



AUKING



AKN



Auking Mining Limited
ABN 29 070 859 522
ASX Code: AKN, AKNO

INTERIM FINANCIAL REPORT

For the half-year ended 30 June 2022

AuKing Mining Limited
Interim Financial Report for the Half-Year Ended 30 June 2022

CORPORATE DIRECTORY

AuKing Mining Limited ABN 29 070 859 522

Board of Directors Dr Mark Elliott (Chairman) Mr Peter Tighe (Non-Executive Director) Mr Ian Hodgkinson (Non-Executive Director) Mr Shizhou Yin (Non-Executive Director) Chief Executive Officer Mr Paul Williams Company Secretary Mr Paul Marshall Exploration Manager Mr Chris Bittar	Head Office Suite 2208, Level 22 127 Creek Street Brisbane QLD 4000 Telephone: 07 3535 1208 Email: admin@aukingmining.com Website: www.aukingmining.com ASX Code: AKN AKNO Listed \$0.25 30 June 2023 Options
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 2022.

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 Hodgkinson	Non-Executive Director	Appointed 9 June 2021
Mr Shizhou Yin	Non-Executive Director	Appointed 9 June 2021

REVIEW OF OPERATIONS

For the half-year ended 30 June 2022 the Consolidated Entity made a loss of \$1,094,716 (30 June 2021: loss of \$839,586).

The Company raised new share capital of \$3,610,560 after costs.

Koongie Park Project

Introduction

On 8 February 2021, the Company entered into an agreement with Anglo Australian Resources NL (now called Astral 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.

Since the Company was reinstated to official quotation on the ASX on 15 June 2021, AKN commenced its initial drilling program at Koongie Park and made excellent progress for the rest of the year.

The initial drilling program at Koongie Park had the following objectives:

- Infill drilling at the highly prospective Onedin and Sandiego deposits to improve geological interpretation and resource confidence;
- Test potential mineralised extensions, especially at depth;
- Obtain fresh samples for further metallurgical testwork to investigate the use of ammonia-based AmmLeach® proprietary technology, available to AKN, to improve recoveries of base metals – especially from the near-surface carbonate hosted oxide and transition mineralisation at Onedin;
- Enhance confidence and geological understanding of the extensive amount of previous drilling and exploration data;
- Obtain other technical data including geotechnical information and density data; and
- Equip most drill holes for follow-up downhole geophysics to assist in identifying possible off-hole conductors for future drill hole targeting.

AKN announced to ASX on 4 February 2022 that it had completed the second earn-in milestone of \$1.5M and now held a 75% interest in Koongie Park. This followed AKN's previous acquisition of a 50% interest in the project (announced to ASX on 9 December 2021).

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 southwest of the regional centre of Halls Creek on the Great Northern Highway.

AuKing Mining Limited

Interim Financial Report for the Half-Year Ended 30 June 2022

The tenure holding comprises an area of more than 500km² 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 300 RC and diamond drill holes consisting of more than 60,000m 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 base metal deposits ceased in 2011 when their attention turned to gold exploration.

These types 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.

Outstanding copper, silver and other mineral intersections from Onedin

During February and March 2022, AKN announced significant high-grade assay results from the seven (7) drill holes from the Onedin drilling program at Koongie Park that was conducted between November and December 2021. These holes were all diamond drillholes at the Onedin deposit, drilled specifically for the purpose of obtaining suitable drill core samples for the proposed Onedin metallurgy testwork program. A total of 1433m of drilling was completed with these holes, with a maximum depth of 243m at hole AORD006. (For full details refer to ASX announcements dated 21 February 2022, 24 February 2022 and 2 March 2022). All seven drill holes contained significant copper, zinc, silver and other mineralisation. Certain highlighted results are as follows:

105.3m @ 1.94% Cu, 0.76% Zn, 0.70% Pb, 55g/t Ag and 106ppm Mo

from 46m (hole AORD004) including

16.6m @ 10.20% Cu, 1.03% Zn, 0.46% Pb & 316g/t Ag from 130m

64m @ 0.97% Cu, 1.73% Zn, 2.52% Pb, 129g/t Ag, 0.38g/t Au and 569ppm Mo from 19m (hole AORD003) including:

31.6m @ 1.60% Cu, 2.85% Zn, 3.77% Pb, 258g/t Ag, 0.64g/t Au and 0.10% Mo from 50.6m and

5.2m @ 3.07% Cu, 0.65% Zn, 6.66% Pb, 908g/t Ag, 0.87g/t Au and 0.195% Mo from 74.4m

66m @ 1.67% Cu, 17.57% Zn, 4.03% Pb, 95g/t Ag, 0.36g/t Au and 1718ppm Mo from 77m (AORD005) including:

