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ASX RELEASE

Cloncurry Project Update – Tick Hill Gold MOU and GBA Capital Note Raising with Orion Resources

AuKing Mining Limited (ASX: AKN, AuKing) is pleased to provide an update on the proposed activities at the Cloncurry gold project in north-western Queensland following two significant developments, namely:

- signing of a binding Memorandum of Understanding between AuKing, Orion Resources Pty Ltd and the current owner of the Tick Hill gold mine, Tick Hill Mining Pty Ltd; and
- commencement of a private \$2M note raising with GBA Capital to provide funding support for Orion's proposed Cloncurry Project acquisition and the conduct of project development study activities in anticipation of the acquisition being completed.

AuKing's Managing Director, Mr Paul Williams, said that the new MoU with the Tick Hill mine owners is an exciting development as an option to be considered to create an early pathway for the re-commencement of gold production at the Lorena processing plant near Cloncurry.

"In addition, the private GBA Capital raising provides Orion Resources with important funding for its acquisition and also enables project development studies (including those planned for Tick Hill) to commence. (AuKing is not offering any securities or other interests in relation to this raising). The "hub and spoke" business model that is based on a centralized Lorena processing facility for a range of copper and gold projects in the Cloncurry region is already gaining significant momentum," said Mr Williams.

Tick Hill Project

Situated 120kms south-east of Mount Isa, Tick Hill was one of the richest gold deposits in Australia. Total production from the resource was 665,000t @ 25g/t (534,000 ounces) from August 1991 to February 1994.

On 5 June 2020, previous owner Carnaby Resources Limited (ASX:CNB) announced details of a Pre-Feasibility Study and a Maiden Ore Reserve confirming a technically and economically viable mining and toll treatment project for the Tick Hill Gold project.

The CNB Report to ASX on 5 June 2020 included the following key information:

- the Pre-feasibility Study (PFS) comprised a contract mining and toll treatment operation over a 13 month period, processing **474,200t @ 2.0g/t** to recover approximately **27,300 ounces of gold at an All-In Sustaining Cost (AISC) of A\$1,493** per ounce.
- PFS findings confirmed an economically viable open pit mine and tailings re-processing gold project, **at an assumed gold price of A\$2,300 per ounce.**
- Maiden Probable Ore Reserve for the Tick Hill Gold Project of:
 - Open Pit **48,000t @ 6.53g/t for 10,200 oz**
 - Tailings and ROM stockpiles **410,900t @1.35g/t for 17,800 oz**
 - Total Ore Reserve **459,600t @ 1.89g/t for 28,000oz**

For Orion Resources Pty Ltd (Orion), the Tailings and ROM stockpile Ore Reserves provides a potentially economic ore feed source for the Lorena Plant, with no development waste pre-stripping, to support early cashflow.



Figure 1 – Mount Isa/Cloncurry regional map, highlighting location of Tick Hill Mine and Lorena Processing Plant

Tick Hill Memorandum of Understanding

AuKing has entered into a binding MoU with both Orion and the current owner of the Tick Hill mine, Tick Hill Mining Pty Ltd. The MoU represents a general agreement for these three parties to collaborate with the combined aim of carrying out the following:

- Conducting a study to assess the viability of processing the tailings and other ore materials from the Tick Hill mine area at the Lorena processing plant (with a focus on process flow, metallurgy, capital and operating costs);
- Assessing the extent of refurbishment and construction modifications required at Lorena to support Tick Hill processing;
- Upon confirmation of positive economics, commence plant refurbishment and construction; and
- Finalise commercial parameters for the processing of the Tick Hill materials.

The Carnaby 2020 PFS provides the baseline for future study work with specific focus on updating cost and revenue inputs with the Lorena Plant as the processing destination.

GBA Capital/Orion Private Raising

GBA Capital has agreed with Orion to manage the conduct of a private \$2M convertible note raising to sophisticated investors. No securities or other interests are being offered by AuKing in relation to this raising. Funds raised are intended to be utilised for the following purposes:

- Preparation of Studies and Resource Updates;
- Drilling, sampling, assaying and metallurgical work that might be required to support the above studies;
- Establishment of a costed pathway to a maiden Reserve at Mt Freda;
- Legal and tenement holding costs associated with the proposed acquisition; and
- General working capital purposes.

The GBA Capital raising has opened and is expected to be completed shortly.

ASX Disclosure re Historical Exploration Results

This ASX release contains information derived from public disclosures of Carnaby Resources Limited (ASX:CNB), a former owner of the Tick Hill gold project. In accordance with ASX disclosure requirements the following additional matters need to be noted:

- The historical mineral resource and reserve estimates reported in this release were made by a company other than AuKing namely, Carnaby Resources Limited – a company that was listed at the time (and still is listed) on the ASX;
- Copies of the historical resource and reserve estimates can be obtained from the ASX announcements platform;

- The historical mineral resource and reserve estimates were reported under the requirements of the JORC Code 2012;
- AuKing's Competent Person believes that it is reasonable to rely on the resource and reserve estimates in the manner presented in this release;
- AuKing intends (from now on) to report future exploration results from planned activities in accordance with the JORC Code 2012, utilizing historical data as a general background rather than the basis for future reporting;
- Details of the proposed future activities and funding of those activities are set out elsewhere in this release;
- A statement by Mr Chris Bittar, Competent Person, is set out below;
- A cautionary statement in relation to the historical exploration results included in this release is set out above; and
- AuKing has no other reason to suspect that the historical mineral resource estimate as reported in this release are misleading.

This announcement has been authorised by Paul Williams, Managing Director, AuKing Mining Limited.

For more information, please contact:

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Competent Person's Statement

The information in this report that relates to mineral resource and reserve estimates at the Tick Hill Gold Project is based on information reviewed by Mr Chris Bittar who is a member of the Australasian Institute of Mining and Metallurgy. Mr Bittar is an employee of AuKing Mining Limited 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 Bittar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.