

June 2021 Quarterly Activities Report



27 July 2021

AuKing Mining Limited

ABN 29 070 859 522

(ASX Code: AKN, AKNO)

AKN is a resource exploration and development company seeking to develop the Koongie Park copper/zinc project in Western Australia.

Issued Capital:

60,289,651
Ordinary shares
17,500,000
Options (30 June 2023 @
25c each)

Directors:

Dr Mark Elliott
Chairman
Peter Tighe
Non-Executive Director
Ian Hodkinson
Non-Executive Director
Shizhou Yin
Non-Executive Director

Chief Executive Officer:

Paul Williams

Company Secretary:

Paul Marshall

AUKING MINING LTD

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Highlights:

- Reinstatement to official quotation on ASX following successful completion of public offer to raise a maximum \$7m through the issue of 35m shares and 17.5m options exercisable at 25c (expiring June 2023)
- Total issued shares of 60.2M shares, creating a market capitalisation of \$12M and enterprise value of \$5M upon reinstatement of official quotation
- New Board of Directors appointed
- Commencement of the Koongie Park Joint Venture in conjunction with Anglo Australian Resources NL (ASX: AAR)
- Koongie Park copper/zinc project is situated in the highly mineralised Halls Creek region of WA and comprises two mining and eight exploration licences of 500km²
- Existing Koongie Park JORC 2012 resources of 6.8Mt at 1.3% Cu, 4.1% Zn, 0.3g/t Au and 26g/t Ag*
[* See Table 1 on Page 3 of this Report and CSA Global Independent Report, AKN Prospectus dated 9 March 2021]
- AKN's initial exploration drilling program of at least 7000m of combined RC and diamond core drilling is to commence at the end of July 2021. The program is designed to:
 - (a) Improve geological interpretation and resource confidence;
 - (b) Test potential mineralised extensions at depth and along strike;
 - (c) Obtain fresh samples to conduct metallurgical testwork (especially near-surface ores at Onedin)

AKN Chief Executive Officer, Paul Williams said *"The Board is pleased to have completed the recent reinstatement to official quotation on the ASX during the June Quarter. After successfully raising \$7m in our recent public offer, AKN's exploration team has been able to maximise the extent of the Company's first drilling program at Koongie Park that will commence at the end of this month. In an environment where access to drilling rigs, personnel and project logistics is very challenging, we are fortunate to be able to commence the program so soon after ASX re-listing.*

"AKN's drilling program is intended to provide the basis for regular result updates over the coming weeks and months before potentially establishing the platform for an updated JORC resource before the end of the year."

The activities of AuKing Mining Limited (“AKN”) during the three months period to 30 June 2021 are highlighted as follows:

1. Reinstatement to ASX Official Quotation

On 10 June 2021, AKN announced that the final requirements of ASX under Chapter 1 and 2 of the Listing Rules had been satisfied and re-listing of the AKN shares and June 2023 options took place at 10am on Tuesday, 15 June 2021.

Capital Raising

On 9 March 2021 the Company issued a Prospectus relating to a public offer of a minimum 30m shares at an issue price of \$0.20 each to raise \$6m, with provision to accept oversubscriptions for a further 5m shares to raise a maximum \$7m, together with free-attaching options exercisable at \$0.25 on or before 30 June 2023 to be issued on the basis of one option for every two ordinary shares issued.

The AKN public offer closed well-oversubscribed allowing for AKN to secure applications in excess of the maximum \$7m and as a result, AKN issued the full 35m shares and 17.5m free-attaching June 2023 options. In addition, AKN received applications from more than 500 new applicants.

Shareholder Meeting

All resolutions at the Company’s recent extraordinary general meeting on 21 May 2021 (EGM) were approved by substantial majorities.

Share Consolidation

One of the resolutions approved by shareholders related to the consolidation of the Company’s issued capital on the basis that every two hundred (200) shares be consolidated into one (1) share. The Board of AKN confirms that this consolidation is now complete and resulted in a reduction of the existing 932,584,461 ordinary shares to a total of 4,663,199 shares.

Other Meeting Shares

The Company also issued various other shares that were approved for issue at the EGM to existing directors, employees, JCHX Group and pre-IPO investors. A total of 20,626,453 new shares were issued in accordance with these EGM approvals. It should be noted that of those, 10,929,096 shares are subject to 24 months escrow restriction and 2,500,000 shares are subject to 12 months escrow restriction. Accordingly, upon re-admission on ASX, 22.25% of the Company’s total issued share capital was the subject of escrow restrictions for at least 12 months.