8.7m @ 3.28% Cu, 22.71% Zn, 8.01% Pb, 190g/t Ag and 3776ppm Mo from 119m and

5m @ 2.70% Cu, 22.79% Zn, 12.78% Pb, 332g/t Ag and 0.85g/t Au from 135.5m

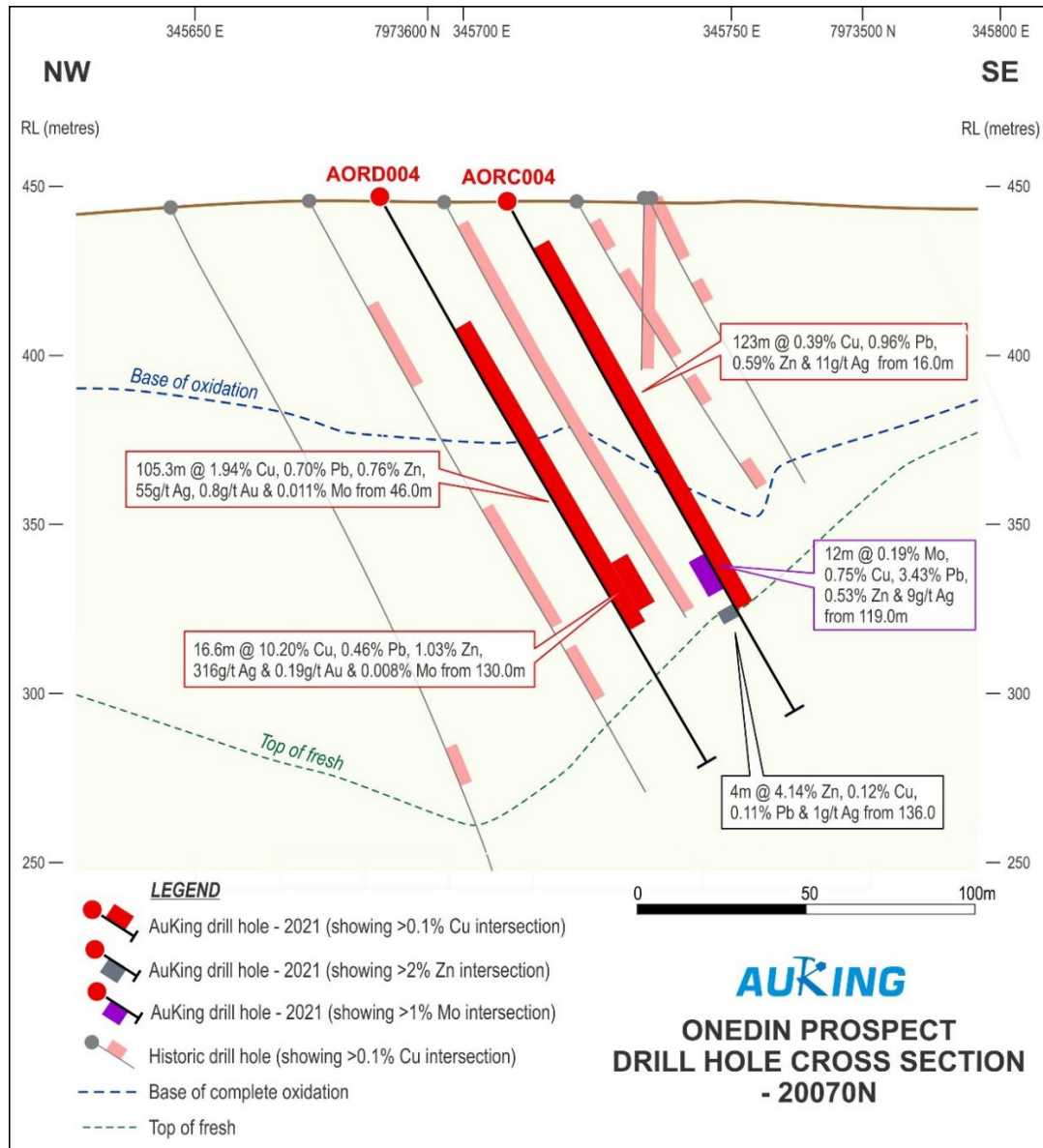


Figure 1 – Onedin Cross-section includes AORD004 (20070N)

Drilling results summary

The significant features of the assay results from the seven Onedin drill holes include the following:

- More wide zones of high-grade near-surface Cu, Zn, and Ag across all holes, despite some of the holes being set back from previous holes and intersecting the high-grade zones at greater depth;
- Confirmation of significant mineralisation across the known Onedin deposit extending from the south-west of drill holes AORD004, AOWB003 and AORC004 which previously reported substantial intersections; and
- Further evidence of significant Mo mineralisation throughout the Onedin deposit.

Koongie Park Resource Update

On 7 April 2022 AKN announced that it had completed an upgrade of its existing JORC (2012) Mineral Resource Estimate ("MRE") at its Koongie Park copper/zinc project in north-eastern Western Australia (shown in Figures 2 and 3 below).

The Company has significantly increased its MRE by 30% and the new total resources estimate is as follows:

8.9Mt @ 1.01% Cu, 3.67% Zn, 0.16g/t Au, 32g/t Ag and 0.77% Pb

AKN engaged CSA Global to undertake the MRE for the Onedin and Sandiego deposits.

