



AuKing Mining Limited
ABN 29 070 859 522

FINANCIAL REPORT
For the half-year ended 30 June 2019

CORPORATE DIRECTORY

AuKing Mining Limited A.C.N 070 859 522

<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 Mr Paul Marshall</p> <p>ASX Code: AKN</p>	<p>Head Office</p> <p>Suite 11, Level 4 320 Adelaide Street Brisbane QLD 4000</p> <p>Telephone: 07 3535 1208 Email: admin@aukingmining.com Website: www.aukingmining.com</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 21 10 Eagle 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 for the half-year ended 30 June 2019.

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	(Chairman)
Paul Williams	(Managing Director)
Zewen (Robert) Yang	(Executive Director)
Qinghai Wang	(Non-Executive Director)

REVIEW OF OPERATIONS

For the half-year ended 30 June 2019 the Company and its Controlled Entities ("Controlled Entity") made a loss of \$463,755.

AKN management continued to review and assess (in conjunction with JCHX Group management) various new copper, gold and other project opportunities for potential acquisition. These projects were situated both in Australia and overseas. No concluded agreement has yet been achieved and the review activities are ongoing.

FUNDING ARRANGEMENTS

At 31 December 2018 the Consolidated Entity had cash reserves of \$19,047. During January 2019, JCHX loan facility of \$1.0 million was increased by \$500,000 to \$1.5 million and the loan maturity date was deferred until 31 December 2019.

It remains the Board's intention to complete a project acquisition in the near term and to effect a further capital raising as part of that acquisition.

EVENTS AFTER BALANCE SHEET DATE

Subsequent to 30 June 2019, the Consolidated Entity has raised \$75,000 from the issue of convertible notes to the Managing Director and has agreed and is in the process of documenting a binding term sheet for the issue of further \$300,000 of convertible notes to a private investor, with funds expected to be received in the next few days.

The terms of the convertible notes are as follows:

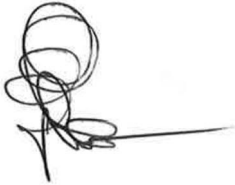
	Tranche 1 (Managing Director)
Issue date	19 July 2019
Principal amount	\$75,000
Interest rate (payable quarterly in arrears)	10% per annum
Maturity date	30 September 2020
Conversion rights (at election of lender)	Convertible to ordinary shares at a 25% discount to the 20 prior trading day VWAP, subject to shareholder approval

There have been no other events since 30 June 2019 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 4 and forms part of the Director's report for the half-year ended 30 June 2019.

Signed in accordance with a resolution 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
13 September 2019



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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 2019, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Andrew Carrick', written in a cursive style.

Andrew Carrick
Partner
13 September 2019

**Consolidated Statement of Comprehensive Income
 For the half-year ended 30 June 2019**

	Note	6 months ended June 2019 \$	6 months ended June 2018 \$
Finance income		-	566
Gain on disposal of financial assets		9,476	-
Fair value movement on financial assets		-	(44,000)
Employment and consultancy expenses		(276,748)	(383,484)
Depreciation expense		(1,352)	(3,114)
Project generation and other exploration costs expensed		(33,659)	(49,886)
Administration expenses		(111,035)	(124,865)
Finance costs	2	(50,457)	(13,459)
Loss before income tax		(463,775)	(618,241)
Income tax expense		-	-
Loss for the period		(463,775)	(618,241)
Loss after income tax		(463,775)	(618,241)
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss		-	-
		Cents	Cents
Earnings per share			
Basic and diluted loss per share		(0.05)	(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 2019**

	Note	June 2019 \$	December 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		19,047	80,295
Trade and other receivables		7,555	45,246
Other current assets		7,160	29,464
TOTAL CURRENT ASSETS		33,762	155,005
NON-CURRENT ASSETS			
Other receivables		3,850	3,850
Other financial assets		-	42,000
Plant and equipment		1,954	3,307
TOTAL NON-CURRENT ASSETS		5,804	49,157
TOTAL ASSETS		39,566	204,162
CURRENT LIABILITIES			
Trade and other payables		165,750	163,308
Borrowings	2	1,347,677	1,047,221
Employee benefit provisions		57,817	61,536
TOTAL CURRENT LIABILITIES		1,571,244	1,272,065
TOTAL LIABILITIES		1,571,244	1,272,065
NET ASSETS		(1,531,678)	(1,067,903)
EQUITY			
Share capital	3	42,630,609	42,630,609
Reserves		379,457	379,457
Accumulated losses		(44,541,744)	(44,077,969)
TOTAL EQUITY		(1,531,678)	(1,067,903)

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 2019

Consolidated Entity	Share Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2018	42,630,609	389,457	(43,457,838)	(437,772)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Comprehensive income				
Loss after income tax	-	-	(618,241)	(618,241)
Other comprehensive income	-	-	-	-
Balance at 30 June 2018	<u>42,630,609</u>	<u>389,457</u>	<u>(43,457,838)</u>	<u>(437,772)</u>
Balance at 1 January 2019	42,630,609	379,457	(44,077,969)	(1,067,903)
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Comprehensive income				
Loss after income tax	-	-	(463,775)	(463,775)
Other comprehensive income	-	-	-	-
Balance at 30 June 2019	<u>42,630,609</u>	<u>379,457</u>	<u>(44,541,744)</u>	<u>(1,531,678)</u>

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 2019**

	Note	6 months ended June 2019 \$	6 months ended June 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(362,724)	(501,997)
Interest received		-	566
Net cash used in operating activities		(362,724)	(501,431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant & equipment		-	(3,124)
Proceeds from the sale of financial assets		51,476	-
Net cash provided by/(used in) investing activities			(3,124)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - shareholder loan	2	250,000	250,000
Net cash provided by financing activities		250,000	250,000
Net increase/(decrease) in cash and cash equivalents		(61,248)	(254,555)
Cash and cash equivalents at the beginning of the period		80,295	370,334
Cash and cash equivalents at the end of the period		19,047	115,779

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 2019 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 2018.

