmoving activities and Kin provides all fuel for the mining operations.

*Steady progress on establishing larger gold operations*

The Company has also made considerable progress in relation to the establishment of a larger, sustainable gold operation. Pit optimisation studies have been completed for each of the key deposits and metallurgical studies indicate recoveries of +95%. Once the starter pits are underway, the Company expects to proceed to a Bankable Feasibility Study (BFS). All development pathways will be explored, including a stand-alone plant, toll treatment and regional consolidation opportunities.

### **Exploration**

In mid-February, Kin announced that following the examination of historic diamond drill core at the Tonto and Quicksilver gold deposits at Mertondale, it had identified the potential for Volcanic hosted Massive Sulphide (VMS) base metal mineralisation.

*Exploration target of 1.0-1.2Mozs along Mertondale Shear Zone*

During the March 2015 quarter, Kin delineated an exploration target of 1.0Mozs to 1.2Mozs at grades ranging between 1.6g/t and 2.5g/t. Nine exploration targets that represent strike or depth extensions of the delineated 2012 JORC Resources have been defined along the Mertondale Shear Zone. Multiple mined and unmined gold deposits already exist within the shear hosted structure, stretching for more than 10km from Mertondale 5 in the north to Merton's Reward in the south. Kin believes that Merton's Reward has potential for an underground resource, as historically the mine returned the extremely high grade of 21g/t for 60,524 ozs. Underground potential also exists at Mertondale 3 / 4 and Tonto.

### **Desdemona Project (gold, nickel-copper-PGMs) (100%)**

*Significant gold mineralisation at Pelican prospect*

The project covers a total area of approximately 180km<sup>2</sup> and comprises ELs, one ELA, one ML and six PLs. The tenements lie between 3 and 29kms south and along strike from the Sons of Gwalia mine which has had historic production in excess of 7Mozs. Significant gold mineralisation has been identified over an area of 1,600m x 200m at the Pelican



Prospect where early shallow aircore drilling returned a best result of 8m at 22.5g/t from 60m. Drilling also intersected significant Ni-Cu-PGM-Co-Au at the Kingfisher Prospect. Previous exploration of the project area was hindered by the presence of widespread transported cover and deep clay overburden, resulting in many RAB drilling programs failing to reach targeted depths.

Three RC holes were drilled at the Pelican Prospect in the second round of drilling. Two anomalous four metre composite results were obtained from one of the holes. These composite results were re-assayed by fire assay as 1m splits. Best result was 3m at 1.04g/t.

