



FINANCIAL REPORT

For the half-year ended 30 June 2017

CORPORATE DIRECTORY

<p>Board of Directors</p> <p>Dr Huaisheng Peng (Chairman) Mr Paul Williams (Managing Director) Mr Zewen (Robert) Yang (Executive Director) Mr Qinghai Wang (Non-Executive Director)</p> <p>Company Secretary</p> <p>Mr Paul Marshall</p> <p>ASX Code: AKN</p>	<p>Head Office</p> <p>Suite 11, Level 4 Christie Centre 320 Adelaide Street Brisbane QLD 4000</p> <p>Telephone: 07 3041 1306 Email: admin@aukingmining.com Website: www.aukingminig.com.au</p>
<p>Auditors</p> <p>Ernst and Young Level 51 111 Eagle Street Brisbane QLD 4000</p> <p>Telephone: 07 3011 3333 Fax: 07 3011 3100 Website: www.ey.com</p>	<p>Share Registry</p> <p>Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000</p> <p>Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au</p>

DIRECTORS' REPORT

Your directors present their report on AuKing Mining Limited (formerly Chinalco Yunnan Copper Resources Limited) for the half-year ended 30 June 2017.

DIRECTORS

The following persons were directors of AuKing Mining Limited ('AKN' or the 'Company') during the whole of the half-year and up to the date of this report, unless stated:

Dr Huaisheng Peng	<i>(Chairman)</i>
Paul Williams	<i>(Managing Director)</i>
Zewen (Robert) Yang	<i>(Executive Director)</i>
Qinghai Wang	<i>(Non-Executive Director)</i>

REVIEW OF OPERATIONS

For the half-year ended 30 June 2017 the Company and its Controlled Entities ("Controlled Entity") made a loss of \$703,177.

AKN is 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 base metal production activities (both locally and overseas).

Bonito Minerals

On 27 April 2017, the Company announced that it had entered into a binding term sheet 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 40 million ounces of gold and 2 billion 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).

The key acquisition terms are as follows:

- AKN will make an initial payment of A\$350k and the issue of A\$125k in AKN shares to acquire an initial 14.2% shareholding in Bonito;
- AKN will then have the ability to acquire a further 15.8% shareholding in Bonito upon payment of A\$400k and the issue of A\$125k in AKN shares on or before 31 October 2017;
- AKN has an option to purchase a further 20% of the Bonito shares upon payment of A\$1.5M in 2 stages – A\$500k by 31 January 2018 and the balance A\$1M on or before 31 October 2018;
- AKN will have the immediate right to appoint a director to the Bonito Board and, if its future shareholding in Bonito exceeds 50% then additional Board members can be appointed by AKN;
- The number of AKN shares to be issued as part of the initial 30% acquisition will be calculated by reference to a 15% discount to the 20 day VWAP prior to issue;
- AKN has a pre-emptive right to participate in future issues of securities by Bonito (should there be any);
- AKN and Bonito also have an agreed process (by way of independent valuation) in the event that Bonito wishes to sell the La Dura project at some future time.

The Company entered into formal agreements with Bonito Minerals Pty Ltd and completed the initial payment of A\$350k and issue of shares on 12 July 2017.

Mount Isa Disposal

On 15 December 2016 AKN announced that it had entered into an agreement with Hammer Metals Ltd (ASX Code - HMX) relating to that company's acquisition of all of AKN's existing mining tenement holdings in the Mount Isa region. These tenement holdings comprised AKN's 100% interest in EPMs 12205, 14019 and 14022, together with a 51% joint venture interest in EPM 14467 (under the Mt Frosty Joint Venture with Mount Isa Mines Ltd – a Glencore Group company). All mining information, data, core samples and other materials relating to these mining tenements were included in the sale to HMX.

The first stage of HMX sale was completed on 27 March 2017. Under this first stage completion, AKN transferred its interests in EPMs 12205, 14019 and 14022 and received 1,250,000 ordinary shares in HMX. Those shares are held by AKN in a voluntary escrow commitment until November 2017.

Completion of the second (and final) stage of the HMX sale was delayed pending consent from Mount Isa Mines in respect of the proposed transfer of the 51% interest in EPM 14467 and agreement to certain changes requested by HMX to the existing Mt Frosty Joint Venture agreement. These matters were finalised on 17 August 2017. At completion, AKN received a further 250,000 HMX shares which will be held in voluntary escrow on the same conditions as the first stage of shares, until November 2017.

Other Acquisition Opportunities

In addition to Bonito Minerals, the Company is continuing to pursue certain acquisition and project opportunities that are consistent with its objective of becoming a mid-tier mining group.

FUNDING ARRANGEMENTS

The Company is reliant on future successful capital raisings to pursue and develop its project opportunities. Based on the success of prior capital raisings and the progress with current projects, the Directors are confident of securing funds if and when necessary to meet the Company's obligations as and when they fall due.

EVENTS AFTER BALANCE SHEET DATE

On 12 July 2017, the Company formally entered into a share subscription agreement with Bonito Minerals Pty Ltd, acquiring a 14.2% shareholding in consideration for \$350,000 cash and the issue of 23,809,443 AKN shares.

