



29 January 2018

**AuKing Mining Limited**

(previously Chinalco Yunnan Copper Resources Ltd)

ABN 29 070 859 522

(ASX Code: AKN)

AKN is a resource exploration and development company seeking to become a mid-tier copper/gold producer.

**Issued Capital:**

932,584,461  
Ordinary shares

**Directors:**

Dr Huaisheng Peng  
*Chairman*  
Paul Williams  
*Managing Director*  
Zewen (Robert) Yang  
*Executive Director*  
Qinghai Wang  
*Non-Executive Director*

**Company Secretary:**

Paul Marshall

**AUKING MINING LTD**

Suite 11, Level 4,  
320 Adelaide Street  
BRISBANE Q 4000  
Ph: +61 7 3041 1306  
E: [admin@aukingmining.com](mailto:admin@aukingmining.com)

**Contact:**

Paul Williams  
Managing Director  
E: [p.williams@aukingmining.com](mailto:p.williams@aukingmining.com)  
Mob: +61 419 762 487

**Activities during the three months to 31 December 2017 included:**

- **Completion of AKN's initial two-staged process to acquire a 30% shareholding in Bonito Minerals Pty Ltd ("Bonito") in late October 2017.**
- **Bonito holds an option to purchase the "La Dura" project area across five (5) mining concessions located in Durango State, Mexico. The La Dura concessions sit in the highly mineralised Sierra Madre Occidental – a region that has seen approximately 40M ounces of gold and 1.2Bn ounces of silver and other base metals produced over the past 400 hundred years.**
- **Commencement by Bonito's exploration team of an estimated 2000m RC drilling program, which started in late November 2017. By the end of December 2017, five (5) drill holes had been completed, with the balance of the program having been completed in January 2018. Final assay results for the drill holes are pending.**
- **Ongoing assessment of copper, gold and other precious metal project opportunities in Australia and other regions.**

The Board of AuKing Mining Limited (ASX:AKN) continues to focus on transforming the Company into a substantial mid-tier mining group, with a primary focus on acquiring and developing near-term copper, gold and other base metal production activities (both locally and overseas).

The activities of AuKing Mining Limited (“AuKing” or “AKN”) during the three months to 31 December 2017 were as follows:

### **La Dura (Mexico)** **Stage 2 Completion**

On 27 April 2017, the Company announced that it had entered into a binding term sheet with Bonito Minerals Pty Ltd (“Bonito”), the holder of an option to purchase five (5) mining concessions that comprise the La Dura project in Mexico.

The La Dura project is located approximately 275kms NW of the city of Durango, Durango State and locally about 2.3km E of the village of El Durazno. Average altitude of the project area is 2,200m above sea level. The project sits within the famous Sierra Madre Occidental – a belt that has historically produced approximately 40million ounces of gold and 2billion ounces of silver over the last 400 years. The significant resources and production activities from the Sierra Madre Occidental help Mexico to become the largest producer of silver in the world, with 189.5Moz of silver produced in 2015 (20% of world production).



Formal agreements (based on the terms originally agreed in the 27 April 2017 binding term sheet between AKN and Bonito) were negotiated and signed on 12 July 2017. Under these agreements AKN acquired a further 15.8% shareholding in Bonito – taking its total holding up to 30%. On 31 October 2017 AKN paid A\$400k to Bonito and issued 21,860,181 AKN shares to the Bonito founders, completing the Stage 2 acquisition.

Further, under the Bonito agreements, AKN has the following rights:

- an option to purchase a further 20% of the Bonito shares upon payment of A\$1.5M in 2 stages – A\$500k by 31 January 2018 and the balance A\$1M on or before 31 October 2018;
- a pre-emptive right to participate in future issues of securities by Bonito (should there be any); and

- there is an agreed process (by way of independent valuation) to allow for AKN to acquire up to 100% of the La Dura project at some future time.

### **Initial La Dura Drilling Program**

Drilling started in late November 2017 and, by the time the drilling crew retired from the site for Christmas vacation period on 15 December, a total of 5 reverse circulation (RC) holes had been drilled for a total of 897metres.

