



31 July 2020

The Manager
Listings Compliance
ASX, SYDNEY

RE: JUNE 2020 QUARTERLY ACTIVITIES REPORT

The activities of AuKing Mining Limited (“AKN”) during the three months to 30 June 2020 were as follows:

Koongie Park Project Earn-In

AKN announced to the ASX on 25 June 2020 the agreement to earn up a 75% interest in the Koongie Park copper/zinc project (“Koongie Park”) situated in the south-eastern Kimberley Region of northern Western Australia (“Koongie Park Earn-In”). ASX-listed company Anglo Australian Resources NL (“AAR”) is the 100% owner of Koongie Park. The proposed earn-in retains for AAR’s benefit the rights to explore for and develop gold/platinum group metals deposits at Koongie Park.

The Koongie Park Earn-In is subject to the completion of due diligence, conduct of a significant new capital raising, AKN shareholder approval and certain other regulatory approvals. This proposed acquisition comprises a significant change in the scale of AKN’s activities in accordance with ASX Listing Rule 11.1.3, requiring AKN to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

AKN Acquisition Strategy

The Koongie Park Earn-In is based upon the following business strategy that will be implemented by AKN:

- Koongie Park has been the subject of substantial exploration and mine development expenditure, including 50,000m of drilling;
- Previous feasibility studies at Koongie Park have focussed on an initial open pit mine at the Sandiego deposit (targeting high grade copper and zinc mineralisation) and followed by underground mining at the same deposit;
- Around 80% of the established resources at the Onedin deposit at Koongie Park is situated within the oxidised/transitional zones of mineralisation. The lack of an economically viable processing solution for these zones at Onedin resulted in the significant ores being excluded in previous AAR studies;
- AKN intends to establish a commercially viable processing solution for the Onedin oxide and transitional ores, thereby adding significant open cut copper/zinc mineralization to the development plan and likely extending mine life at a combined Onedin/Sandiego operation;

- In addition, AKN intends to explore other high priority target areas within the 7,600 Ha tenure area that AAR currently holds, with a view to significantly increase the overall mineable resource base at Koongie Park;
- There also exists the potential to collaborate with adjoining tenure holders to expand the overall resource base that can be processed through facilities established at Koongie Park; and
- Finally, previous drilling at Koongie Park identified potentially significant levels of cobalt mineralisation – during times when the occurrence of cobalt was not a priority. It will be a priority of AKN with its future activities and project studies. The presence of gold and silver mineralization at Sandiego and Onedin also gives rise to potential significant credits for those metals in the concentrates that can be produced from those deposits.

Koongie Park Tenure and Location

The Koongie Park copper/zinc project is situated in the highly mineralised Halls Creek Mobile Belt which also hosts the Savannah (Sally Malay) and Copernicus nickel projects, the Argyle diamond mine and the Nicholsons gold mining operation of Pantoro Limited. Koongie Park is located about 25kms south west of the regional centre of Halls Creek on the Great Northern Highway.

AAR is the 100% owner of the Koongie Park project, acquiring full ownership of the project in 2003. The tenure holding comprises an area of more than 7,600 hectares covering over 40kms of the base metals prospective Koongie Park Formation. Koongie Park has already been the subject of significant exploration drilling and analysis since the 1970's, often in line with movements in commodity prices. Since its discovery the Koongie Park project has been the subject of over 245 RC and diamond drill holes consisting of more than 50,000m of drilling in total. The predominant focus of drilling has been at the Sandiego and Onedin deposits.

