AuKing Mining Limited

ABN 29 070 859 522

INTERIM FINANCIAL REPORT

For the half-year ended 30 June 2021

CORPORATE DIRECTORY
AuKing Mining Limited A.C.N 070 859 522

Board of Directors Dr Mark Elliott (Chairman) Mr Peter Tighe (Non-Executive Director) Mr Ian Hodkinson (Non-Executive Director) Mr Shizhou Yin (Non-Executive Director) **Chief Executive Officer** Mr Paul Williams **Company Secretary** Mr Paul Marshall	**Head Office** Suite 27, Level 7 320 Adelaide Street Brisbane QLD 4000 Telephone: 07 3535 1208 Email: admin@aukingmining.com Website: www.aukingmining.com **ASX Code: AKN**
Auditors BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Telephone: 07 3237 5999 Website: www.bdo.com.au	**Share Registry** Link Market Services Limited Level 21 10 Eagle Street Brisbane QLD 4000 Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of Auking Mining Limited ("AKN" or "Company") and the entities it controlled (together referred to as the "Consolidated Entity" or "Group") at the end of, or during, the half-year ended 30 June 2021.

DIRECTORS

The following persons were directors of Auking Mining Limited during the whole of the period and up to the date of this report, unless otherwise stated:

Name	Position	Period of Directorship
Dr Mark Elliott	Non-Executive Chairman	Appointed 9 June 2021
Mr Peter Tighe	Non-Executive Director	Appointed 9 June 2021
Mr Ian Hodkinson	Non-Executive Director	Appointed 9 June 2021
Mr Shizhou Yin	Non-Executive Director	Appointed 9 June 2021
Dr Huaisheng Peng	Non-Executive Chairman	Appointed 6 December 2016, Resigned 9 June 2021
Mr Paul Williams	Managing Director	Appointed 6 March 2013, Resigned 9 June 2021
Mr Zewen (Robert) Yang	Executive Director	Appointed 31 July 2007, Resigned 9 June 2021
Mr Qinghai Wang	Non-Executive Director	Appointed 6 December 2016, Resigned 9 June 2021

REVIEW OF OPERATIONS

For the half-year ended 30 June 2021 the Company and its Controlled Entities ("Consolidated Entity" or "AKN") made a loss of $839,586.

The Company undertook a successful public share offer ("Offer") which raised $5,936,084 after costs. The Company also converted $3,992,816 of debt and other liabilities to equity as part of the capital restructure.

Completion of Public Offer and Reinstatement to the Official Quotation on the ASX

The Company was reinstated to official quotation on the Australian Securities Exchange ("ASX") on 15 June 2021 following the completion of the Offer. The Offer raised the maximum $7m (before costs) through the issue of 35M new fully paid ordinary shares at an issue price of $0.20 per new share. As part of the Offer, the Company has also issued 17.5M free-attaching options that are also quoted on ASX. These options will be exercisable at $0.25 each on or before 30 June 2023.

AKN is now focusing on progressing its agreement with Anglo Australian Resources NL (ASX: AAR) to earn up to a 75% interest in the Koongie Park copper/zinc project ("Koongie Park")

Koongie Park Project Earn-In

Introduction

On 8 February 2021, the Company entered into an agreement with Anglo Australian Resources NL ("AAR") to earn up a 75% interest in the Koongie Park copper/zinc project ("Koongie Park") situated in the eastern Kimberley Region of northern Western Australia ("Koongie Park Earn-In"). The earn-in retains for AAR's benefit the rights to explore for and develop gold/platinum group metals deposits at Koongie Park.

AKN Acquisition Strategy

The Koongie Park Earn-In is based upon the following business strategy that will be implemented by AKN:

(a) Carrying out a detailed drilling program at the known Sandiego and Onedin deposits in order to improve geological interpretation and also to test potential mineralised resource extensions at depth and long strike;

(b) Conducting a detailed exploration program of drilling and geophysics across the Koongie Park tenures to identify additional base metals deposits to complement the existing Sandiego and Onedin resources;

(c) Optimising existing feasibility studies on the proposed mining of the Sandiego deposit incorporating results from planned resource extension drilling targeting extensions along strike and at depth; and

(d) Trialling and evaluating various metallurgical solutions (including the Ammleach® metallurgical process) for the near-surface oxide and transition ores at the Onedin deposit.