This first phase of the overall program targeted areas in and around the known historic workings at La Dura, Plan 3, Polvorin and Becerras. The diagram below shows the hole locations of the first five holes (LD-001 to LD-005) as they relate to the original underground workings:

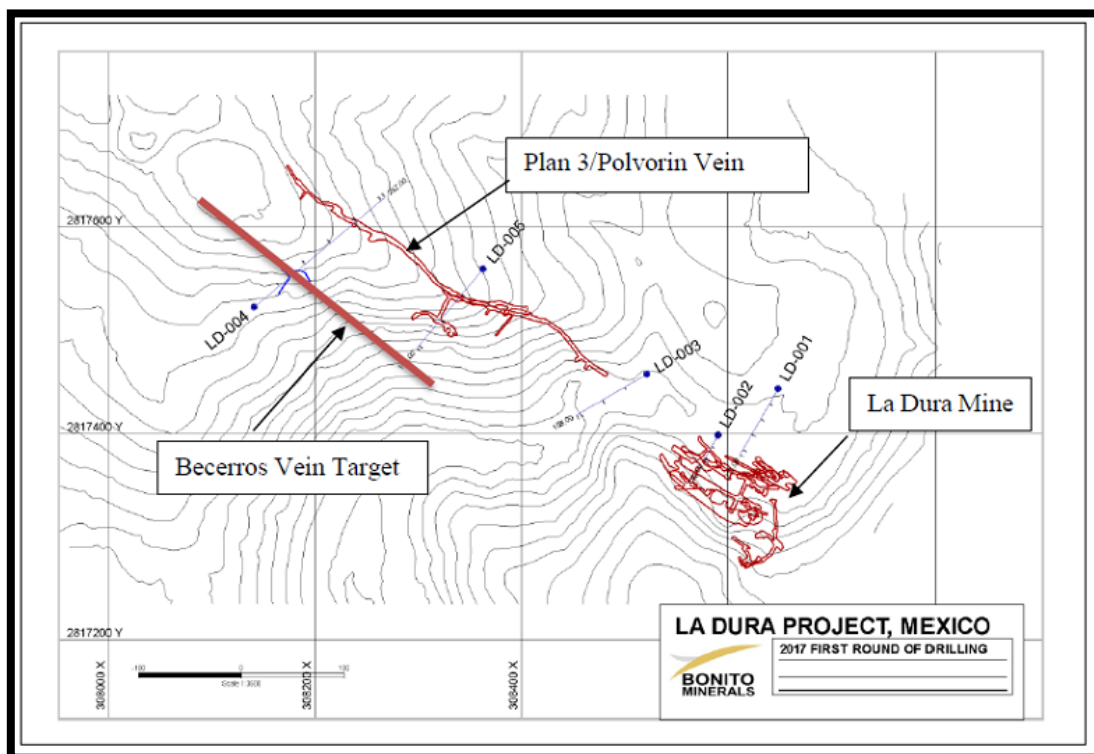


Figure 1 – Drill hole locations for LD-001 to LD-005, subject to final survey

Preliminary assay results from these first five drill holes have been received from the ALS laboratory in Chihuahua, Mexico. The assay results from this first phase of drilling are being collated and interpreted by Bonito and then formally reported to AKN. This reporting is expected to be completed shortly and then made available to AKN for release to the ASX.

The Bonito exploration team returned to site in early January and a further six (6) holes were drilled to complete the initial program – taking the total metres drilled to approximately 1700m. Samples have been delivered to the ALS laboratory in Chihuahua and assay results are expected in early February 2018.

### **Stage 3 Bonito Option**

As noted above, AKN has a further option to acquire Bonito shares – payment of \$500k to Bonito by 31 January 2018 in return for a further 6.66% shareholding in Bonito. (This option is part of the option to acquire a further 20% shareholding in Bonito).

Due to the delays experienced with the drilling program and as the assay results from the latest drilling will not be available until early February 2018, AKN has sought an extension of time until 28 February 2018 to exercise the option. This extension had been sought on the assumption that detailed technical information about the whole program would be made available to AKN and AKN can make a full assessment about the La Dura project armed with all the latest La Dura exploration results. Bonito has since advised AKN of its decision not to grant any extension. AKN will advise the ASX of its decision (whether to exercise the option or not) after the 31 January 2018 expiry date.