New Board Appointments

The appointment of each of the proposed new directors of AKN namely, Dr Mark Elliott (Chairman), Peter Tighe, Ian Hodkinson and Shizhou Yin was strongly supported by shareholders at the EGM. As a result, these appointments (with all of the existing board members retiring) took effect prior to ASX re-admission.

2. Commencement of Koongie Park Joint Venture

As part of the ASX re-listing arrangements, AKN confirmed that all conditions precedent in respect of the Koongie Park Project Joint Venture Agreement with Anglo Australian Resources NL (**ASX: AAR**) announced on 25 June 2020 (“**Joint Venture Agreement**”) had been satisfied. The final condition to be satisfied was the payment of \$900,000 to AAR, which was duly effected by AKN.

In accordance with the terms of the Joint Venture Agreement, AKN has earned an initial 25% participating interest in the Koongie Park Joint Venture, an unincorporated Joint Venture between AKN and AAR (“the Joint Venture”). AKN has the opportunity to earn up to a 75% interest in the Joint Venture by funding exploration and project development studies (as stipulated below). Under the Agreement, AAR has retained the rights to all gold and platinum group metals that may be discovered within the Koongie Park tenure package. This retention does not apply to the two mining licence areas where the existing Sandiego and Onedin deposits are situated.

AKN may earn a further 25% interest in the Joint Venture by incurring expenditure of \$1.5 million over a period of twenty-four (24) months, including expenditure on exploration, testwork and related analysis to establish a commercially viable processing solution for the Koongie Park oxide ores. At AKN’s election, AKN can earn a further 25% interest in the Joint Venture by incurring additional expenditure of \$1,500,000 over a twelve (12) month period, including expenditure on exploration activities and feasibility studies with a view to establishing mining operations on the Sandiego and Onedin deposits on the Tenements.

3. Initial AKN Exploration Drilling Program at Koongie Park

Koongie Park copper/zinc project overview

Koongie Park is situated in north-eastern Western Australia in the highly mineralised Halls Creek region. The Koongie Park project comprises 10 licences (two mining and eight exploration) covering an area of over 500km². The asset has existing JORC 2012 resources of **6.8Mt at 1.3% Cu, 4.1% Zn, 0.3g/t Au and 26g/t Ag**. Full details of the updated resource estimate (as it appears in the CSA Global Independent Report in AKN’s prospectus dated 9 March 2021) is as follows:

Koongie Park	Zone	Cut-off grade	Classification	Tonnes (Mt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)
Onedin + Sandiego	Supergene	Cu >0.8%	Indicated	0.9	2.5	1.7	0.3	39
			Inferred	0.0	1.0	0.1	0.1	3
	Transitional and Primary	Cu >0.8%	Indicated	1.9	2.3	1.3	0.4	21
			Inferred	0.4	1.8	2.0	0.3	5
	Zn Dominant Primary	Zn >3%	Indicated	3.2	0.4	6.6	0.2	30
			Inferred	0.4	0.1	6.2	0.1	9
	All zones	Various	Indicated	6.0	1.3	4.2	0.3	28
			Inferred	0.8	1.0	3.8	0.2	7
	TOTAL	Various	Total	6.8	1.3	4.1	0.3	26

