Georgian Mining Corporation / EPIC: GEO / Sector: Natural Resources

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Georgian Mining Corporation ('GEO' or the 'Company')

2018 Technical Work Program and In-House Review of Kvemo Bolnisi Au-Cu Project

Georgian Mining Corporation announces a progress report on technical work being carried out on the Kvemo Bolnisi East gold-copper project ("KBE"), in preparation for resource infill and development drilling, infrastructure sterilisation drilling, and commencement of the feasibility study.

Mike Struthers, Chief Executive Officer said:

"Whilst we wait for the approvals for the exploration permits, I am pleased that our team in Bolnisi is using its time constructively to prepare for the work ahead. The recent work has been updating pit optimisations at KBE and developing new concepts for layouts of surface facilities and haulage routes to the processing facilities at the neighbouring operations. These have all been done internally and are particularly interesting as we are now starting to see what the future KBE operation will actually look like. And all of this is also contributing to the future work programme.

"In respect of the exploration permits, the Company has recently held meetings at senior levels with Government to highlight our application and the urgency to have this resolved. Given the excellent support that we have in Government circles for the Company and our application, we remain very confident that we'll get the positive news we are seeking and will be able to re-start work soon.

"I want to thank our existing shareholders for their considerable patience while we strive to resolve this situation."

The focus of the recent work has been on:

A resource model review and modelling training for increased in-house capabilities

Much of the resource modelling and estimation work for the Company in the past has been done externally, but there are significant advantages in terms of the creative processes and quality control if a large component of this can be done in-house, whilst still maintaining independent review and Competent Person sign-off for any formal resource updates or other material reporting. Recent training in geological modelling of the targeted low sulphidation epithermal systems and in resource modelling and estimation have resulted in a team who are now able to fully utilise their knowledge of the mineralised system in producing a more robust and flexible resource model suitable for engineering optimisation.

The KBE mineralised system has been reviewed in detail and work is now extending to introduce geo-metallurgical factors into resource models.

All of the above allows the upcoming infill drilling to be optimised for maximum benefit to improve model confidence in preparation for mine optimisation and feasibility studies.

An in-house engineering review of the KBE project, including pit optimisation and production scheduling sensitivity studies.

The technical team based in Bolnisi has been further strengthened by the addition of an experienced Georgian mining engineer with strong regional and international experience on resources, reserves and planning studies in these types of projects.

In-house engineering expertise enables the Company to accelerate production planning and scheduling scenarios designed to:

- Increase understanding of the anticipated project footprint as a base for mineral inventories used for initial pit optimisations, including production scheduling and sensitivity studies.
- Develop concepts for the future operation in terms of on- and off-site infrastructure required, most notably the haul road from KBE to the Madneuli plant. This improves estimations of costs, and ensures the ESIA covers all aspects of the operation in line with international best practice.
- Understand the potential scale of the project as a combined gold oxide/copper sulphide open pit, including future-proofing for potential upside from resource expansions following the planned infill and KB exploration drilling.
- Optimise the design of infill and infrastructure sterilisation drilling for a range of possible open pit scenarios based on input sensitivities.

Developing concepts for pit designs and surface infrastructure in parallel with the infill drilling programme and in advance of the Feasibility Study will ensure the latter is well designed and future-proofed for the expected size of operation. It also allows other investigatory work to be carried out as early in the project development schedule.

Interesting observations from the studies to date:

- An important aspect of the planning and review process has been to confirm how the oxide gold material at surface best adds value to then allow expanded open pits on the primary copper-gold material.
- The vertical control on the primary copper-gold sulphides tends to create discrete open pits to extract each mineralised "core" but this provides focus for drill testing of potential mineralisation between the vertical structures which will support expanded mining scenarios.
- Resource expansion on the KBE prospect has shown that the operation rapidly increases in size and scale with targeted drilling confirming the geological model.

Examples of the resource expansion and prior and new pit optimisations are shown below:

Figure 1 – A single open pit optimisation shell on an early resource model comprising the CZ1 zone including minor oxide gold surface material.



Figure 2 – Additional resource drilling through 2017 defined the GZ1 gold oxide and GZ2 copper-gold sulphide resource (as reported previously). This significantly extended the gold oxide resource and resulting open pit:



Figure 3 – Initial planning work within the total mining area then allows discrete designs and schedules for mining of the oxides prior to expanding into the gold-copper sulphide mining scenario.



Figure 4 – Also, as part of the overall planning process a preliminary haul road to the Madneuli treatment facility has been designed (shown above in orange, and below) as a basis for improved estimation of capital and operating costs.



Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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About Georgian Mining Corporation

Georgian Mining Corporation has 50% ownership and operational control of the Bolnisi Copper and Gold Project in Georgia, situated on the prolific Tethyan Belt, a well-known geological region and host to many high-grade copper-gold deposits and producing mines. The Bolnisi concession covers an area of over 860 sq km and has a 30-year mining licence with a variety of targets and projects ranging from greenfield exploration / target definition phase through intermediate target-testing phases to more advanced projects including KBE which will advance to Feasibility Study in 2018. These projects are proximal to several advanced projects and existing mining operations owned by the Company's joint venture partner, and their sister production company. Georgia has an established mining code and is a jurisdiction open to direct foreign investment.