Koongie Park Location, Tenure and Potential

The Koongie Park copper/zinc project is situated in the highly mineralised Halls Creek Mobile Belt which also hosts the Savannah nickel project, the Argyle diamond mine and the Nicholsons gold mining operation of Pantoro Limited. Koongie Park is located about 25kms south west of the regional centre of Halls Creek on the Great Northern Highway.

The tenure holding comprises an area of more than 500km^2 covering over 40kms of the base metals prospective Koongie Park Formation. Koongie Park has already been the subject of significant exploration drilling and analysis since the 1970's, often in line with movements in commodity prices. Since its discovery the Koongie Park Project has been the subject of over 245 RC and diamond drill holes consisting of more than 50,000m of drilling in total. The predominant focus of drilling has been at the Sandiego and Onedin deposits.

The Koongie Park Project has been held by AAR since 1989 and last drilled in 2010. AAR has previously reported Mineral Resource estimates for both the Sandiego and Onedin deposits at Koongie Park. Drilling and mining studies for basemetal deposits ceased in 2011 when their attention turned to gold exploration.

These type of base metal massive sulphide deposits associated with chemical, clastic and volcanic sediments, formed during the Proterozoic age in tectonic active zones where ore fluids have produced multiple, large high-grade orebodies in other terrains. The Koongie Park Project is underexplored and has the potential for a major discovery.

Koongie Park Earn-In Agreement

(a) General

The Company has entered into an Earn-in and Joint Venture Agreement with AAR with respect to the Koongie Park Project. Under the Koongie Park Earn-in, the Company and AAR have formed the Koongie Park Joint Venture on terms which include, but are not limited to, the following:

- the Company is granted the right to:
  - Explore for and develop base metals deposits within the project area;
  - Conduct exploration and development activities for base metals deposits on the project area during the earn-in period; and
  - Earn up to a 75% interest in the project area through the joint venture by funding exploration and project development studies (as stipulated below); and
- AAR retains the right to explore for and develop gold and platinum group metals deposits within the project area other than the area of the mining leases where the Sandiego and Onedin deposits are situated (see description of Precious Metals Rights agreement below).

(b) ***Earn-in Rights***

The Koongie Park Earn-in provides for a two-staged earn-in process whereby the Company can ultimately secure a 75% project interest in the Koongie Park Project. A summary of the two-stage earn-in is outlined below:

First Earn-in Period
The Company has now acquired an initial 25% interest in the Joint Venture by making a total initial payment of $1,000,000 to AAR.

At commencement of the Joint Venture, the Koongie Park Exploration Tenements will be the only tenures held by the Joint Venture. AKN will however, have a licence from AAR to access the Koongie Park Mining Tenements for the purpose of Joint Venture activities. During the First Earn-In Period of twenty-four (24) months, the Company may earn a further 25% interest in the Joint Venture by incurring expenditure of $1.5 million including expenditure on exploration, testwork and related analysis to establish a commercially viable processing solution for the Koongie Park oxide ores (**the First Earn-In Milestone**).

Upon satisfying the First Earn-in Milestone, the Company shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 50% interest in the Joint Venture. AAR will also be obliged to transfer the Koongie Park Mining Tenements (on which the Sandiego and Onedin deposits are situated) into the Joint Venture.

If the Company fails to satisfy the First Earn-in Milestone during the First Earn-in Period, the Company will be deemed to have withdrawn from the Joint Venture, will cease to have any interest in the Joint Venture and the Koongie Park Earn-in automatically terminates.

Second Earn-in Period
During the Second Earn-in Period, which is a period of 12 months commencing immediately following completion of the First Earn-In Period, the Company may earn a further 25% interest in the Joint Venture by incurring additional Expenditure of $1,500,000, including Expenditure on Exploration Activities and feasibility studies with a view to establishing mining operations on the Onedin and Sandiego deposits on the Koongie Park Tenements (**Second Earn-In Milestone**).

Upon satisfying the Second Earn-in Milestone, the Company shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 75% interest in the Joint Venture. If the Company fails to satisfy the Second Earn-in Milestone during the Second Earn-in Period, then the Company will retain its earned interest in the Joint Venture of 50%.

For the duration of the Second Earn-in Period, the Company agrees to sole fund all expenditure on exploration activities in relation to the Joint Venture and free carry AAR's interest in the Joint Venture.