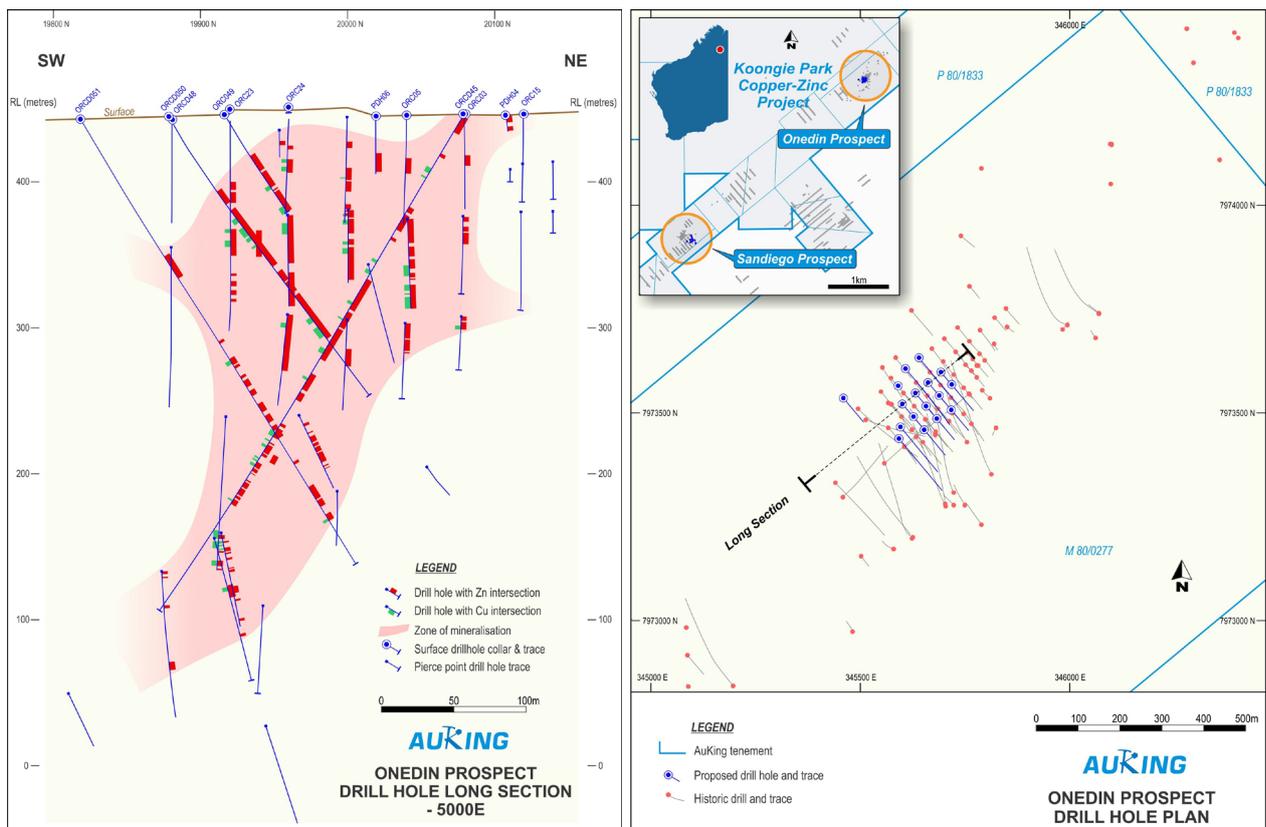
Table 1 – Full JORC 2021 resources for Koongie Park

[Note – CSA Global cautions that the two deposits and three oxidation zones have different metallurgical properties and/or cut-off grades, and this needs to be considered when assessing combined totals]

Koongie Park remains significantly under explored at depth and along strike and highly prospective for further VMS base metal mineralisation discoveries at depths below 150m. The Company has identified multiple drill targets to expand on the existing known resources at both the Sandiego and Onedin deposits (refer Figures 2 and 4 below). Both deposits remain open at depth and to the south.

AKN's initial drilling program and focus

AKN intends to carry out a 30-hole drilling program over an estimated 7,000m utilising both a reverse circulation (RC) rig and a multi-purpose rig that will drill RC pre-collars before converting the rig over to complete the diamond drilling to greater depths. The program is scheduled to commence in late July 2021.



