

2 February 2018

ASX ANNOUNCEMENT

AuKing lets Bonito Option Lapse

As previously advised, under the formal agreements entered into with Bonito Minerals Pty Ltd (Bonito) last year, AKN had an option to acquire additional Bonito shares with the payment of \$500k to Bonito by 31 January 2018 in return for a further 6.66% shareholding in Bonito. (This option was part of the AKN option to acquire a further 20% shareholding in Bonito – taking its total holding to potentially 50%).

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 sought an extension of time until 28 February 2018 to exercise the option. This extension was sought on the assumption that detailed technical information about the whole program would be made available to AKN and AKN could make a full assessment about the La Dura project armed with all the latest La Dura exploration results. Bonito elected not to grant such an extension to AKN.

In the circumstances, the Board of AKN has decided not to proceed with the further \$500k option, and as such this option (and the later \$1m option that was due for exercise by 31 October 2018) will lapse.

The Board of AKN wishes to emphasise that the decision not to exercise the Bonito option does not mean AKN is walking away from the La Dura project. AKN still retains a 30% Bonito shareholding and a director on the Bonito Board, and remains vitally interested to obtain the full drilling results from the exploration program that has just finished and to explore ways with Bonito for AKN to provide funding for future activities La Dura.

Yours sincerely

A handwritten signature in black ink, appearing to be "P. Williams", written over a horizontal line.

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