

28 July 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

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Activities during the three months to 30 June 2017 included:

- On 27 April AKN entered into a binding term sheet to acquire up to a 50% interest in Bonito Minerals Pty Ltd (“Bonito”).
- 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.
- AKN representatives conducted a site visit at La Dura in May 2017 and the assay results of some rock samples were highlighted by the following:
18.7g/t Au and 514g/t Ag
26.4g/t Au and 988g/t Ag
36.4g/t Au and 1170g/t Ag
- After the conduct of due diligence and the negotiation of formal documents, completion of the first stage of the Bonito acquisition (14.2%) was effected on 12 July 2017.
- Work continued to complete the second (and final) stage of the agreement with Hammer Metals for the sale of AKN’s existing Mount Isa exploration tenements.
- Ongoing assessment of copper, gold and other precious metal project opportunities in Australia and other regions.
- All resolutions were approved at the 25 May 2017 AGM, including adoption of new company name “AuKing Mining Limited”.

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 30 June 2017 were as follows:

La Dura (Mexico) Acquisition

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).

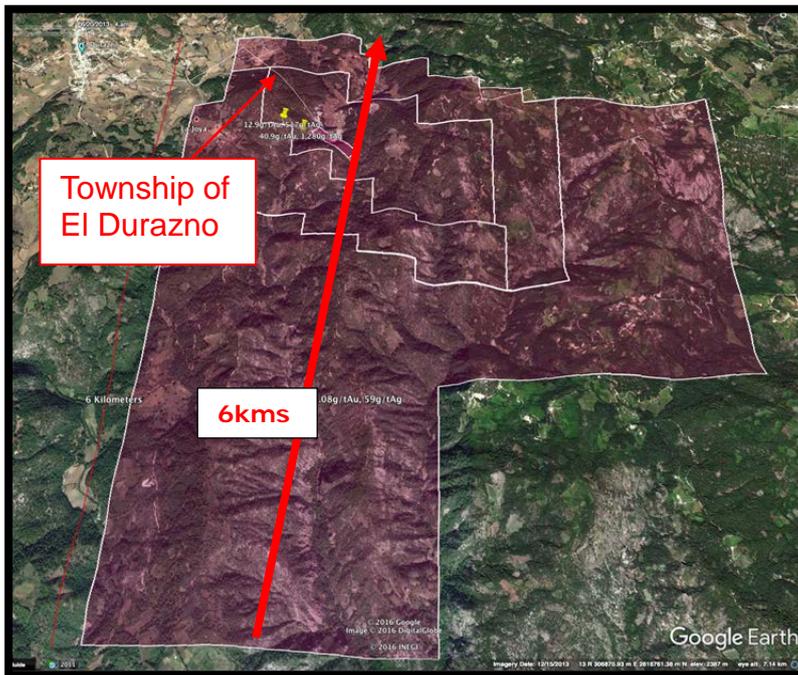


After conducting a due diligence review (including a site visit to La Dura by AKN representatives in May), the Board of AKN decided to proceed with the proposed Bonito acquisition.

La Dura – A Summary

(a) Geology

The La Dura project is located in an area consisting of Cretaceous to Quaternary plutonic and volcanic rocks which hosts many epithermal Au-Ag vein deposits. Guanacevi for example (100km north-east of La Dura), is a low sulphidation epithermal vein deposit hosted within a fault structure. The vein structure at Guanacevi has been traced for 5km along the trend and averages about 3m in width. Mineralisation in the system (vein structure) is not continuous but occurs in steeply-dipping ore shoots up to 200m in strike length.



(b) Previous Mining Activities

Mining activities have been carried out at the La Dura site intermittently since the 1920's. In 1979 a beneficiation plant was installed at site with the processing capacity of 60 tonnes per day and this plant operated reasonably consistently until 1999. The operation resumed in 2009 but again ceased due to low prevailing metal prices.

The current owner has reported approximately 400,000 tonnes of ore has been mined from La Dura during this period – producing 120,000oz Au and 1.2Moz Ag. A concentrate has been sold to the nearby smelter operated by Industrias Peñoles at Torreón, some 250 kms away. The current owner has advised the concentrate was considered to be very clean, with the smelter normally paying up to 95% of the Au/Ag value.

These previous mining activities have identified a series of highly mineralised parallel systems that point to a potentially larger target that is open at depth and width. Further, the vein system can be seen (from surface outcropping) to continue along a SE-NW trend for 4km. Bonito is unaware of any other drilling or exploration activities having been conducted at La Dura.

