

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity: AUKING MINING LIMITED**

<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
29 070 859 522	30 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2)	(10)
(b) development	-	-
(c) production	-	-
(d) staff costs	(108)	(348)
(e) administration and corporate costs	(116)	(273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Refund of DRC related costs	-	-
1.8 Project generation	(90)	(319)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(315)</b>	<b>(944)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	4
(b) tenements (see item 10)	-	-
(c) investments	(350)	(350)
(d) other non-current assets	-	4
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(350)</b>	<b>(342)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,471	2,092
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(315)	(944)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(350)	(342)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>806</b>	<b>806</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	765	1,430
5.2 Call deposits	41	41
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>806</b>	<b>1,471</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
131
-

Director fees

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

**JCHX Loan**

Subsequent to 30 September 2017, AKN entered into an agreement with JCHX Group to provide for a A\$1m loan facility to be made available to AKN. The purpose of the loan agreement is to ensure that AKN maintains sufficient funds for activities such as:

- Ongoing project due diligence activities;
- Further stages of the proposed Bonito acquisition (a further A\$500k is due to be paid on or before 31 January 2018); and
- Working capital requirements,

until such time as AKN is in a position to successfully complete a further capital raising – likely to be in the first half of 2018, depending on market conditions and the current status of AKN's activities.

The primary features of the JCHX Group loan include:

- Interest is payable quarterly, in arrears at the rate of 8% per annum;
- The loan is unsecured;
- AKN intends to repay the loan as soon as possible out of the proceeds of a capital raising in the first half of 2018.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and project evaluation*	5
9.2 Development	-
9.3 Production	-
9.4 Staff costs	120
9.5 Administration and corporate costs	80
9.6 Other *	400
<b>9.7 Total estimated cash outflows</b>	<b>605</b>

\* \$400,000 investment in Bonito Minerals Pty Ltd as announced on 24 October 2017.

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10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


  
Company Secretary

Date: 31 October 2017

Print name: Paul Marshall

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.