On 16 August 2017, the Company completed the second (and final) stage of the sale of its Mount Isa mineral tenures to Hammer Metals Ltd – transferring its 51% interest in the Mt Frosty tenement and Joint Venture agreement with MIM. At completion, AKN received a further 250,000 HMX shares, which are to be held in voluntary escrow until November 2017.

There have been no other events since 30 June 2017 that impact upon the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Director's report for the half-year ended 30 June 2017.

Signed in accordance with a resolution of the directors.



Paul Williams
Director
23 August 2017

Auditor's Independence Declaration to the Directors of AuKing Mining Limited

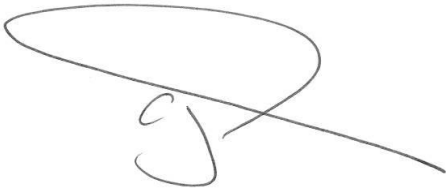
As lead auditor for the review of AuKing Mining Limited for the half-year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AuKing Mining Limited and the entities it controlled during the financial period.



Ernst & Young



Andrew Carrick
Partner
23 August 2017

**Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2017**

	Note	6 months ended June 2017 \$	6 months ended June 2016 \$
Finance income		5,200	3,737
Gain on disposal of plant and equipment		4,091	47,822
Gain on disposal of exploration expenditure		13,750	30,000
Refund on previously incurred project generation costs	4	-	234,086
Other income		-	18,118
Employment and consultancy expenses		(405,549)	(428,161)
Depreciation expense		(10,056)	(14,133)
Project generation and other exploration costs expensed		(63,764)	(46,050)
Administration expenses		(216,099)	(192,764)
Fair value movement on available for sale financial assets		(30,750)	-
Loss before income tax		(703,177)	(347,345)
Income tax expense		-	-
Loss for the period – continuing operations		(703,177)	(347,345)
Other comprehensive income/(loss)			
<u>Items that subsequently may be reclassified to profit or loss</u>			
Foreign currency translation differences for foreign operations		-	-
Gains on available for sale financial assets		10,000	5,000
Income tax		-	-
Other comprehensive income/(loss) for the period, net of tax		10,000	5,000
Total comprehensive loss		(693,177)	(342,345)
		Cents	Cents
Earnings per share			
Basic and diluted loss per share - continuing operations		(0.08)	(0.07)
Basic and diluted loss per share		(0.08)	(0.07)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Balance Sheet
 As at 30 June 2017**

	Note	June 2017 \$	December 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		1,471,581	2,092,169
Trade and other receivables		12,436	15,433
Other current assets		4,174	28,192
Non-current assets held for sale	6	10,000	60,000
TOTAL CURRENT ASSETS		1,498,191	2,195,794
NON-CURRENT ASSETS			
Other receivables		12,987	20,257
Available for sale financial assets	7	63,000	20,000
Plant and equipment		15,476	25,527
TOTAL NON-CURRENT ASSETS		91,463	65,784
TOTAL ASSETS		1,589,654	2,261,578
CURRENT LIABILITIES			
Trade and other payables		79,692	67,132
Employee benefit provisions		34,539	25,846
TOTAL CURRENT LIABILITIES		114,231	92,978
TOTAL LIABILITIES		114,231	92,978
NET ASSETS		1,475,423	2,168,600
EQUITY			
Share capital	5	42,380,609	42,380,609
Reserves		389,457	379,457
Accumulated losses		(41,294,643)	(40,591,466)
TOTAL EQUITY		1,475,423	2,168,600

The Consolidated Balance Sheet should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Statement of Changes in Equity
For the six months ended 30 June 2017**

Consolidated Entity	Share Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2016	39,492,960	389,457	(35,532,072)	4,350,345
Transactions with owners in their capacity as owners				
Issue of share capital	1,182,490	-	-	1,182,490
Share issue costs	(5,415)	-	-	(5,415)
Comprehensive income				
Loss after income tax	-	-	(347,345)	(347,345)
Other comprehensive income	-	5,000	-	5,000
Balance at 30 June 2016	40,670,035	394,457	(35,879,417)	5,185,075
Balance at 1 January 2017	42,380,609	379,457	(40,591,466)	2,168,600
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Comprehensive income				
Loss after income tax	-	-	(703,177)	(703,177)
Other comprehensive income	-	10,000	-	10,000
Balance at 30 June 2017	42,380,609	389,457	(41,294,643)	1,475,423

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

**Consolidated Cash Flow Statement
 For the six months ended 30 June 2017**

Note	6 months ended June 2017 \$	6 months ended June 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Refund on previously incurred project generation costs	-	234,086
Receipts from other revenue	-	18,118
Payments to suppliers and employees	(633,949)	(687,583)
Interest received	5,200	3,737
Net cash used in operating activities	(628,749)	(431,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Security deposit refunds/(payments)	4,070	-
Proceeds from sale of property, plant & equipment	4,091	62,756
Net cash used in investing activities	8,161	62,756
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,182,490
Capital raising costs paid	-	(5,415)
Net cash provided by financing activities	-	1,177,075
Net increase/(decrease) in cash and cash equivalents	(620,588)	808,189
Cash and cash equivalents at the beginning of the period	2,092,169	156,882
Cash and cash equivalents at the end of the period	1,471,581	965,071

The Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

AuKing Mining Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2017 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

b) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 December 2016.