Other JV Provisions
The Koongie Park Earn-in between the Company and AAR contains various other provisions that are standard for an exploration joint venture including:

- The Company's wholly-owned subsidiary, AKN (Koongie Park) Pty Ltd, is the manager of all Joint Venture activities while it is earning interests in the Joint Venture and upon completion of those earn-ins;
- The Joint Venture manager is responsible for all reporting, budget and work program preparation, tenure management and generally report to the Joint Venture management committee from time to time;
- Upon conclusion of AKN's earning rights, the parties are then obliged to contribute on a pro-rata basis towards future work programs in accordance with their respective Joint Venture interests;
- Dilution mechanisms apply in the event a party is unwilling or unable to contribute towards their share of ongoing Joint Venture commitments;
- In the event a party's interest in the Joint Venture dilutes below 10%, they will be deemed to have withdrawn from the JV and their interest will revert to a 1% net smelter royalty.

Koongie Park Precious Metals Rights Agreement

In conjunction with the Koongie Park Earn-in summarised above, AKN and AAR have entered into an agreement titled Precious Metals Rights Agreement (**the PMRA**). The primary function of the PMRA is to establish the rights of AAR to explore for and develop gold and PGMs across the Koongie Park Project other than the area of the mining leases where the Sandiego and Onedin deposits are situated (**the Excluded Area**). Under the PMRA:

- Each party must submit an annual work program to the other, in advance of the proposed activities;
- In the case of AKN discovering a geologically anomalous concentration of gold or PGMs it must immediately notify AAR and vice versa in the case of AAR discovering a geologically anomalous concentration of minerals other than gold or PGMs. If either of these occur, the party receiving notice then has the right to exercise their rights to exclusively explore and develop minerals (**Mineral Rights**);
- There is provision to establish priority when a party is seeking to exercising their Mineral Rights that may interfere with existing exploration or mining activities of the other party;
- There is provision to establish priority when there is the potential for respective mining activities to be carried out by the parties within close proximity of each other;
- There is also provision to establish priority when there exists economic deposits of gold, PGM or other minerals within sufficient proximity that recovery of the minerals is best carried out by a single mining operation; and
- Finally, the PMRA provides for parties to be credited for the proceeds from the mining and sale of minerals (to which they are generally entitled) but where they are not the dominant mineral being the subject of mining activities. As noted previously, the PMRA has no application in respect of the area of the mining leases where the Sandiego and Onedin deposits are situated – AKN retains the full right to explore and develop all minerals (including gold and PGMs) within those mining leases.

EVENTS AFTER BALANCE SHEET DATE

There have been no other events since 30 June 2021 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 7 and forms part of the Director's report for the half-year ended 30 June 2021.

Signed in accordance with a resolution of the directors.

Director
11 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF AUKING MINING LIMITED

As lead auditor for the review of AuKing Mining Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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 period.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 11 August 2021

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2021

	Note	6 months ended June 2021 $	6 months ended June 2020 $
Finance income		-	377
Gain on extinguishment of financial liability - employee liabilities	4	460,730	-
Gain on extinguishment of financial liability - loan	5	121,955	-
Employment and consultancy expenses		(426,026)	(313,510)
Depreciation expense		(457)	(519)
Other Koongie Park transaction costs		(97,922)	-
Administration expenses		(209,686)	(89,445)
Finance costs – derivative financial instruments	5	(544,417)	(39,500)
Finance costs - other	5	(143,763)	(74,249)
Loss before income tax		(839,586)	(516,846)
Income tax expense		-	-
Loss for the period		(839,586)	(516,846)
Loss after income tax		(839,586)	(516,846)
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss		(839,586)	(516,846)
		Cents	**Cents**
Earnings per share			
Basic and diluted loss per share		(7.35)	(11.08)