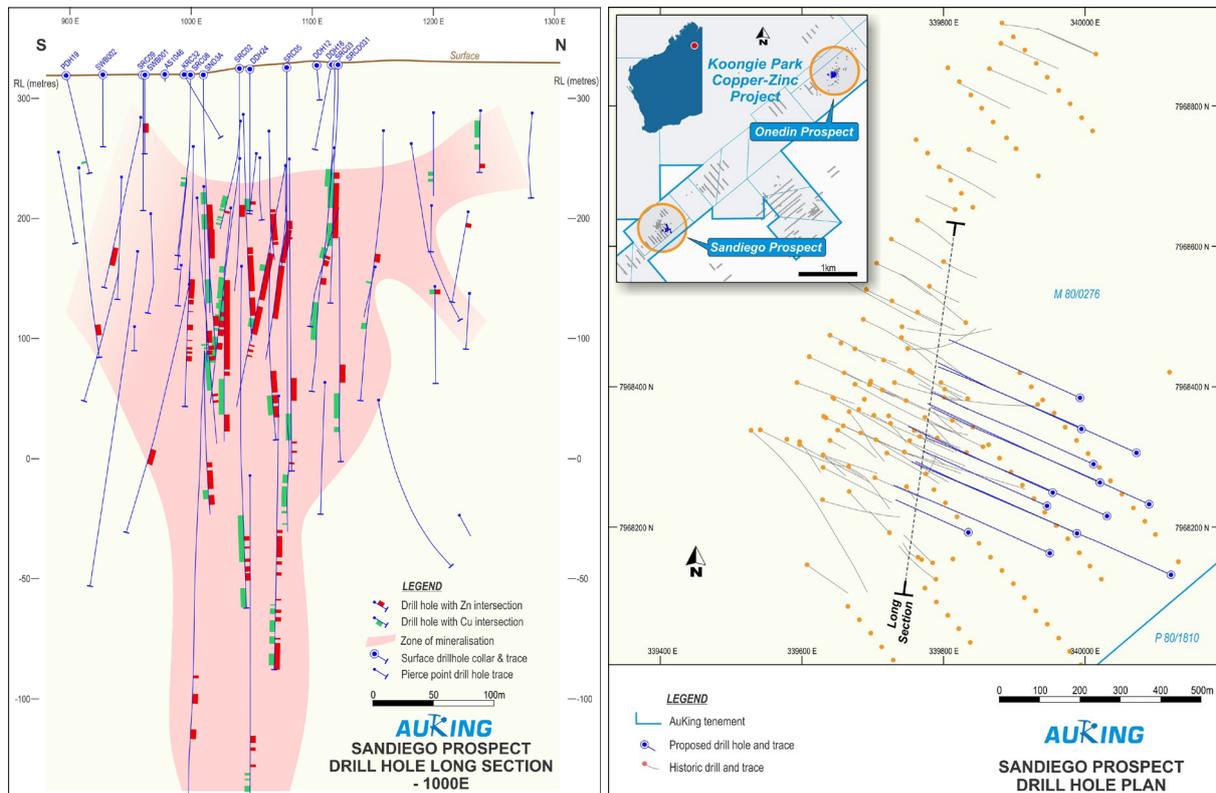
Figures 1 and 2: Onedin historic drill hole long section (left) and proposed Onedin drill hole plan (right)

The focus areas of the program include:

- Infill drilling at the highly prospective Onedin and Sandiego deposits to improve geological interpretation and resource confidence;
- Generate mineralised intersections for future reporting;
- Test potential mineralised extensions, especially at depth;
- Obtain fresh samples for further metallurgical testwork – especially from the near-surface oxide and transition ores at Onedin;
- Enhance confidence and geological understanding of the extensive amount of previous drilling and exploration data;
- Obtain other technical data including geotechnical information and density data; and

- Equip most drill holes for follow-up downhole geophysics to assist in identifying possible off-hole conductors for future drill hole targeting.

The drill program is expected to take approximately three months to complete. First assay results are anticipated in early September and will provide a steady flow of information that is intended to feed into an updated resource estimate for Koongie Park later in the year.



Figures 3 and 4: Sandiego historic drill hole long section (left) and proposed Sandiego drill hole plan (right)

4. ASX Compliance and Disclosures

Exploration Activities (ASX LR 5.3.1)

AKN conducted limited exploration activities during the Quarter comprising a small geophysics program, refurbishment works at the proposed Halls Creek joint venture operating facilities, and other preparatory works associated with the proposed drilling program. Total exploration expenditure for the June Quarter was \$211,118.

Mine Production Activities (ASX LR 5.3.2)

There were no mine production or development activities conducted during the Quarter.

Comparison of Expenditure (ASX LR 5.3.4)

AKN successfully re-listed on the ASX on 15 June 2021. Set out below is a comparison of actual expenditure since reinstatement to ASX Official Quotation against the Proposed Use of Funds as set out in the Company's Prospectus dated 9 March 2021, together with an explanation of any material variances.

Use of Funds	Estimate for first 2 years after ASX Re-listing	Actual expenditure post reinstatement on 15 June 2021
Initial Koongie Park payment	\$900,000	\$900,000
Drilling, metallurgical testwork and other exploration	\$2,250,000	\$211,118
Admin costs and other expenses	\$900,000	\$13,638
Employment and Consultant costs	\$800,000	\$82,686
Repayment of Tighe Loan	\$150,000	\$150,000
Brokerage fees associated with public offer	\$600,000	\$600,402
Public offer costs (excl brokerage)	\$400,000	\$382,666
Total Expenditure	\$6,000,000	\$2,330,510

AKN was successful in raising the maximum \$7M under the Prospectus and as a consequence has taken a more aggressive approach towards the initial drilling program at Koongie Park, than was originally planned. The additional costs associated with the expanded program will be reflected in future Quarterly disclosures.