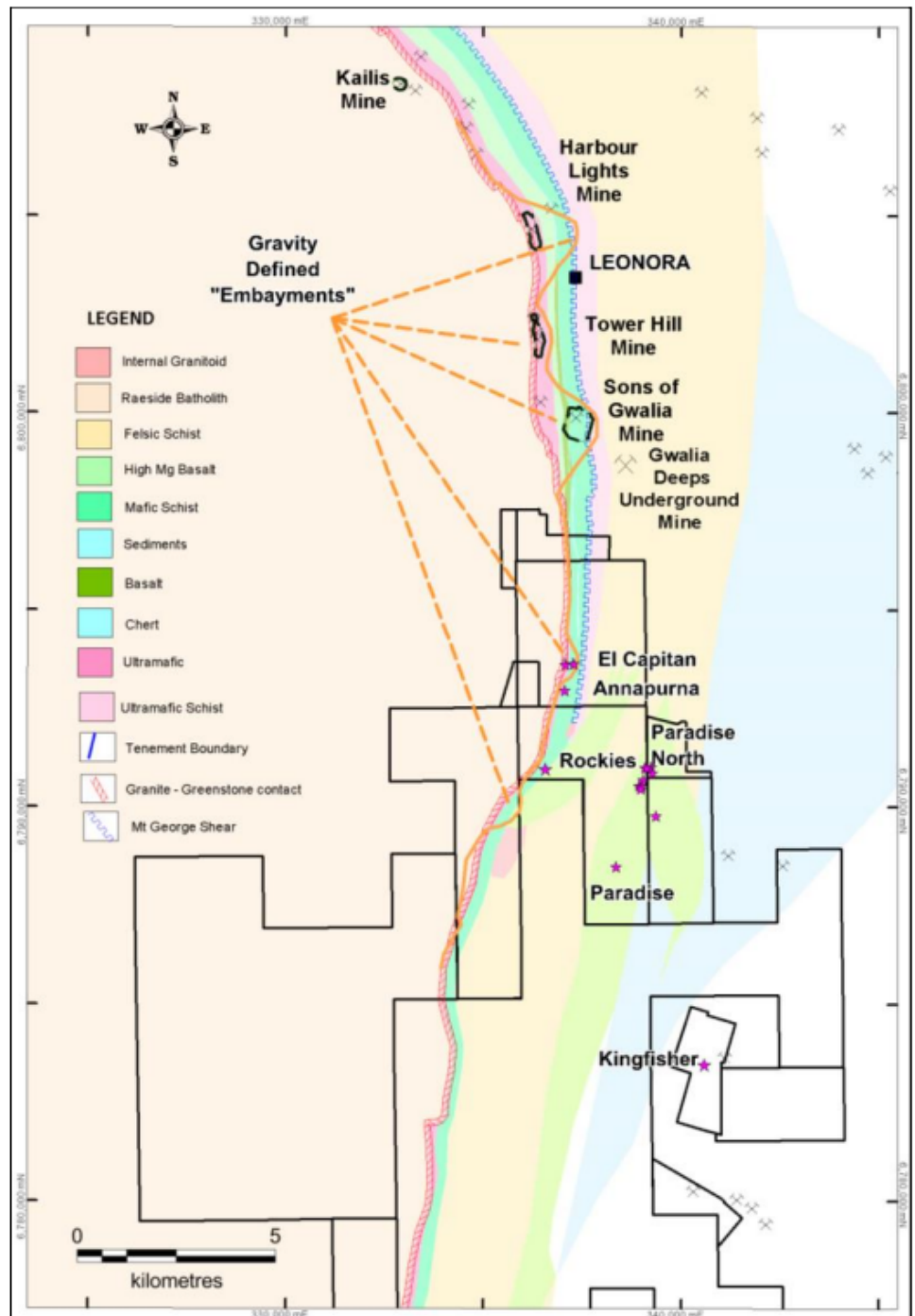


Figure 3: Regional geological interpretation of Desdemona highlighting target areas Source: Kin Mining NL



Approvals were granted for the drilling of four RC holes at the Mary Bore Igneous Complex to test the source of a strong magnetic response as well as structural targets for gold mineralisation. The drilling is to be carried out under the Western Australian Government's Exploration Incentive Scheme (EIS) under which the State Government will co-fund the drilling operations.

*EM surveys followed up with drilling for Ni-Cu-PGM mineralisation*

Compilation of historic data in July 2014 revealed numerous bedrock nickel-copper-PGM intersections at the basal contact of an intrusive ultramafic unit at Kingfisher, just south of Leonora. Historical diamond drill intersections from the 1970s and 1980s assayed up to 2.0% Ni and 4.8% Cu over narrow widths with platinum and palladium values of 1.55g/t and 6.51g/t over 1.8m in one hole. As a follow up, Kin conducted a surface Moving Loop Electromagnetic (MLEM) Survey, which identified two strong bedrock electromagnetic (EM) conductors. Historical intersections comprising disseminated and massive nickel-copper sulphide mineralisation with PGM enrichment has have been confirmed in the middle of the magnetic high over a strike length of 450m. An initial 3-hole drill program for approximately 900m targeting the first of the anomalies commenced in late October 2014. Elevated nickel values were intersected from 200m to 232m in both holes, which correlates to the approximate depth of the conductor. Kin's geological team believes that the conductor was narrowly missed due to unexpected drill hole curvature away from the target. Further drilling is planned.

*Additional tenements secured...*

*...extends strike length of Gwalia Shear to 24km*

In early 2015, the Company announced that it had secured two additional highly prospective tenements that cover the Gwalia Shear Zone. The newly granted tenements are immediately south of the Sons of Gwalia mine and cover the same ultramafic and mafic volcanic sequences that host the Sons of Gwalia mine. The strategically positioned tenements complement the Company's existing holdings and expand the lease holdings along the Gwalia Shear Zone to 24 continuous strike kilometres.

### **Iron King Group (gold, base metals) (100%)**

*Multiple drill targets at Iron King*

The project comprises 8 contiguous PLs covering an area of approximately 11.8km<sup>2</sup>, about 45km NNW of Leonora and approximately 14km NW of the 3.7Moz King of the Hills Gold Mine. The main exploration focus is on gold, with some VMS-style base metal potential. Several historic gold workings occur within the project area, some of which were high grade. Kin has identified a large number of 'walk-up' drill targets.