This consolidated interim financial report was approved by the Board of Directors on 13 September 2019.

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 2018.

d) Going Concern

The Consolidated Entity has cash of \$19,047 at 30 June 2019 and undrawn, committed facilities of \$250,000 under its shareholder loan expiring 31 December 2019. While the Group has a committed facility, the remaining \$250,000 facility is only available if the Company secures a project interest that has been approved by ASX on an "in principle" basis, as opposed to simply funding ongoing corporate and administrative expenses.

Subsequent to 30 June 2019, the Consolidated Entity has raised \$75,000 from the issue of convertible notes to the Managing Director and has agreed and is in the process of documenting a binding term sheet for the issue of further \$300,000 of convertible notes to a private investor.

The Consolidated Entity's available cash, proceeds from the issue of convertible notes and available loan facility amounts are sufficient to meet the Consolidated Entity's corporate and administrative activities in the short term but are not sufficient to:

- Fund the Consolidated Entity's corporate and administrative activities beyond 31 December 2019; and
- Fund for the Consolidated Entity's due diligence, analysis and investment in known and emerging investment opportunities in the absence of ASX approval for the project interest on and "in principle" basis and beyond 31 December 2019.

Moreover, the maturity date of the Consolidated Entity's shareholder loan (refer Note 2) is 31 December 2019 at which time the Consolidated Entity is required to repay the loan and accrued interest amounts in full.

The Consolidated Entity does not generate revenue to fund operations and ongoing investment in exploration activities. The ability of the Consolidated Entity to continue as a going concern is dependent on its ability to raise additional equity.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern and therefore, the Consolidated Entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

If a project is acquired, the Consolidated Entity will need to conduct further capital raising activities, with both existing shareholders (by way of an entitlement offer) and to new investors, to fund the acquisition and evaluation of the project.

The Consolidated Entity has primarily been funded over the last year through a loan from its largest shareholder, resulting in a net asset deficiency at 30 June 2019 of \$1,531,678. Proceeds from future capital raising activities will be used to settle this shareholder loan and return the Consolidated Entity's net assets and working capital to a surplus. In the absence of a capital raising prior to 31 December 2019, the Directors are confident of securing a deferral of the requirement to repay the shareholder loan or alternatively negotiating the conversion of the loan to equity.

As at the date of this report, no firm funding facilities are in place. If there are delays in sourcing equity funding for planned activities when the need arises, the Company has plans in place to scale back its activities and budgeted expenditure until adequate funding is obtained.

The Directors are confident of securing funds as and when necessary to meet the Consolidated Entity's obligations as and when they fall due. On this basis, 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. No adjustment has been made to the classification and amounts of recorded assets and liabilities should the Consolidated Entity be unable to continue as a going concern.

	June 2019 \$	December 2018 \$
NOTE 2 BORROWINGS		
Shareholder loan	1,347,677	1,047,221

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 shareholder loan is unsecured. The facility has a fixed interest rate of 8% per annum. The shareholder loan expires 31 December 2019. The fair value of the shareholder loan approximates its carrying amount at 31 December 2018.

Financing Facilities

The Consolidated Entity has access to the following lines of credit:

	June 2019 \$	December 2018 \$
Total shareholder loan facility available	1,500,000	1,000,000
Accrued interest on loan	97,677	47,221
Shareholder loan facility used and accrued interest at balance date	(1,347,677)	(1,047,221)
Unused shareholder loan facility at balance date	250,000	-

On 29 January 2019, the shareholder loan was increased to \$1,500,000 and the expiry dated extended to 31 December 2019.

Restrictions as to use or withdrawal

The shareholder loan is not subject to any covenants or restrictions.

Terms and conditions

The shareholder loan may be drawn at any time and have a remaining maturity of 1 year. The shareholder loan is principal and interest which amortise equally over the loan period.

NOTE 3 SHARE CAPITAL

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

	June 2019 \$	December 2018 \$
Fully paid ordinary shares	42,630,609	42,630,609

Ordinary Shares

	June 2019 \$	December 2018 \$	June 2019 Number	December 2018 Number
At the beginning of the period	42,630,609	42,630,609	932,584,461	932,584,461
Shares issued	-	-	-	-
Share issue expenses	-	-	-	-
At reporting date	42,630,609	42,630,609	932,584,461	932,584,461

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 4 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 5 EVENTS AFTER BALANCE SHEET DATE

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The terms of the convertible notes are as follows:

	Tranche 1 (Managing Director)
Issue date	19 July 2019
Principal amount	\$75,000
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There have been no other events since 30 June 2019 that impact upon the financial report.

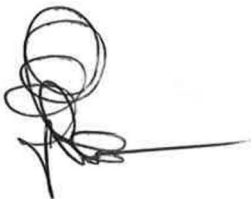
DIRECTORS' DECLARATION

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 2019 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

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Paul Williams
Director

13 September 2019



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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 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 2019, 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 2019 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

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. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The 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. Our conclusion is not modified in respect of this matter.

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 2018 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.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Andrew Carrick'.

Andrew Carrick
Partner
Brisbane
13 September 2019