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 2021

	Note	June 2021 $	December 2020 $
CURRENT ASSETS			
Cash and cash equivalents		4,635,203	21,156
Trade and other receivables		168,946	9,155
Other current assets		-	-
TOTAL CURRENT ASSETS		4,804,149	30,311
NON-CURRENT ASSETS			
Other receivables		2,470	2,470
Other non-current assets	2	-	100,000
Exploration and evaluation assets	3	1,245,813	-
Plant and equipment		57,148	385
TOTAL NON-CURRENT ASSETS		1,305,431	102,855
TOTAL ASSETS		6,109,580	133,166
CURRENT LIABILITIES			
Trade and other payables	4	306,660	1,104,235
Borrowings	5	-	2,424,319
Employee benefit provisions		39,430	71,626
TOTAL CURRENT LIABILITIES		346,090	3,600,180
NON-CURRENT LIABILITIES			
Employee benefit provisions	4	41,616	-
TOTAL NON-CURRENT LIABILITIES		41,616	-
TOTAL LIABILITIES		387,706	3,600,180
NET ASSETS		**5,721,874**	**(3,467,014)**
EQUITY			
Share capital	6	52,659,083	42,630,609
Accumulated losses		(46,937,209)	(46,097,623)
TOTAL EQUITY		**5,721,874**	**(3,467,014)**

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 half-year ended 30 June 2021

Consolidated Entity	Share Capital $	Reserves $	Accumulated Losses $	Total Net Deficit $
Balance at 1 January 2020	42,630,609	379,457	(45,220,524)	(2,210,458)
Transactions with owners in their capacity as owners				
Transfer of expired reserves	-	(549,903)	549,903	-
Comprehensive income				
Loss after income tax	-	-	(516,846)	(516,846)
Other comprehensive income	-	-	-	-
	-	-	(516,846)	(516,846)
Balance at 30 June 2020	42,630,609	(170,446)	(45,187,467)	(2,727,304)
Balance at 1 January 2021	42,630,609	-	(46,097,623)	(3,467,014)
Transactions with owners in their capacity as owners				
Issue of share capital	11,125,297	-	-	11,125,297
Share issue costs	(1,096,823)	-	-	(1,096,823)
	10,028,474	-	-	10,028,474
Comprehensive income				
Loss after income tax	-	-	(839,586)	(839,586)
Other comprehensive income	-	-	-	-
	-	-	(839,586)	(839,586)
Balance at 30 June 2021	52,659,083	-	(46,937,209)	5,721,874

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 half-year ended 30 June 2021

	Note	6 months ended June 2021 $	6 months ended June 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(614,339)	(111,637)
Payments for other Koongie Park transaction costs		(97,922)	-
Interest and other borrowing costs paid		(129,877)	(18,827)
Interest received		-	377
Net cash used in operating activities		(842,138)	(130,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(57,220)	-
Payments for exploration and evaluation assets		(1,070,620)	-
Deposits paid		-	(10,000)
Net cash provided by/(used in) investing activities		(1,127,840)	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	6	7,000,000	-
Cost associated with the issue of shares	6	(1,015,975)	-
Proceeds from borrowings	5	750,000	200,000
Repayment of borrowings	5	(150,000)	-
Net cash provided by financing activities		6,584,025	200,000
Net increase/(decrease) in cash and cash equivalents		4,614,047	59,914
Cash and cash equivalents at the beginning of the period		21,156	96,661
Cash and cash equivalents at the end of the period		4,635,203	156,574

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 2021 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 2020.

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

Apart from the policy noted below, 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 2020.

Exploration and Evaluation Assets

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest.

Exploration costs are capitalised only when the Consolidated Entity has either a granted tenement in its name or an interest through a joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

d) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting period. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's has assessed the impact of these new standards that are not yet effective and determined that they are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

e) Going Concern

As at 30 June 2021 the Consolidated Entity had cash reserves of $4,635,203 and net current assets of $4,458,059.

The Consolidated Entity requires further capital to fund future exploration activity and meet other necessary corporate expenditure.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Consolidated Entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and

- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating based on the Company's cash flow forecast.

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.

	June 2021 $	December 2020 $
NOTE 2 OTHER NON-CURRENT ASSETS		
Deposit for the Koongie Park Earn-in and Joint Venture Agreement	-	100,000

Following the payment of the remaining $900,000 to acquire initial 25% interest in the Joint Venture to Anglo Australian Resources NL ("AAR") the $100,000 was transferred to Exploration and Evaluation Assets.