5. Corporate Information

AKN Loans

All previous loans owing by AKN were either discharged by the issue of shares (as approved at the recent EGM) or repaid out of the proceeds of the capital raising.

Financial Reports

The Company will shortly lodge its audit-reviewed financial report and statements for the half-year ended 30 June 2021.

Annual General Meeting

The Company has convened its 2021 annual general meeting of shareholders to be held on Friday, 30 July 2021 at 9.30am.

Related Party Payments

During the June 2021 Quarter, AKN paid a total of \$71,998 to related parties and their associated entities, representing director fees, wages and other entitlements (\$48,780) and interest payable on convertible notes (\$23,218).

Board and Senior Management

Dr Mark Elliott, Non-Executive Chairman
Mr Paul Williams, Chief Executive Officer
Mr Peter Tighe, Non-Executive Director
Mr Ian Hodgkinson, Non-Executive Director
Mr Shizhou Yin, Non-Executive Director
Mr Paul Marshall, CFO and Company Secretary

Financial Position

As at 30 June 2021, AKN had cash reserves of \$4,635,203. Further details of AKN's financial activities during the June 2021 quarter are set out in the Appendix 5B Quarterly Cashflow Statement which accompanies this Report.

Top 10 shareholders of AKN as 22 July 2021:

Rank	Name	Number of Shares	%
1	Bienitial International Industrial Co Ltd #	9,245,092	15.33%
2	Mr Peter Gerard Tighe & Mrs Patricia Joan Tighe	1,883,500	3.12%
3	Mr Pavle Tomasevic	1,601,159	2.66%
4	Yunnan Copper Industry (Group) Co., Ltd	1,499,612	2.49%
5	N&M Greenhalgh Nominees Pty Ltd	1,333,334	2.21%
6	Mr Paul R Williams <Family Ac>	1,116,195	1.85%
7	JHB Super Investments Pty Ltd	1,100,000	1.82%
8	Alitime Nominees Pty Ltd	909,229	1.51%
9	Scintilla Strategic Investments Ltd	875,000	1.45%
10	Emandel Super Pty Ltd	810,000	1.34%
TOTAL		19,789,788	32.82%

#Denotes Substantial Shareholder

Share Information

Issued share capital of 60,289,651 ordinary shares and 17,500,000 options to subscribe for ordinary AKN shares at an exercise price of 25c each and exercisable on or before 30 June 2023.

Market capitalisation – as at the date of this Report, the Company's market capitalisation was \$9.64M (@16c per share).

Other Details

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Share Registry
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Phone: 1300 554 474

This report is authorised by the Board

Paul Williams
Chief Executive Officer
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Competent Person's Statement

The information in this report that relates to Mineral Resources at the Koongie Park Project is based on information compiled by Mr David Williams who is a member of the Australian Institute of Geoscientists. Mr Williams is a Principal Consultant Geologist (Brisbane) of CSA Global and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral Resources at the Koongie Park Project is extracted from the Independent Technical Report of CSA Global (the CSA Global Report), which is included in the Company's Prospectus that is dated 9 March 2021 and which was lodged with ASIC on the same date.

AKN's mining tenement interests

Project/Location	Tenement Reference	AKN % Interest	Comment
WESTERN AUSTRALIA			
Koongie Park, Halls Creek	E80/ 4389	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 4766	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 4957 (Emull)	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 4960	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 5076	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 5087	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 5127	25	Refer Note 1
Koongie Park, Halls Creek	E80/ 5263	25	Refer Note 1
Koongie Park, Halls Creek	M80/ 276 (Sandiego)	Refer Note 2	
Koongie Park, Halls Creek	M80/ 277 (Onedin)	Refer Note 2	
Koongie Park, Halls Creek	P80/ 1802	Refer Note 3	
Koongie Park, Halls Creek	P80/ 1803	Refer Note 3	

Notes:

- AKN has acquired an initial 25% interest in the Koongie Park Joint Venture, which has been established by an agreement dated 8 February 2021. The Joint Venture is based on each of the Exploration Licences set out above.*
- The two Mining Licences are not to be incorporated into the Koongie Park Joint Venture until AKN has completed the first earn-in milestone of \$1.5M in expenditure over a 24 month period. The Joint Venture provides for AKN to have access to these Mining Licence areas immediately for the purpose of exploration and development activities.*
- Both of these Prospecting Licences are the subject of amalgamation applications to incorporate the full area of the licences into E 80/ 5127. It is expected that the amalgamation applications will be dealt with in the near future.*