The Company's second round of RC drilling, which started in February 2014, included targets at Blue Spec, Crystal Ridge and Reeds United. Four RC holes were drilled at the three prospects. Several intervals in two of the holes returned anomalous results with the best result being 1m at 1.64g/t.

### **Murrin Murrin Project (gold, base metals) (100%, other than M39/279)**

The Murrin Murrin Project comprises 14 Ps and 1ML covering an area of 22km<sup>2</sup> and is located approximately 10km south of Glencore's Murrin Murrin nickel cobalt laterite project. Historic gold workings occur within the tenement block and several small open pit mines operated nearby in the late 1980s. Shallow drilling shows gold associated with shallowly dipping 'stacked' quartz veins; deeper drilling will be required to test the full potential of the area.

*Encouraging results from drilling at Eastern Gabbro Project*

An initial 17-hole RC drilling program commenced at the Eastern Gabbro Prospect within the Murrin Murrin project area in early November 2013. Early results from the program included supergene and primary gold intersections of 24m at 2.26g/t and 32m at 1.29g/t (4m sample lengths), as well as +1g/t intersections in 9 other holes. Sampling at 1m



intervals returned results of 25m at 3.16g/t, 17m at 1.11g/t and 8m at 3.52g/t. Follow up drilling was scheduled to commence within a month.

*...followed by some spectacular intersections*

As part of the second round of RC drilling completed in March 2014, Hole MM13RC013, which ended in strong mineralisation at 87m to 88m (1m at 36g/t), was deepened. The extended hole returned a high grade first metre assay of 32.45g/t between 88 and 89m. Both these spectacular results are within a broader high-grade mineralised zone assaying 17.2g/t over 5m from 87m to 92m. Further significant results were recorded in another three holes.

### **Redcastle Project (gold) (100%, other than P39/4930)**

*Historic workings require drill testing*

This project is gold focused and comprises 15 Ps covering an area of 24.8km<sup>2</sup> in the vicinity of the historic Redcastle Mining Centre located approximately 64km east of Leonora. A number of historic workings occur within the project area, most of which have never been properly drill tested.

### **Flora Project (gold, Ni-Co laterite) (100%)**

*Numerous historic workings, many not drill tested*

The project is located approximately 45km northeast of Leonora and comprises 12 Ps covering an area of 21.4km<sup>2</sup>. Numerous historic workings occur within the tenement block, many of which are associated with swarms of north easterly trending sulphidic quartz veins. Many of the old workings have not been drill tested. In addition, two nickel-cobalt laterite prospects have been identified.

### **Randwick Project (gold) (100%)**

*Four undercover targets identified*

The project comprises 10 Ps covering an area of 12.1km<sup>2</sup> and is located about 45km northeast of Leonora near the historic Randwick mining centre last worked in the late 1980s. The focus is on gold. Numerous workings, including the high grade Golden Chain mine, lie within the tenements. Kin has identified four structural targets, all under cover, associated with interpreted major fault intersections that will require drill testing.

## **Breakaway's View**

*Early cash flow sets the company apart*

As recently as 4-5 years ago, small scale start-ups, similar to that envisaged at the Leonora Gold Project, were not favoured by the market. However, attitudes have changed, particularly during the period of a low Australian gold price, and there is now a more positive approach to a phased entry into production. The emphasis must be positive cash flow, not cash flow *per se*. Provided Kin can meet its technical expectations and estimated costs, solid margins should exist at a gold price in excess of A\$1,500/oz.

Funding remains the greatest challenge for all exploration and development juniors. However, more innovative means of financing are being introduced, and Kin continues to explore a range of possibilities in its capital-raising efforts.

*Projects at different stages of maturity*

One of Kin's major advantages is that it is not a single-project company. It has a number of projects at various stages of maturity – comprising short term production opportunities, enhancement of existing resource bases with a view to larger scale production, and exploration projects that range from advanced to early stages. While the main focus is obviously on gold, Ni-Cu-PGM and base metal opportunities also exist.