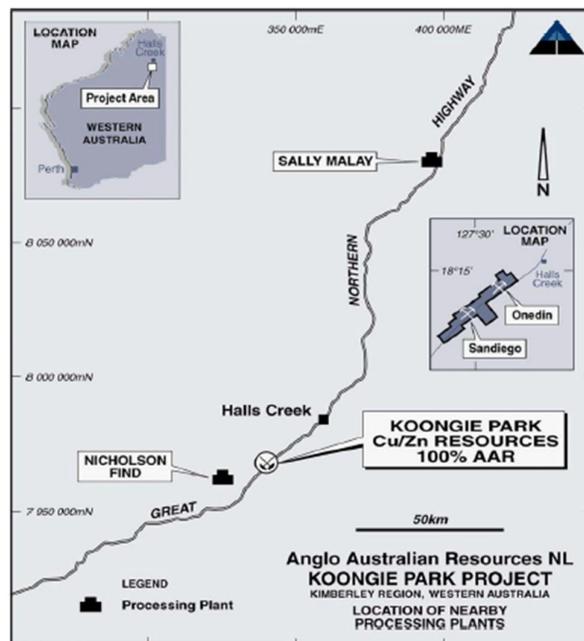


Figure 1 – Koongie Park Project Location

The Koongie Park project has been extensively explored and drilled over many years by the previous owners. AAR has previously reported Mineral Resource estimates for both the Sandiego and Onedin deposits at Koongie Park.

Koongie Park Geology

The copper/zinc mineralisation at Koongie Park is a VHMS (volcanic hosted massive sulphide) system hosted by the Koongie Park Formation – a sequence of volcanic rocks and volcanic derived sediments. The primary deposits within the Koongie Park project are called Sandiego and Onedin. The Sandiego deposit occurs as a massive conformable wedge-shaped lens that is 200m in length with a maximum thickness of 75m. A significant sub-horizontal zone of high-grade copper mineralisation (as chalcocite) is draped over the main copper and zinc lodes at Sandiego. It is a steeply dipping tabular mineralised zone and remains open at depth.

The Onedin deposit is stratabound and folded with mostly a rod-shaped plunging mineralised zone. However, there is also a high-grade near-surface horizontal component to the mineralisation – this is mostly located in the transitional zone material (comprising about 60% of the total estimated resource). The proportion of sulphide resource is lower due to the deeper sulphide zone largely being untested by drilling programs.

Koongie Park Project Potential

There are three (3) primary areas that summarise the potential for AKN to establish commercial mining operations at Koongie Park, namely:

- (a) Create a commercially viable processing solution for the existing oxide and transitional ores at the Onedin deposit – thereby expanding the existing mineable resources;
- (b) Significantly add to the existing resources at Koongie Park by:
 - a. Seeking to extend the existing known sulphide resources at both Sandiego and Onedin which both remain open at depth;
 - b. the discovery of further deposits within the highly prospective tenure package; and
 - c. collaborating with adjoining project holders; and
- (c) Identify the extent of cobalt, gold and silver mineralisation at Sandiego and Onedin.

Processing at Onedin

AKN has a strong expectation that there are available ammonia-based processing solutions that may provide the key to unlocking the processing of oxide and transitional ores at Onedin. If this can be established, such an operation will be highly complementary to a mining operation at Sandiego – thereby creating a scale of operation that is not as reliant on an operation solely at Sandiego and substantially improving the overall project economics. The existing project studies previously carried out by AAR focus on an initial open pit operation at Sandiego, followed by underground mining of the deeper sulphide ores – a mining operation that would run for about 5 years. The ability to open up a mining operation of the near-surface oxide and transition ores at Onedin could add significant early cashflows to the operation

and potentially extend the overall mine life to around 10 years. As a result, a significant amount of initial time and resources will be directed by AKN towards establishing the Onedin open pit operation in the early stages of the agreement with AAR.

Additional Mineral Resources

As already stated, the deeper sulphide mineralisation at both Sandiego and Onedin remain open and will be the subject of future drill testing. In addition, while the primary focus over many years has been at Sandiego and Onedin, AAR possesses a wealth of technical information and data relating to the entire Koongie Park tenure area which covers 40kms of the highly prospective Koongie Park Formation. The aeromagnetic image in Figure 2 below shows further exploration targets for assessment in the AAR tenements.