### **Exploration Activities**

See commentary above re La Dura. No other exploration was carried out by AKN during the period.

### **Exploration Expenditure for December 2017 Quarter**

Nil exploration expenditure was incurred for the December 2017 Quarter other than miscellaneous (and minor) tenure administration fees.

### **Corporate Update** **Acquisition Activities**

The AKN Board continues to work closely with JCHX Group in the ongoing assessment and acquisition of new project opportunities – not just limited to copper projects but also gold and other metals. The Board continues to hold a view that the improving commodities market remain suitable for business development and acquisition activities. Further news about these activities will be made available to the market as soon as possible.

### **JCHX Group Loan**

During the December 2017 Quarter, AKN drew down an amount of \$250k under this loan facility.

### **Board Composition**

Dr Huaisheng Peng, Chairman  
Mr Paul Williams, Managing Director  
Mr Robert Yang, Executive Director  
Mr Qinghai Wang, Non-Executive Director  
Mr Paul Marshall, Company Secretary

### **Financial Position**

As at 31 December 2017, AKN had cash reserves of \$363k. Together with the JCHX Group loan (referred to above) AKN will have sufficient funding to carry out project assessment review and transaction activities for the immediate future. However, it remains the intention of the AKN Board to carry out an additional fundraising in the first half of 2018, depending on market conditions and the current status of AKN's activities. Details of any future fundraising will be provided to shareholders and the market at the first available opportunity.

Further details of AKN's financial activities during the December 2017 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

**Top 10 shareholders of AKN as 31 December 2017:**

Rank	Name	Number of Shares	%
1	Biential International Industrial Co Ltd #	349,018,230	37.42%
2	Yunnan Copper Industry (Group) Co Limited #	299,922,326	32.16%
3	Mr Dudley Roy Leitch	15,204,108	1.63%
4	Trimin Pty Ltd	15,163,208	1.63%
4	Billy Fleshman	15,163,208	1.63%
6	Mr Paul Robert Williams & Ms Jill Caroline Strachan	10,357,173	1.11%
7	Mr Peter Gerard Tighe & Mrs Patricia Joan Tighe	10,033,333	1.08%
8	Mr Barry Edward Tanton & Mrs Elizabeth Mary Tanton	7,500,000	0.80%
9	Elliott Nominees Pty Ltd	7,150,000	0.77%
10	Mr Norman Joseph Zillman	6,980,343	0.75%
<b>TOTAL</b>		<b>736,491,929</b>	<b>78.97%</b>

# Denotes Substantial Shareholder

**Share Information**

Issued share capital of 932,584,461 ordinary shares (following the issue of 21.8 million shares on 31/10/17 in relation to the acquisition of the further 15.8% interest in Bonito). The 2 million D Class performance shares held by Paul Williams lapsed during the period.

Quarter high traded price of \$0.008 (26,30,31 October & 1,2,6,7,9,10,13,15,20,21,22 November 2017) and low of \$0.005 (4 October & 15 November 2017).

Market capitalisation – high \$7.46M, low \$4.55M.

Average daily volume of shares traded – 395,019 shares (\$2,774 average daily volume value).

**Other Details:**

Head Office  
Level 4, Suite 11  
320 Adelaide Street  
Brisbane Q 4000  
Phone: +61 7 3041 1306  
Website: www.aukingmining.com

Share Registry  
Link Market Services Limited  
Level 12, 300 Queen Street  
Brisbane Q 4000  
Phone: 1300 554 474

On behalf of the Board

Paul Williams  
Managing Director  
p.williams@aukingmining.com  
+61 419 762 487

### AKN's mining tenement interests

Project/Location	Tenement Reference	AKN % Interest	Comment
<b>AUSTRALIA</b>			
Pentland	ML 1631	100	Refer Note 1
<b>MEXICO</b>			
La Dura, Durango	Bonito Minerals Pty Ltd	30	Refer Note 2

#### **Notes:**

- 1. An application was lodged during the Quarter for the surrender of this mining lease interest.*
- 2. AKN has the right to acquire up to a 50% shareholding interest in Bonito Minerals Pty Ltd, the holder of an option to acquire the 5 mining concessions which comprise the La Dura project in Durango State, Mexico.*