This consolidated interim financial report was approved by the Board of Directors on 23 August 2017.

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition or measurement of the results or financial position of the Consolidated Entity.

c) Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2016.

d) Going Concern

As at 30 June 2017 the Consolidated Entity had cash reserves of \$1,471,581 and net assets of \$1,465,523. The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the ability of the Company to raise additional capital in the future. These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

Based on the success of previous capital raisings combined with the ongoing support of its key shareholders, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

NOTE 4 REFUND ON PREVIOUSLY INCURRED PROJECT GENERATION COSTS

During the half-year ended 30 June 2016, the Company agreed with, China Yunnan Copper (Australia) Investment and Development Co Ltd (CYC - substantial shareholder), that CYC would reimburse the Company for costs incurred in connection with due diligence activity associated with a proposed acquisition in the Democratic Republic of Congo. The costs were incurred during the financial year ended 31 December 2015 and were treated as an expense at that time. The refund received was a reimbursement of costs with no profit or margin earned.

June 2017	December 2016
\$	\$

NOTE 5 SHARE CAPITAL

Fully paid ordinary shares	42,380,609	42,380,609
----------------------------	------------	------------

Ordinary Shares

	June 2017 \$	December 2016 \$	June 2017 Number	December 2016 Number
At the beginning of the period	42,380,609	39,492,960	886,914,837	473,027,475
Share placement at \$0.010 per share	-	1,182,490	-	118,249,000
Rights issue at \$0.006 per share	-	1,773,830	-	295,638,362
Share issue expenses	-	(68,671)	-	-
At reporting date	42,380,609	42,380,609	886,914,837	886,914,837

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 6 MT ISA DISPOSAL

On 15 December 2016 AKN announced that it had entered into an agreement with Hammer Metals Ltd (ASX Code - HMX) relating to that company's acquisition of all of AKN's existing mining tenement holdings in the Mount Isa region. These tenement holdings comprised AKN's 100% interest in EPMs 12205, 14019 and 14022, together with a 51% joint venture interest in EPM 14467 (under the Mt Frosty Joint Venture with Mount Isa Mines Ltd – a Glencore Group company). All mining information, data, core samples and other materials relating to these mining tenements were included in the sale to HMX.

The first stage of HMX sale was completed on 27 March 2017. Under this first stage completion, AKN transferred its interests in EPMs 12205, 14019 and 14022 and received 1,250,000 ordinary shares in HMX. Those shares are held by AKN in a voluntary escrow commitment until November 2017.

Completion of the second (and final) stage of the HMX sale was delayed pending consent from Mount Isa Mines in respect of the proposed transfer of the 51% interest in EPM 14467 and agreement to certain changes requested by HMX to the existing Mt Frosty Joint Venture agreement. These matters were finalised on 17 August 2017. At completion, AKN received a further 250,000 HMX shares which will be held in voluntary escrow on the same conditions as the first stage of shares, until November 2017.

NOTE 7 AVAILABLE FOR SALE FINANCIAL ASSETS

The Consolidated Entity holds 1,750,000 shares in Hammer Metals Limited (ASX: HMX) acquired through disposal of Australian tenement areas. These shares are held at fair value determined by a Level 1 methodology. There were no transfers between valuation levels during the period.

NOTE 8 SEGMENT REPORTING

Reportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for minerals in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. All assets are located in Australia.

NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2017 (2016: Nil).

NOTE 10 EVENTS AFTER BALANCE SHEET DATE

On 12 July 2017, the Company entered into formal acquisition agreements with Bonito Minerals Pty Ltd, acquiring a 14.2% shareholding in consideration for \$350,000 cash and the issue of 23,809,443 AKN shares. On 16 August 2017, the Company completed the second (and final) stage of the sale of its Mount Isa mineral tenures to Hammer Metals Ltd – transferring its 51% interest in the Mt Frosty tenement and Joint Venture agreement with MIM. At completion, AKN received a further 250,000HMX shares, which are to be held in voluntary escrow until November 2017.

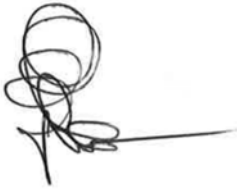
DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Paul Williams
Director

23 August 2017

Independent Auditor's Review Report to the Members of AuKing Mining Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AuKing Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 1(d) in the half-year financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

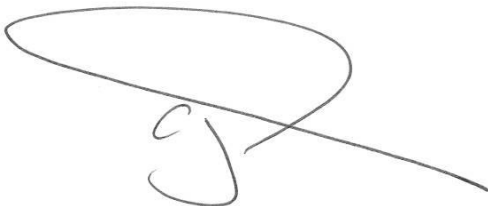
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Andrew Carrick
Partner
Brisbane
23 August 2017