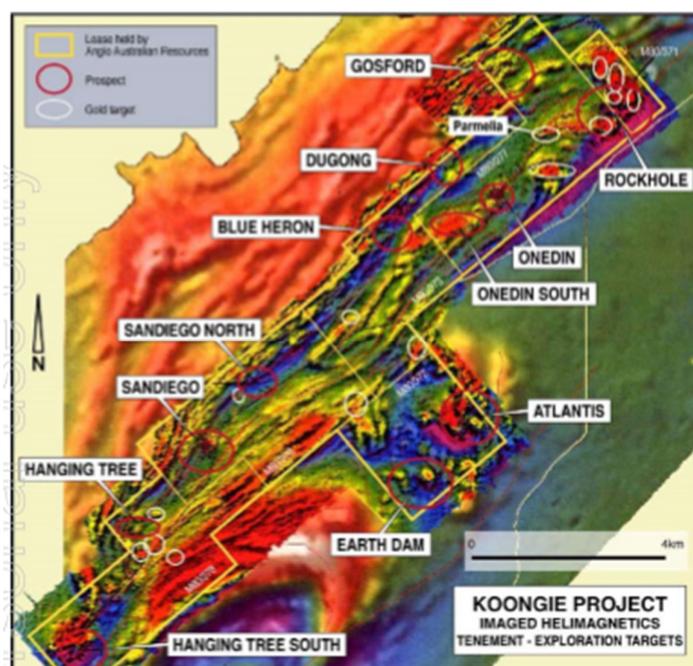


Figure 2 – Koongie Park exploration targets

In addition to these areas of significant exploration potential there exists other project areas including:

- Emull – an area (within the existing Koongie Park tenure holdings) of significant potential to the west of the Nicholsons gold mine that was a major focus of Northern Star (prior to its Paulsens gold acquisition in 2010);
- 3D Resources/Cazaly Resources' Mt Angelo copper/zinc deposit (JORC resource 1.78Mt @ 1.2% Cu and 1.39% Zn); and
- Legacy Iron's Koongie Park deposit.

Cobalt, gold and silver Mineralisation at Koongie Park

Although Koongie Park has been the subject of extensive drilling over many years, only the more recent drilling activities of AAR assayed the drill samples for the

existence of commercial levels of cobalt. Those recent assays identified cobalt mineralisation ranging between 0.05% to 0.2% Co which are clearly insufficient to include in any resource estimate but provide enough evidence to pursue cobalt in future project assessments.

Koongie Park Earn-In Agreement

General

AKN has entered into a binding term sheet with AAR with respect to the Koongie Park Project. Under the Agreement, AKN and AAR propose to form a joint venture (Joint Venture) on terms which include, but are not limited to, the following:

AKN is granted the right to:

- Explore for and develop base metals deposits within the project area;
- Conduct exploration and development activities for base metals deposits on the project area during the earn-in period;
- Earn up to a 75% interest in the project area through the joint venture by funding exploration and project development studies (as stipulated below); and

AAR retains the right to explore for and develop precious metals deposits within the project area.

AKN Earn-in Rights

The Agreement provides for a two-staged earn-in process whereby AKN can ultimately secure a 75% project interest in the Koongie Park Project. A summary of the two-stage earn-in is outlined below.

First Earn-in Period

AKN shall be deemed to have earned a nominal 25% interest in the Joint Venture (to be formed upon satisfaction of the first earn-in milestone) upon AKN making a total initial payment of \$1,000,000 to Anglo Australian, in the following tranches:

- \$100,000 as a non-refundable deposit within 5 business days of the parties signing the Agreement; and
- \$900,000 immediately after satisfaction of the Conditions Precedent (described below).

During the First Earn-In Period of twenty four (24) months after the satisfaction of the Conditions Precedent, AKN may earn a further 25% interest in the Joint Venture by incurring expenditure of \$1.5 million including expenditure on exploration, testwork and related analysis to establish a commercially viable processing solution for the Koongie Park oxide ores (First Earn-In Milestone).

Upon satisfying the First Earn-in Milestone, AKN shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 50% interest in the Joint Venture. The Joint Venture is to be formed upon satisfaction of the First Earn-in Milestone. AKN then has a 10 business day period to elect to proceed with the Second Earn-In Period.

If AKN fails to satisfy the First Earn-in Milestone during the First Earn-in Period, AKN will be deemed to have withdrawn from the Joint Venture, will cease to have any interest in the Joint Venture and the Agreement automatically terminates.

