

ASX / NEWS RELEASE

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AAR TO REALISE A\$6M FROM DIVESTMENT OF KOONGIE PARK

AuKing Mining to acquire AAR's 25% Koongie Park JV interest, together with gold and PGE rights, for total consideration of A\$6 million.

The transaction leaves AAR well-funded to continue exploring its Kalgoorlie gold assets

HIGHLIGHTS

- 📌 Agreement signed with AuKing Mining Limited (ASX:AKN), whereby AKN will acquire AAR's:
 - 25% interest in the Koongie Park JV in WA; and
 - The gold and PGE rights across the Koongie Park tenure package.
- 📌 Consideration of A\$6 million is payable to AAR in three tranches as follows:
 - Upfront cash consideration of A\$3 million;
 - Equity consideration, comprising AKN shares to the value of A\$1.5 million; and
 - Deferred cash consideration of A\$1.5 million.
- 📌 Completion provides important funds for AAR to continue to progress its flagship Mandilla and Feysville gold projects near Kalgoorlie.

AAR Managing Director Marc Ducler said: *"We are pleased to have reached agreement for AuKing to acquire our remaining 25% interest in Koongie Park together with the PGE and other precious metal rights for a total consideration of A\$6 million in cash and shares. The transaction crystallises significant value from this asset for our shareholders while providing us with further exposure to the upside at Koongie Park via our equity holding in AuKing.*

"The transaction further simplifies AAR's portfolio while providing additional working capital to deliver further growth at Mandilla and re-commence exploration activities at Feysville.

*"The Company last raised capital in September 2020 and, since then, has delivered three JORC 2012 Mineral Resource Estimates (MRE's) at Mandilla, with the Mandilla MRE now standing at **24Mt at 1.0 g/t Au for 784koz of contained gold¹**. As a result, AAR's total gold Mineral Resource inventory stands at **27Mt at 1.1g/t Au for 900koz contained gold²**, with an expectation for further growth.*

"With the Company well-funded, drilling about to re-commence at Mandilla and core samples from last year's diamond drilling currently being processed through the laboratory, we are looking forward to delivering further resource growth in the short-term and beyond.

"We wish AuKing every success at Koongie Park."

¹ Mandilla JORC 2012 MRE includes: Indicated Mineral Resources of 10Mt at 1.0g/t Au for 331koz and Inferred Mineral Resources of 14Mt at 1.0g/t Au for 453koz (refer to announcement dated 18 January 2022).

² Combined JORC 2012 MRE includes: Indicated Mineral Resources of 12.5Mt at 1.1g/t Au for 427koz and Inferred Mineral Resources of 14.1Mt at 1.0g/t Au for 473koz

Anglo Australian Resources NL (ASX: AAR) (**AAR** or the **Company**) is pleased to advise that it has entered into a sale and purchase agreement with AuKing Mining Limited (**AKN**) to divest the Company's interests in the Koongie Park Base Metals Project (**Koongie Park**) in Western Australia for total consideration of A\$6 million, subject to the satisfaction of conditions precedent (**Agreement**).

In February 2021, AAR entered into an earn-in and joint venture agreement with AKN, providing AKN with the right to earn up to a 75% interest in Koongie Park by completing exploration expenditure of A\$3 million over a 3-year period. At the time, AAR considered Koongie Park to be a non-core asset. Through the earn-in and joint venture agreement, AAR was able to avoid significant expenditure commitments in maintaining the Koongie Park tenure.

Since entering into the earn-in and joint venture agreement, AKN has completed the required earn-in expenditure commitments and, accordingly, holds a 75% interest in the Koongie Park Joint Venture.

Contemporaneously, AAR and AKN entered into a separate agreement titled "Precious Metals Rights Agreement" under which AAR retained the right to explore for and develop the gold and PGEs within the Koongie Park tenure.

Key terms of the Agreement announced today are set out below.

Transaction Terms

Under the provisions of the Agreement, AKN will acquire the following interests from AAR:

- 25% participating interest in the Koongie Park Joint Venture; and
- The gold and PGE rights held in respect of the Koongie Park tenures.

The purchase price payable by AKN to secure these rights is a total of A\$6M payable in three components:

- Completion cash consideration of A\$3 million (**Completion Payment**);
- Deferred cash payment of A\$1.5 million, payable on or before 31 October 2022 (**Deferred Cash Payment**); and
- Equity consideration, comprising AKN shares to the value of A\$1.5 million (**Equity Consideration**).

Completion of the transaction is subject to satisfaction or waiver of the following conditions precedent:

- AKN raising a minimum of A\$7 million pursuant to a capital raising on or before 16 May 2022 (**Capital Raising CP**); and
- AAR obtaining approval from the Minister for Lands to transfer the lease of the operational headquarters in Halls Creek to AKN (or a nominated subsidiary) (**Lease CP**).

Other salient terms of the Agreement include:

- The Capital Raising CP is for the benefit of AKN and may be waived by AKN.
- The Lease CP is for the benefit of AKN and AAR and may be waived by agreement between both parties.
- The Equity Consideration is comprised of AKN shares to be issued to AAR at a price that is calculated by reference to the 20-day VWAP for AKN's shares traded on the ASX prior to the date of issue. The proposed date of issue is immediately after AKN's Annual General Meeting (scheduled to be held in June 2022).
- Shares issued to AAR subject to a voluntary restriction for a 3-month period from the date of issue.
- AKN may elect to defer the Deferred Cash Payment until 31 March 2023, but on the basis that the amount is increased to A\$2 million.
- Standard representations and warranties are provided for a transaction of this nature.

Authorised for Release

This announcement has been approved for release by the Managing Director.

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About AAR

AAR is a gold-focused exploration company targeting the exploration, growth and development of its flagship Mandilla Gold Project (**Mandilla**), located 70km south of Kalgoorlie in Western Australia. Mandilla hosts a Mineral Resource Estimate (MRE) of **24Mt at 1.0 g/t Au for 784koz of contained gold**.

AAR is also progressing mining tenement applications for its Feysville Gold Project (**Feysville**) which is located 14km south of the KCGM Super Pit in Kalgoorlie. Feysville hosts a MRE of **3Mt at 1.3 g/t Au for 116koz of contained gold³**. Subject to permitting and approval requirements, AAR will re-commence exploration activities with the strategy to grow and develop the Feysville Gold Project.

AAR's total gold Mineral Resource inventory is 27Mt at 1.1g/t Au for 900koz contained gold.

AAR also holds other tenement interests at its Carnilya Hill project in the Western Australian Goldfields.

³ Feysville JORC 2012 MRE includes; Indicated Mineral Resources of 2.3Mt at 1.3g/t Au for 96koz and Inferred Mineral Resources of 0.6Mt at 1.1g/t Au for 20koz (refer to ASX Announcement dated 8 April 2019).