NOTE 3 EXPLORATION AND EVALUATION ASSETS

Opening balance	-	-
Transfer of Koongie Park deposit from other non-current assets	100,000	-
Exploration expenditure during the period	1,145,813	-
	1,245,813	-

Exploration costs are capitalised only when the Consolidated Entity has either a granted tenement in its name or an interest through a earn-in and joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

Koongie Park Earn-In Agreement

(a) General

The Company has entered into an Earn-in and Joint Venture Agreement with AAR with respect to the Koongie Park Project on terms which include, but are not limited to, the following:

- the Company is granted the right to:
  - Explore for and develop base metals deposits within the project area;
  - Conduct exploration and development activities for base metals deposits on the project area during the earn-in period; and
  - Earn up to a 75% interest in the project area through the joint venture by funding exploration and project development studies (as stipulated below); and
- AAR retains the right to explore for and develop gold and platinum group metals deposits within the project area other than the area of the mining leases where the Sandiego and Onedin deposits are situated (see description of Precious Metals Rights agreement below).

(b) *Earn-in Rights*

The Koongie Park Earn-in provides for a two-staged earn-in process whereby the Company can ultimately secure a 75% project interest in the Koongie Park Project. A summary of the two-stage earn-in is outlined below:

First Earn-in Period
The Company has acquired an initial 25% interest in the Koongie Park Joint Venture following the initial payment of $1,000,000 to AAR.

NOTE 3 EXPLORATION AND EVALUATION ASSETS (continued)

During the First Earn-In Period of twenty-four months, the Company may earn a further 25% interest in the Joint Venture by incurring expenditure of $1.5 million including expenditure on exploration, testwork and related analysis to establish a commercially viable processing solution for the Koongie Park oxide ores (**the First Earn-In Milestone**).

Upon satisfying the First Earn-in Milestone, the Company shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 50% interest in the Joint Venture. AAR will also be obliged to transfer the Koongie Park Mining Tenements (on which the Sandiego and Onedin deposits are situated) into the Joint Venture.

If the Company fails to satisfy the First Earn-in Milestone during the First Earn-in Period, the Company will be deemed to have withdrawn from the Joint Venture, will cease to have any interest in the Joint Venture and the Koongie Park Earn-in automatically terminates.

Second Earn-in Period

During the Second Earn-in Period, which is a period of 12 months commencing immediately following completion of the First Earn-In Period, the Company may earn a further 25% interest in the Joint Venture by incurring additional Expenditure of $1,500,000, including Expenditure on Exploration Activities and feasibility studies with a view to establishing mining operations on the Onedin and Sandiego deposits on the Koongie Park Tenements (**Second Earn-In Milestone**).

Upon satisfying the Second Earn-in Milestone, the Company shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 75% interest in the Joint Venture. If the Company fails to satisfy the Second Earn-in Milestone during the Second Earn-in Period, then the Company will retain its earned interest in the Joint Venture of 50%.

For the duration of the Second Earn-in Period, the Company agrees to sole fund all expenditure on exploration activities in relation to the Joint Venture and free carry AAR's interest in the Joint Venture.

	June 2021 $	December 2020 $
NOTE 4 TRADE & OTHER PAYABLES		
Trade payables	201,392	311,105
Other payables and accrued expenses	103,129	115,063
Accrued wages and fees payable to Directors	2,139	678,067
	306,660	1,104,235

During the prior year and up until 15 June 2021, the below Key Management Personnel and other employees entered into an agreement with the Company to receive ordinary shares (at an issue price of $0.20 per share) in lieu of unpaid remuneration. The total amounts owing, settled by shares issued, and gain on extinguishment of financial liability were as follows:

	Remuneration owing at 15 June 2021 $	Shares issued as consideration #	Shares issued as consideration $	Gain on extinguishment of financial liability $
Huaisheng Peng	114,900	420,000	84,000	30,900
Qinghai Wang	95,750	350,000	70,000	25,750
Paul Williams	424,532	1,114,445	222,889	201,643
Zewen Yang	263,702	635,485	127,097	136,605
Paul Marshall	69,875	262,150	52,434	17,441
Other employees	119,101	353,550	70,710	48,391
	1,087,860	3,135,630	627,130	460,730

	June 2021 $	December 2020 $
NOTE 5 BORROWINGS		
Shareholder loans		
Opening balance	1,730,283	1,402,949
Drawdowns during the period	-	200,000
Interest accrued/(paid) during the period	41,672	127,334
Converted to share capital during the period	(1,500,000)	-
Gain on extinguishment of financial liability	(121,955)	-
Repaid during the period	(150,000)	-
	-	1,730,283
Convertible notes		
Opening balance	560,786	384,620
Drawdowns during the period	750,000	158,000
Interest accrued/(paid) during the period	(27,786)	18,166
Converted to share capital during the period	(1,283,000)	-
	-	560,786
Derivative financial instruments arising from convertible notes		
Opening balance	133,250	93,750
Arising from convertible notes issued	544,417	39,500
Settled through issue of share capital	(677,667)	-
	-	133,250
Total Borrowings	**-**	**2,424,319**

