

29 August 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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Summary:

- Since the first stage of AKN's investment in Bonito Minerals Pty Ltd ("Bonito") was completed in mid-July 2017, on-site activities have progressed.
- Bonito has engaged two further geologists to complete the geological mapping and determination of initial drill targets.
- Mapping of the more recent underground workings along strike of the main La Dura workings has been completed.
- Rock chip sampling has continued with results providing strong indications of further Au-Ag mineralisation around the initial drill target area.
- Bids from drilling companies are in the process of being sought for the initial 2,000 metre drilling programme, planned for later this year.
- Aerial photography and detailed topographic maps are being generated for the La Dura concessions.
- Positive relations are being continued between the Bonito and the local stakeholders with the assistance of the vendors of the La Dura concessions.

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 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).



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 that extend from the northern Mexican border almost 2,400km to the south. This silver and gold epithermal trend hosts such famous deposits as Guanajuato, Fresnillo, Parral, Palmarejo, Topia, La Cienega and a multitude of others deposits.

Locally the geology of the area is dominated by the La Dura structure, a large fault/shear complex that trends 3100 to 3200 and dips approximately 560 to 760 to the NE. The La Dura structural zone is host to the known gold and silver mineralization and is defined by 4 principal fault planes known respectively as Falla (fault) 1, Falla 2, Falla 3 and Falla 4. These strong and distinct parallel faults are often separated by intense zones of fracturing,

often accompanied by strong silicification and quartz stockwork veining. The veins associated with these structures are similarly referred to as Veins 1, 2, 3 and 4. On the north side of the San Ignacio creek the structural trends and dip directions vary from those of the central La Dura Deposit, with dip directions swinging to the NW and SW. However, the mineralization is known to continue and is open ended along both strike and dip.

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

Exploration Activities

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

Work since early July has included the following:

- Underground mapping of the workings at Plan 3 and Pulverin (see Annexure A);
- Digitisation of existing maps of the underground workings at La Dura;
- Discovery of additional workings in the area that were not previously known;
- Drone photography has assisted mapping including outcrops, structures, lithologies and alteration; and
- 3D modelling of the structures at La Dura is currently in progress – an important activity as it will allow for the underground structures to be related back to the surface features.

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 assay results are consistent with earlier samples that have been taken but also establish the Becerros workings as a prime target for the drilling program later this year.

Initial Drilling Program

The objective of the activities listed above is to identify drill targets for the proposed drilling program later this year and to give indications of the potential of significant gold and silver mineralisation close to the original La Dura workings. The program is to include approximately 2,000m of RC (reverse circulation) drilling across 12-15 targets. Other prospective areas of the concessions will be targeted in 2018.

Other activities associated with the drilling program include:

- Surface mapping of all access tracks in the Plan 3/Polverin area to determine appropriate drill rig access to the target structures;
- Bid evaluations from preferred drilling contractors; and
- Permitting and agreements with stakeholders for the drilling program (6-8 weeks).

AKN's Managing Director, Paul Williams said that the Bonito exploration team were making excellent progress with activities at La Dura. "Starting from such a low base (in terms of available geological and other technical data) it is clear that all reasonable and necessary steps are being taken to ensure that when the drilling program starts at La Dura later this year, there will be some high priority areas that are targeted" he said.

On behalf of the Board

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ANNEXURE A

(Figure showing workings and tracks at La Dura, with the main underground workings in red highlighting the extents of the initial area of interest)