Second Earn-in Period

During the Second Earn-in Period, which is the 12 month period commencing from AKN's election to proceed with the Second Earn-In Period after completion of the First Earn-In Period, AKN may earn a further 25% interest in the Joint Venture by incurring additional expenditure of \$1,500,000, including expenditure on exploration activities and feasibility studies with a view to establishing mining operations on the Onedin and Sandiego deposits on the Tenements (Second Earn-In Milestone).

Upon satisfying the Second Earn-in Milestone, AKN shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 75% interest in the Joint Venture. If AKN fails to satisfy the Second Earn-in Milestone during the Second Earn-in Period, then AKN will retain its earned interest in the Joint Venture of 50%.

For the duration of the Second Earn-in Period, AKN agrees to sole fund all expenditure on exploration activities in relation to the Joint Venture and free carry AAR's interest in the Joint Venture.

Conditions Precedent

The Agreement does not bind the parties and has no force or effect unless and until the following conditions are satisfied or waived:

- AKN completing due diligence in respect of the Koongie Park Project within 30 days of the date of the Agreement (note – AKN has since completed this due diligence review and notified AAR of its intention to proceed);
- AKN obtaining all necessary AuKing shareholder and regulatory approvals, including for the purposes of Chapters 1, 2 and 11 of the ASX Listing Rules, as required to give effect to the transaction contemplated by the Agreement; and
- AKN successfully raising a minimum of A\$6,000,000 pursuant to a capital raising, (together, “the Conditions Precedent”).

AKN and AAR must use reasonable endeavours to satisfy the Conditions Precedent as soon as possible and, in any event, within 120 days of the date of the Agreement. The parties may terminate the Agreement if the Conditions Precedent are not satisfied within this period.

Exploration Activities

No exploration was carried out by AKN during the period.

Exploration Expenditure for June 2020 Quarter

Nil exploration expenditure was incurred for the June 2020 Quarter.

Corporate Update

2020 Annual General Meeting

AKN's Annual General Meeting was held yesterday and all resolutions were approved by shareholders by the requisite majorities. Included in the approved

resolutions was the appointment of BDO as AKN's new company auditors, replacing Ernst & Young after that firm had acted as auditors for a 5 year period.

JCHX Group Loan

AKN drew down a further \$50,000 under this loan facility of \$1,500,000 during the quarter, leaving total of loaned funds \$1,300,000 together with accrued interest.

Related Party Payments

During the June 2020 Quarter AKN paid a total of \$9,809 to related parties and their associated entities, representing executive remuneration (\$7,939) and interest payable on convertible notes (\$1,870).

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 30 June 2020, AKN had cash reserves of \$167k. With funds undrawn from the JCHX Group loan (referred to above) AKN should have sufficient funding to carry out proposed transaction activities for the immediate future.

Further details of AKN's financial activities during the June 2020 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

Top 10 shareholders of AKN as 30 June 2020:

Rank	Name	Number of Shares	%
1	Bienitial International Industrial Co Ltd #	349,018,230	37.42%
2	Yunnan Copper Industry (Group) Co Limited #	299,922,326	32.16%
3	Mr Billy Fleshman	15,163,208	1.63%
4	Mr Paul Robert Williams & Ms Jill Caroline Strachan	10,357,173	1.11%
5	Mr Peter Gerard Tighe & Mrs Patricia Joan Tighe	10,033,333	1.08%
6	Mr Norman Joseph Zillman	7,980,343	0.86%
7	Mr Barry Edward Tanton & Mrs Elizabeth Mary Tanton	7,500,000	0.80%
8	Mr Anthony John Barber	7,199,905	0.77%
9	Elliott Nominees Pty Ltd	7,150,000	0.77%
10	Citicorp Nominees Pty Ltd	6,572,557	0.70%
TOTAL		721,697,075	77.40%

Denotes Substantial Shareholder

Share Information

Issued share capital of 932,584,461 ordinary shares.

Market capitalisation – no shares were traded during the Quarter due to the ASX's suspension from quotation on 30 September 2019. The Company's market capitalization at the time of suspension was \$1.865M.

Other Details:

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Approved by the Board

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