(c) Bonito Option

Bonito has entered into an Option to Purchase agreement with the holder of the La Dura mining concessions. The option is for a four (4) year period during which Bonito can purchase the concessions for USD4M. In addition, the current holders will be entitled to a 2% net smelter royalty, which can also be bought out by Bonito during the option period for USD3M.

During the course of the La Dura option period, Bonito is obliged to make 6 monthly payments of USD50k in order maintain the option in good standing.

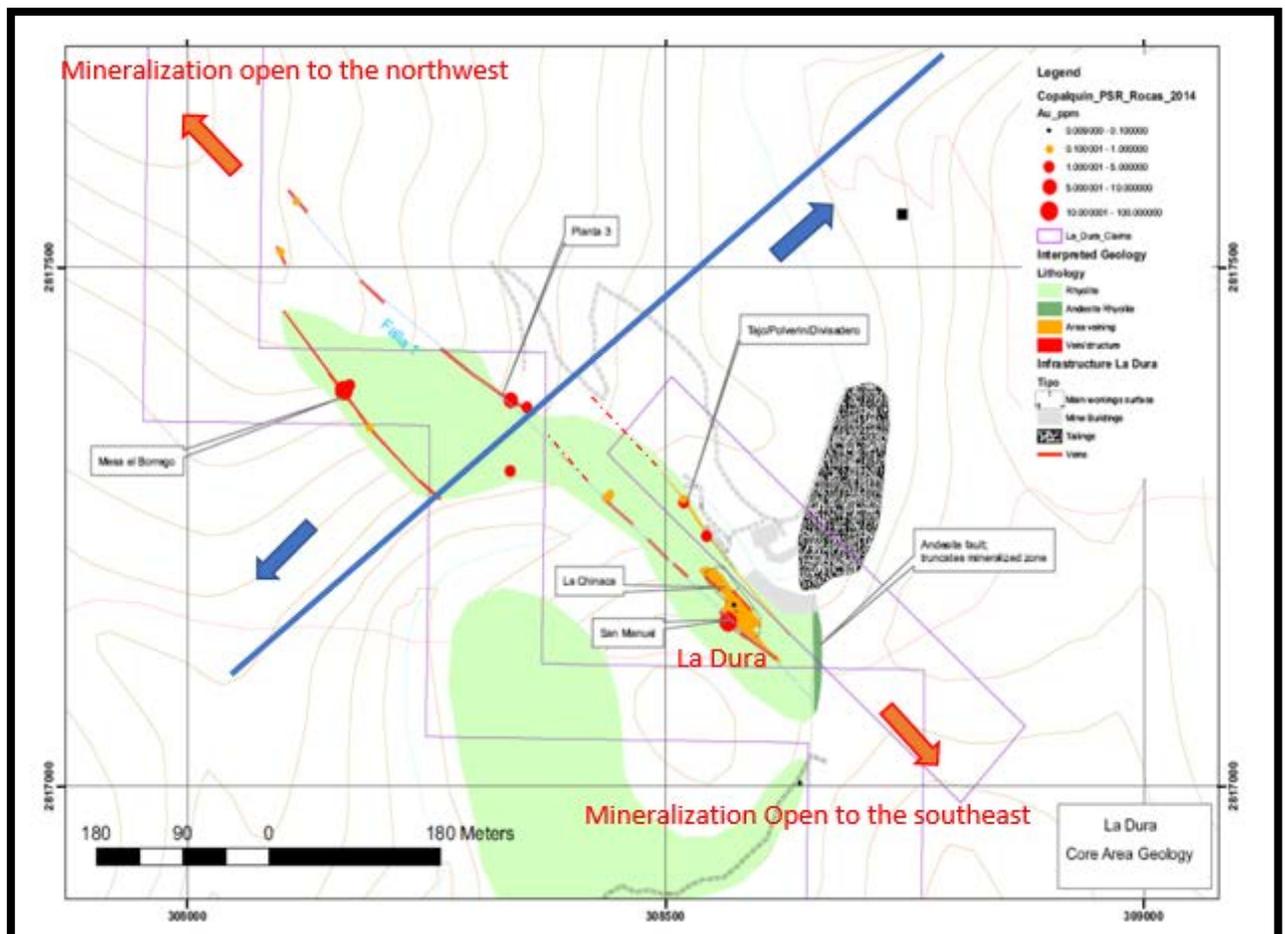
(d) **Local Infrastructure**

The La Dura project is located in a region that has been familiar with (and to a large extent) relied upon, mining operations for many, many years. In addition, features of the project include:

- located about 8 hours by bitumen road from Chihuahua City
- airstrip nearby, with charter flights to El Durazno operating from 3 times daily
- 5km by dirt road from a population centre of approx. 2000 people
- electricity and water to the site (secured for previous mining operations)

AKN Site Visit – May 2017

Representatives of AKN (including two senior Chinese-based geologists) attended the La Dura project area for three days. During the course of the site visit, the AKN team inspected the main La Dura underground workings and above ground facilities (including the tailings storage area), the “Plante 3” underground workings, the nearby “Pulverine” prospect, and a number of other prospective areas across the mining concessions. Set out below is a general layout of the main mining areas, together with the projected NW-SE mineralisation trend at La Dura:



More than 30 rock samples were taken by the AKN team and sent to the ALS laboratory at Chihuahua for assay. These samples were collected from a number of different locations in and around the main La Dura mine workings and facilities. The assay results from these samples (showing gold (Au) and silver(Ag) grades is highlighted by the following:

Sample #	Location	Au ppm	Ag ppm
424403	Plante 3, high grade vein	26.4	988
424404	Plante 3 alteration halo (3m wide)	0.44	15
424405	Plante 3, veins (1m wide)	1.47	12
424406	Plante 3 veins (1m wide)	1.41	79
424408	Plante 3 veins (3m wide)	0.99	48
424412	Plante 3 cross cutting tunnel	0.23	7
424415	Meas el Borrego working 2	0.41	48
424416	Meas el Borrego working 2	18.7	514
424418	Gambusino working next to San Ignacio Creek	0.38	12
424421	La Dura Mine Level 1 remnant workings	0.27	25
424422	La Dura Mine Level 1 remnant workings	0.28	25
424423	La Dura Mine Level 1 vein remnant workings	0.43	25
424424	La Dura Mine Level 1 vein remnant workings	0.53	252
424427	Pulverine high grade zone	36.4	1170

[Note – for full details of the sample results and the JORC disclosures, please refer to the AKN announcement to ASX on 1 June 2017].

Some initial conclusions from the site visit and these assay results are:

- the La Dura Project is situated in a region well known for its large scale gold and silver mining operations, over several hundreds of years;
- where there exists mineralisation in veins within the existing workings at La Dura, that material is very high grade (as has been the experience of the previous owners);
- the historic underground operations were very efficient, in terms of extracting the higher grade material. However, the remnant areas in the main La Dura workings still contain mineralisation, albeit in lower grade quantities;
- the width of the mineralised veins is variable along strike – as is evidenced by the size of the open stopes in the underground workings;
- although there has never been any systematic exploration at La Dura, the previous workings provide an excellent starting point from which to design future exploration drilling programs;
- the local stakeholders are very familiar with mining operations and the opportunities they bring to a remote local community such as El Durazno. It is likely a new mine development would be well received; and
- although generally in a remote area of the Sierra Madres, there is access to all the usual infrastructure and facilities – accommodation, food, water, mains electricity, internet and phone coverage.

Bonito Acquisition Agreement

Formal agreements (based on the terms originally agreed in the 27 April 2017 binding term sheet between AKN and Bonito) were negotiated and eventually signed on 12 July 2017. Under these agreements 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 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) in the event that Bonito wishes to sell the La Dura project at some future time.

Future La Dura Activities

Under the terms of the Bonito acquisition, Bonito management will continue oversee the conduct of exploration activities at La Dura, in consultation with AKN. The primary focus of activities will be to seek the necessary regulatory approvals and carry out on-site activities in preparation for an estimated 2000m RC exploration drilling program at La Dura. Initial planning is for this program to commence in early October 2017.

Sale of Mount Isa Tenements

On 15 December 2016 AKN announced that it had entered into an agreement with Hammer Metals Ltd (ASX Code - HMX) relating to that company's acquisition of all of AKN's existing mining tenement holdings in the Mount Isa region.

These tenement holdings comprise AKN's 100% interest in EPMs 12205, 14019 and 14022, together with a 51% joint venture interest in EPM 14467 (under the Mt Frosty Joint Venture with Mount Isa Mines Ltd – a Glencore Group company). All mining information, data, core samples and other materials relating to these mining tenements are also be sold to HMX.

The first stage of the HMX sale was completed on 27 March 2017. Under this first stage completion, AKN transferred its interests in EPMs 12205, 14019 and 14022 and received 1,250,000 ordinary shares in HMX. Those shares are held by AKN in a voluntary escrow commitment until November 2017.