Shareholder loan

Shareholders loans are measured at amortised cost. Amortised cost is the amount at which the financial liability is measured at initial recognition less principal repayments and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. The effective interest method is used to allocate interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial liability. The terms of the shareholder loans are as follows:

JCHX Loan Agreement

The Company and JCHX entered into a $1 million loan agreement, details of which were announced to ASX on 31 October 2017 (JCHX Loan). The primary features of the JCHX Group loan included:

- interest being payable on the loan, in arrears, at the rate of 8% per annum;
- the loan being unsecured; and
- repayment of the loan as soon as possible out of the proceeds of a capital raising.

The Company reached agreement with JCHX providing for the loan moneys and all accrued interest to be repaid and discharged in full and final satisfaction by the issue of 7,500,000 ordinary shares in the Company at an issue price of $0.20 per share. The shares were issued in June 2021 prior to the ASX re-listing. JCHX has agreed to enter a voluntarily escrow agreement pursuant to which trading in the ordinary shares issued to repay the JCHX Loan are restricted for a two-year period from the date of issue.

Tighe Loan Agreement

On 7 September 2020, the Company entered into a short-term loan agreement with the Peter Tighe Super Fund making provision for the loan of $150,000 to the Company. Interest accrued on the loan at the rate of 20%. The loan and accrued interest was repaid in full in June 2021.

NOTE 5 BORROWINGS

Convertible notes
Convertible notes are measured at amortised cost. Amortised cost is the amount at which the financial liability is measured at initial recognition less principal repayments and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The terms of the convertible notes are as follows:

	Tranche 1 (Paul Williams)	Tranche 2 (Private Investor)	Tranche 3 (Peter Tighe)	Tranche 4 (Zewen Yang)	Tranche 5 (Private Investors)
Issue date	19 July 2019	16 September 2019	30 June 2020	3 August 2020	Between 23 February and 5 March 2021
Principal amount	$75,000	$300,000	$150,000	$8,000	$750,000
Interest rate (payable quarterly in arrears)	10% per annum	10% per annum	10% per annum	10% per annum	10% per annum
Maturity date	30 September 2020	30 September 2020	30 September 2020	30 September 2020	31 December 2021
Conversion rights to ordinary shares	25% discount to issue price	25% discount to issue price	25% discount to issue price	25% discount to issue price	40% discount to issue price
Number of shares issued to note holders (post 200:1 share consolidation)	500,000	2,000,000	1,000,000	53,333	6,250,000

On 26 April the expiry date of convertible notes were all extended to 15 June 2021.

All convertible notes were converted to ordinary shares on 8 June 2021.

All interest amounts on convertible notes were settled in cash.

NOTE 6 SHARE CAPITAL

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	June 2021 $	December 2020 $
Fully paid ordinary shares	52,659,083	42,630,609

Ordinary Shares

	June 2021 $	December 2020 $	June 2021 Number	December 2020 Number
At the beginning of the period	42,630,609	42,630,609	932,584,461	932,584,461
Share consolidation (200:1)	-	-	(927,921,293)	-
Shares issued:				
Director and employee shares ($0.20 per share) [1]	627,130	-	3,135,650	-
JCHX shareholder loan ($0.20 per share) [2]	1,500,000	-	7,500,000	-
Convertible notes tranches 1 – 4 ($0.15 per share) [3]	533,000	-	3,553,333	-
Convertible notes tranche 5 ($0.12 per share) [3]	750,000	-	6,250,000	-
Reversal of Derivative financial instruments arising from convertible notes – refer Note 5	677,667	-	-	-
Public offer shares ($0.20 per share) [4]	7,000,000	-	35,000,000	-
Broker success shares ($0.20 per share) [5]	37,500	-	187,500	-
Share issue expenses	(1,096,823)	-	-	-
At reporting date	52,659,083	42,630,609	60,289,651	932,584,461

Notes

1. 627,130 shares issued in full satisfaction of unpaid in remuneration. Refer to Note 3.
2. 1,500,000 shares issued in full satisfaction of unpaid loan monies. Refer to Note 5.
3. 9,803,333 shares issued on conversion of convertible notes. Refer to Note 5.
4. 35,000,000 shares issued under the public offer.
5. 187,500 shares issued to Novus Capital under the agreed Lead Manager Mandate.

