

DRILLING TO COMMENCE AT LA DURA (MEXICO), AUKING TO INCREASE BONITO INVESTMENT

24 October 2017

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:

910,724,280
Ordinary shares

2,000,000
Performance 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

Contact:

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

Summary:

- Earlier this year, AKN completed the first stage of its investment in Bonito Minerals Pty Ltd (“Bonito”), the holder of an option to purchase the La Dura project in Durango, Mexico.
- La Dura has the potential to be an economic gold/silver mining deposit due to:
 - Location in a prolific zone of epithermal deposits in the Sierra Madre Occidental region;
 - Presence of historical small-scale underground mining of high-grade quartz-vein material since the 1920’s; and
 - Assay results from rock chip samples taken by AKN including grades as follows:
18.7g/t Au and 514g/t Ag
26.4g/t Au and 988g/t Ag
36.4g/t Au and 1170g/t Ag.
- No systematic exploration program has previously been conducted at La Dura.
- An initial 2000m exploration drilling program is scheduled to start at La Dura in mid-November, with results to follow in December.
- AKN has exercised its right to acquire a further interest in Bonito, taking its overall holding up to 30%.

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 metal production activities (both locally and overseas).

La Dura (Mexico) Introduction

On 12 July 2017, the Company announced that it had completed the first stage of a proposed four-stage investment process 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 40Moz 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).



Geological Setting

The La Dura property is located in the Upper Tertiary volcanic package of rocks consisting predominately of rhyolitic tuffs within the Sierra Madre Occidental. La Dura is situated within a prolific zone of epithermal deposits creating a mineralised trend that extends to the south from the northern Mexican border almost 2,400km. This epithermal trend hosts such famous deposits as Guanajuato, Fresnillo, Parral, Palmarejo, Topia, La Cienega and a multitude of other deposits.

The geology of the project area is dominated by the “La Dura structure”, which is host to the known gold and silver mineralization. This structure is defined by four (4) principal fault planes. These distinct parallel faults are often separated by intense zones of fracturing often accompanied by strong silicification and quartz stockwork veining.

The deposit type at La Dura is that of typical low sulphidation epithermal mineralization. Alteration of the host rocks exhibit advance argillic alteration, with strong silicification, argillic (clay) and fine disseminated sulphides; predominately pyrite.

Exploration Activities

Despite the nearly 100 years of small-scale mining activities conducted at La Dura, there has never been systematic and detailed exploration programs undertaken at this project. The primary objective of the Bonito exploration team has been to establish the basic geological settings from which all future modelling and planning can be undertaken.

Rock chip sampling around the main La Dura mine workings and mineralisation extensions has continued as part of the geological mapping and drill target determination. The assays received so far are consistent with earlier high-grade samples that have been collected from the AKN site visit in May 2017. Several of the samples contain high-grade assay results (see AKN announcement to ASX on 1 June 2017).

Initial Drilling Program

The Bonito exploration team has identified priority drill targets that will be the subject for the proposed drilling program that will commence in mid-November 2017 (subject to final environmental drilling permit issue). The program is to include approximately 2,000m of RC (reverse circulation) drilling across multiple targets.

The primary focus of this initial drilling program will be to assess the grade and extent of mineralisation in and around four (4) key known areas of historic mine workings at La Dura, Plan 3, Polverin and Becerros. Additional holes within the program are designed to test the extent of potential strike length of the mineralisation along the NW-SE trending La Dura structural zone.

Contractual arrangements with the preferred drilling company are being finalised. The drilling program is expected to continue for a period of approximately 4 weeks. The ALS laboratory in Vancouver, Canada will be providing the assay results from the drilling program, following preparation of the samples at the ALS Chihuahua laboratory facility.

Bonito Acquisition Agreement

Under the formal agreements between AKN and Bonito (signed on 12 July 2017) the key acquisition terms are as follows:

- AKN to make an initial payment of A\$350k and the issue of A\$125k in AKN shares to acquire an initial 14.2% shareholding in Bonito – this stage was completed on 12 July 2017;
- AKN will then have the ability to acquire a further 15.8% shareholding in Bonito upon payment of A\$400k and the issue of A\$125k in AKN shares on or before 31 October 2017 – AKN has advised Bonito of its intention to proceed with this further acquisition stage;
- AKN has 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;
- AKN has appointed a director to the Bonito Board (Paul Williams) and, if its future shareholding in Bonito exceeds 50% then additional Board members can be appointed by AKN;

- The number of AKN shares to be issued as part of the initial 30% acquisition will be calculated by reference to a 15% discount to the 20 day VWAP prior to issue;
- AKN has a pre-emptive right to participate in future issues of securities by Bonito (should there be any);
- AKN and Bonito also have 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.

AKN will shortly provide a separate notice to the ASX when the second stage (15.8% Bonito acquisition) has been completed.

ooo000ooo

AKN's Managing Director, Paul Williams said that the AKN Board was pleased with the progress made by the Bonito exploration team – reaching the point where quite a significant initial drilling program (2000 of RC drilling) could take place. “A number of high quality drill targets at La Dura have been identified and the results from this initial program will not only assist AKN with its future investment decisions in Bonito, but also provide an early understanding of the possible extent (and grade) of the mineralisation at La Dura” he said.

On behalf of the Board

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