

AuKing Mining sets eyes on IPO to kick-start promising copper-zinc project

March 23, 2021



AuKing Mining is seeking to raise at least \$6 million to fund earn-in and exploration commitments at Koongie Park.

It's a copper-zinc project that has been kicking around for many years and, with a new focus on possible significant mineralisation at depth and metal prices signalling future shortages and robust demand, [AuKing Mining \(ASX: AKN\)](#) believes that Koongie Park's moment has arrived.

The company believes it has a new compelling story in the project, located near Halls Creek in the East Kimberley region of Western Australia, and plans to earn a 75% stake from present owner [Anglo Australian Resources \(ASX: AAR\)](#).

In a new prospectus, AuKing is seeking to raise \$6 million by the issue of 30

million shares at \$0.20 each with one free-attaching option for each two shares subscribed for, exercisable at \$0.25 on or before 30 June 2023.

There is provision to accept subscriptions of an additional \$1 million.

The company's largest shareholder, Beijing mining services company JCHX Group, will see its interest dilute from 38% to 17% after the public offering closes and a whole new board will be appointed, comprising people with a variety of exploration, commercial and financial experience.

The joint venture with Anglo Australian Resources provides for a staged earn-in process by AuKing — an initial \$900,000 to earn 25%, exploration expenditure worth \$1.5 million to move to 50%, and finally the move to 75% by further project spending of \$1.5 million.

'Significant' exploration and planning already in place

Koongie Park has already seen significant exploration, mine planning and feasibility studies.

These efforts focused on two primary copper-zinc deposits, Onedin and Sandiego, located 5km apart.

Together, they hold a JORC resource of 6.8 million tonnes at 1.3% copper and 4.1% zinc, along with 0.3 grams per tonne gold and 26g/t silver.

AuKing believes two main factors account for mining not having begun at Koongie Park.

One, an underground mine at Sandiego had been shown to be feasible but, at the time, its economics were susceptible to then-existing downward trends in commodity prices.

Two, the lack of a viable metallurgical processing solution for the oxide and transitional ores at Onedin, with the prospect intended as an open pit mine to "significantly" enhance the Sandiego operation.

Still plenty of exploration potential

The directors believe that historical exploration has been of sound quality and forms a strong basis for continued exploration – especially at depth.

“However, it has not been exhaustive and significant opportunities remain for the discovery of a more VMS-style (volcanogenic massive sulphide) mineralisation within the Koongie Park tenements,” outgoing chairman Dr Huaisheng Peng and his proposed replacement Dr Mark Elliott state in the prospectus’ joint chairmen’s letter.

They note that a base metals map of the Halls Creek Orogen prepared by the Geological Survey of Western Australia (GSWA) highlighted the area in which the Koongie Park tenures lie as the most prospective for VMS-style mineralisation in the region.

In 1962, the GSWA identified the gossan outcrops which now are known as the Onedin and Sandiego prospects.

Majors have done initial work at Koongie Park

Between 1972 and 1977, the US-based Kennecott Copper Corporation pegged tenements at Koongie Park, identifying copper-lead-zinc-silver gossans.

Kennecott was, for much of the 20th century, the world’s leading copper company and in 1997 was absorbed into [Rio Tinto \(ASX: RIO\)](#).

Other companies to have worked the project include Newmont Mining, the former North Broken Hill (later known as North Limited and then taken over by Rio Tinto) and Asarco.

Anglo Australian Resources first drilled the property in 2006 and established a maiden resource.

But, from 2011, Anglo Australian focused mainly on gold and it did little further base metals exploration on the ground.

AuKing seeking ASX re-quotation

Based on earning a 75% interest in Koongie Park, AuKing is seeking re-quotation on the ASX.

It states the move is based on the significant potential for discoveries of additional base metals mineralisation (at depth) and the present strong commodity prices for copper, zinc, gold and silver.

AuKing said there is the prospect of increasing Koongie Park's resources, while establishing metallurgical solutions for oxide ores could "significantly" improve the project's life and economic returns.

The company's strategy has four primary elements: first, to review and update feasibility studies on the Sandiego prospect.

The second element involves detailed exploration at the existing Ondein and Sandiego deposits, assessing potential mineralisation at depth and along strike.

Thirdly, it plans to undertake exploration to expand the mineral resource through a detailed program across the Koongie Park tenures.

The final element is to establish a commercially viable metallurgical solution for the near-surface oxide and transitional material in the Onedin deposit.