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 7 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 8 COMMITMENTS

The Company has entered into an Earn-in and Joint Venture Agreement with AAR with respect to the Koongie Park Project. The Company is required to contribute an additional $1,500,000 to “First Earn-In” expenditure within 24 months in order to earn an additional 25% interest. If this First Earn-In Expenditure requirement is not met, the Company will be deemed to have withdrawn from the Joint Venture agreement and cease to have any interest in the Joint Venture.

The Consolidated Entity currently does not have any other obligations to expend minimum amounts on either operating leases or exploration in tenement areas.

NOTE 9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2021 (31 December 2020: Nil).

NOTE 10 FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

30 June 2021

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative instruments - conversion feature of convertible notes	-	-	-	-
	-	**-**	**-**	**-**

31 December 2020

	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative instruments - conversion feature of convertible notes	-	-	133,250	133,250
	-	**-**	**133,250**	**133,250**

<u>Valuation techniques for fair value measurements categorised within level 3</u>

Derivative instruments - conversion feature of convertible notes

Under the convertible note agreements, note holders have the right immediately upon issue to convert the notes into ordinary shares equivalent equal to the face value of the notes plus 25% for tranches 1 – 4, and 40% for tranche 5. The fair value of the derivative liability component of the convertible notes at the time of issue has been determined to equal the conversion discount applicable to the initial note proceeds received.

For the derivative instruments, changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not change fair value significantly.

All convertible notes were converted to ordinary shares on 8 June 2021.

NOTE 11 RELATED PARTY AND KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key management personnel compensation

Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

Amounts owed to Key Management Personnel

$4,522 is owed to Key Management Personnel for unpaid remuneration (December 2020: $735,267). These amounts were at call and did not bear interest.

During the current period Key Management Personnel entered into an agreement with the Company to receive ordinary shares (at an issue price of $0.20 per share) in lieu of unpaid remuneration. The total amounts owing, settled by shares issued, and gain on extinguishment of financial liability were as follows:

	Remuneration owing at 15 June 2021	Shares issued as consideration	Shares issued as consideration	Gain on extinguishment of financial liability
	$	#	$	$
Huaisheng Peng	114,900	420,000	84,000	30,900
Qinghai Wang	95,750	350,000	70,000	25,750
Paul Williams	424,532	1,114,445	222,889	201,643
Zewen Yang	263,702	635,485	127,097	136,605
Paul Marshall	69,875	262,150	52,434	17,441
	968,759	2,782,080	556,420	412,339

Other related party transactions

The Company has entered into a loan agreement with the JCHX Group, an entity associated with Mr Qinghai Wang, and convertible note arrangements with entities associated with Paul Williams and Zewen Yang. Transactions in relation to these agreements during the year were as follows:

NOTE 11 RELATED PARTY AND KEY MANAGEMENT PERSONNEL

	June 2021 $	December 2020 $
JCHX loan		
Opening balance	1,570,995	1,402,949
Drawdowns during the period	-	50,000
Interest accrued during the period	50,960	118,046
Extinguishment of financial liability	(121,955)	-
Converted to share capital during the period	(1,500,000)	-
	-	1,570,995
Convertible notes – P Williams		
Opening balance	79,067	76,991
Drawdowns during the period	-	-
Interest accrued during the period	3,267	7,706
Interest paid during the period	(7,334)	(5,630)
Converted to share capital during the period	(75,000)	-
	-	79,067
Convertible notes – Z Yang		
Opening balance	8,329	-
Drawdowns during the period	-	8,000
Interest accrued during the period	348	329
Interest paid during the period	677	-
Converted to share capital during the period	(8,000)	-
	-	8,329

NOTE 12 EVENTS AFTER BALANCE SHEET DATE

There have been no other events since 30 June 2021 that impact upon the financial report.

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 2021 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

Director

11 August 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AuKing Mining Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AuKing Mining Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.

BDO Audit Pty Ltd

BDO

T Mann

T R Mann
Director

Brisbane, 11 August 2021