*Management has*

Furthermore, Breakaway believes that the highly experienced team at Kin has done an

*achieved a great deal in 2 years...*

**Support KIN through SPP and placement**

**Non-Executive Chairman**

**Terry Grammer**

**Managing Director**

**Trevor Dixon**

excellent job to progress the Company on a number of fronts in a very short period of time. Prudent financing and the subsequent management of these funds has been an essential part of the process

We therefore recommend:

- existing shareholders support the Share Purchase Plan offer,
- potential professional and sophisticated investors support the Placement, and
- other investors consider Kin Mining as a Speculative Buy

## ***Kin Mining NL Directors***

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**Terry Grammer** is a geologist with more than 35 years' experience in mining and mineral exploration in Australia, Africa, east Asia & New Zealand. He has been based in Western Australia since 1988 and has extensive professional experience in the exploration of gold, base metals and some industrial minerals. He was a founder and promoter in 1999 of the successful nickel miner Western Areas NL, and was exploration manager of the company from 2000 until retiring in 2004. Since then, he has been involved in company promotion, company financing and project acquisition.

Mr Grammer is currently a non-executive Director of Great Western Exploration (ASX:GTE) a gold and nickel sulphide mineralisation exploration company. He is also a non – executive director of Sirius Resources NL (ASX:SIR), a mineral exploration company. He was previously a director of Fortis Mining Ltd (ASX:FMJ) and non – executive Chairman of South Boulder Mines Ltd (ASX:STB).

Mr Grammer was awarded the Association of Mining and Exploration Companies' Joint Prospector of the Year Award in 2000 for the discovery in 1997 of Jubilee Mines Cosmos Nickel Deposit.

**Trevor Dixon** is a businessman with more than 25 years' experience in the mining and exploration industry as an earthmoving contractor to the industry and as a private individual identifying prospective mineral areas and subsequently acquiring project areas of interest. He has been a founding vendor to a number of companies including Jubilee Mines NL, Terrain Minerals Ltd (ASX: TMX) and Regal Resources Ltd (ASX: RER).

During his time in the industry he has had joint venture partners including Newcrest Mining Ltd, Independence Group NL, St Barbara Ltd, Normandy Poseidon, Ashton Mining, and currently holds Joint Venture/Royalty agreements with Xstrata Plc, Regal Resources Ltd and A1 Minerals Ltd.(Now Stone Resources Ltd).

Mr Dixon's management experience in the areas of contractual outcomes, Mining Act regulatory procedures and standards, tenement management and long history of Native Title negotiations and resolutions make him suitable for the role of an Executive Director of KIN Mining NL.

Between 1969 and 1987, **Fritz Fitton** worked as senior geologist for several international



## Non-Executive Director

### **Fritz Fitton**

mining companies, during which time he was involved in several world class mineral discoveries. In 1987 Mr Fitton founded Geological & Mining consulting firm Maprock Pty Ltd based in Perth WA. Since its formation, Maprock has been responsible for the preparation of numerous Independent Geological Reports for inclusion in prospectuses for successful IPO's such as Jubilee Mines, Berkeley Resources, Trafford Resources Athena and Scotgold.

Mr Fitton is a long standing Member of both the AusIMM and AIG professional bodies and as such is recognised to be a "Qualified Person" for such purposes as ASX releases and the quantification of JORC mineral resources.

Throughout his career Mr Fitton has been responsible (either as an individual or part of a team) for the discovery of numerous major economic mineral deposits several of which are still in production (e.g. Scuddles-Golden Grove Cu-Zn-Au (WA), Elura Zn-Pb-Ag (Cobar NSW) and Harbour Lights Au (WA). More recently he was involved in the discovery of the Wilcherry Hill high-grade magnetite deposits near Whyalla in South Australia now being mined by Ironclad/Trafford Resources. Mr Fitton has also carried out exploration for a diverse range of mineral commodities in many overseas countries (e.g. China, Fiji, South Africa, Botswana, Uganda and the Balkans). Mr Fitton is currently on the board of or advisor to several private WA based exploration companies with interests in Australia and a number of overseas countries.

## Non-Executive Director & Company Secretary

### **Joe Graziano**

**Joe Graziano** is a Chartered Accountant with corporate and company secretarial experience. He has experience in capital raisings, ASX compliance and regulatory requirements and is currently a director of Crowe Horwath, (Perth). Mr Graziano has 22 years' experience in business, financial and taxation advice to listed and unlisted companies including mining, resources, banking and finance.

Mr Graziano is currently a non-executive director of OZ Brewing Limited (ASX: OZB) and Brimstone Resources Limited (an unlisted public company).

## **Senior Management**

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## Senior Geologist

### **Paul Maher**

**Paul Maher** has been a member of the Australasian Institute of Mining and Metallurgy (AAusIMM) for 30 years. He has extensive Easter Goldfields experience.

**Analyst Verification**

We, Grant Craighead and Basil Burmeister, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

**Disclosure**

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of Kin Mining NL and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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