Completion of the second (and final) stage of the HMX sale has still not been completed, pending agreement between HMX and Mount Isa Mines in relation to their new JV agreement for the Mt Frosty. Completion is expected to be effected in early August at which time AKN will receive a further 250,000 HMX shares which will be held in voluntary escrow on the same conditions as the first stage of shares, until November 2017.

Exploration Activities

La Dura, Mexico

In accordance with the Bonito acquisition arrangements, existing Bonito personnel will be managing and conducting exploration activities at La Dura, while keeping AKN updated as to these activities. The primary focus of existing activities has been initial geological mapping and surveying, together with preparation for the proposed October 2017 drilling program – identification of drill targets, preparation of drill pad sites etc.

Mount Isa

During the Quarter, AKN management was focussed entirely on the Bonito acquisition as well as the assessment of other copper and gold project opportunities. As a consequence, no exploration activities were conducted by AKN for the three months to 30 June 2017.

Exploration Expenditure for June 2017 Quarter

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

Corporate Update

Acquisition Activities

The AKN Board is pleased to have completed the first stage of the Bonito acquisition and is looking forward to the development of the La Dura gold/silver project. This acquisition is an important first step in the Board's efforts to establish AKN as a mid-tier mining group.

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 current resources market conditions remain suitable for business development and acquisition activities. Further news about these activities will be made available to the market as soon as possible.

2017 Annual General Meeting

The AKN AGM was held before a healthy group of shareholders and interested parties on Thursday 25 May 2017. Both the Chairman of AKN (Dr Huaisheng Peng) and non-executive director (Mr Qinghai Wang) flew from Beijing to attend the AGM.

All resolutions at the AGM were approved by shareholders including the special resolution to approve the name change from Chinalco Yunnan Copper Resources Ltd to AuKing Mining Limited. As a result of this approval, the Company's new ASX Code is "AKN" and a new website at www.aukingmining.com has been established.

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 2017, AKN had cash reserves of \$1.47M. These funds will provide more than sufficient funding to enable AKN to carry out project assessment review and transaction activities for the immediate future. However, now that AKN has secured the Bonito/La Dura project opportunity an additional fundraising will likely to be made later in 2017. Details of these requirements will be provided to shareholders and the market at the first available opportunity.

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

Top 10 shareholders of AKN as 30 June 2017:

Rank	Name	Number of Shares	%
1	Biental International Industrial Co Ltd #	349,018,230	39.35
2	Yunnan Copper Industry (Group) Co Limited #	299,922,326	33.82
3	Mr Paul Robert Williams & Ms Jill Caroline Strachan	10,357,173	1.17
4	Mr Peter Gerard Tighe & Mrs Patricia Joan Tighe	10,033,333	1.13
5	Mr Barry Edward Tanton & Mrs Elizabeth Mary Tanton	7,500,000	0.85
6	Elliott Nominees Pty Ltd	7,150,000	0.81
7	Mr Norman Joseph Zillman	6,980,343	0.79
8	Citicorp Nominees Pty Limited	6,422,556	0.72
9	Mr Jonathan Paul Kershaw Marshall	5,000,000	0.56
10	Kimbriki Nominees Pty Ltd	4,920,000	0.55
TOTAL		707,303,961	79.75

Denotes Substantial Shareholder

Share Information

Issued share capital of 910,724,280 ordinary shares (following the issue of 23.8 million shares on 14/7/17 in relation to the acquisition of the initial 14.2% interest in Bonito) and 2 million performance shares.

Quarter high traded price of \$0.011 (24 May 2017) and low of \$0.005 (28 & 29 June 2017).

Market capitalisation – high \$9.756M, low \$4.435M.

Average daily volume of shares traded – 163,171 shares (\$1,398 average daily volume value).

Other Details:

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Share Registry
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Phone: 1300 554 474

On behalf of the Board

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Managing Director
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AKN's mining tenement interests

Project/Location	Tenement Reference	AKN % Interest	Comment
AUSTRALIA			
Mt Frosty	EPM 14467	51	Refer Note 1
Pentland	ML 1631	100	
MEXICO			
La Dura, Durango	Bonito Minerals Pty Ltd	14.2	Refer Note 2

Notes:

1. Pursuant to the sale agreement with Hammer Metals Ltd, this EPM interest is to be sold.
2. AKN is acquiring 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. Settlement of the acquisition of the initial 14.2% acquisition took place on 14/7/17.