AuKing Mining Limited

Interim Financial Report for the Half-Year Ended 30 June 2022

The considerable advances in the Koongie Park MRE are due largely to the following factors:

- The results from AKN's drilling program at both Onedin and Sandiego completed in late 2021;
- The findings from a recently completed structural geology study at Onedin and Sandiego commissioned by AKN; and
- An overall improved understanding of the geological controls on mineralisation in this region.

Each of the above factors have provided the confidence to allow the updated Koongie Park MRE to be almost entirely (97%) included in the Indicated resource classification.

No provision has been made at this stage for the cobalt and molybdenum discoveries, pending further drilling and assessment of the potential extent of these minerals across the two deposits.

Zone	Classification	Tonnes (Mt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)	Lead (%)
Cu Dominant	Indicated	1.5	1.1	0.6	0.2	47	1.2
	Inferred	-	-	-	-	-	-
Zn Dominant	Indicated	3.3	0.5	4.3	0.1	34	1.0
	Inferred	-	-	-	-	-	-
Resource Total and Grades		4.8	0.7	3.2	0.1	38	1.1
Zone	Classification	Tonnes (Mt)	Copper (tonnes)	Zinc (tonnes)	Gold (oz)	Silver (Moz)	Lead (tonnes)
Cu Dominant	Indicated	1.5	16,500	9,000	9,600	2.27	18,000
	Inferred	-	-	-	-	-	-
Zn Dominant	Indicated	3.3	16,500	141,900	10,600	3.61	33,000
	Inferred	-	-	-	-	-	-
Total Metal Tonnes			33,000	150,900	20,200	5.88	51,000

Figure 2 - Onedin Mineral Resource Estimate and Metal Tonnes

Note: (1) Reported tonnes and grade are rounded

(2) Reporting cut-off grades of 0.4% Cu and 1% Zn have been applied to the Onedin deposit

Sandiego Mineral Resource Estimate and Metal Tonnes

	Classification	Tonnes (Mt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)	Lead (%)
Cu Dominant	Indicated	1.7	2.3	0.8	0.3	18	0.2
	Inferred	0.3	1.6	3.0	0.2	5	0.0
	Sub Total	2.0	2.2	1.1	0.3	16	0.1
Zn Dominant	Indicated	2.0	0.6	7.3	0.1	35	0.7
	Inferred	0.1	0.2	6.1	0.1	10	0.1
	Sub Total	2.1	0.6	7.3	0.1	34	0.7
Resource Total and Grades		4.1	1.4	4.3	0.2	25	0.4
	Classification	Tonnes (Mt)	Copper (tonnes)	Zinc (tonnes)	Gold (oz)	Silver (Moz)	Lead (tonnes)
Cu Dominant	Indicated	1.7	39,100	13,600	16,400	0.98	3,400
	Inferred	0.3	4,800	9,000	1,900	0.05	0
	Sub Total	2.0	43,900	22,600	18,300	1.03	3,400
Zn Dominant	Indicated	2.0	12,000	146,000	6,400	2.25	14,000
	Inferred	0.1	200	6,100	300	0.03	100
	Sub Total	2.1	12,200	152,100	6,700	2.28	14,100
Total Metal Tonnes			56,100	174,700	25,000	3.31	17,500

Figure 3 - Sandiego Mineral Resource Estimate and Metal Tonnes

Note: (1) Reported tonnes and grade are rounded

(2) Reporting cut-off grades of 0.8% Cu and 3% Zn have been applied to the Sandiego deposit

Commenced 2022 Drilling Program

On 24 May 2022 AKN commenced its planned 7,500m combined reverse circulation (RC) and diamond drilling program at Koongie Park. A total of 4,334m RC drilling across 28 holes has since been completed.

With diamond drilling to now follow, AKN's drill program will be targeting strong conductive anomalies offset from known mineralisation at Onedin and Sandiego, the project's two primary deposits.

The current drilling program is focused on various target areas, designed to significantly expand the existing Koongie Park resource estimates. Drill targets included:

- Emull prospect – 8 holes for 1,094m
- Cosmo prospect (formerly Onedin South) – 14 holes for 2,418m
- Onedin and Sandiego Deposits - downhole EM targets – 4 holes for 702m (RC pre-collars prior to re-entry by the diamond drilling rig); and
- E80/4960 anomaly – 2 holes for 120m.

Emull Prospect

Initial XRF results from the eight holes drilled at the Emull Prospect suggest that mineralisation continues at depth and that historical drilling has not defined the extents of mineralisation along strike and both up and down dip.

Mineralisation appears to be associated with wide zones of disseminated sulphides hosted within a mafic unit which is underlain by a gabbro which appears to be the marker unit for end of hole. This gabbro does not appear to host Cu mineralisation and hosts very little to no sulphides. At this stage (and subject to receipt of assay results – expected by early August 2022), Emull may have the potential for a large, shallow, Cu/Zn open pit operation. Mineralisation extents have not been defined and appear to be strongly correlated with a magnetic high in the immediate vicinity. Even more encouragingly, along strike of defined mineralisation, the magnetic high continues to the northwest and is essentially untested by historic drilling (Figure 4 below). A repeat structure is also possibly present to the south of the existing Emull prospect.

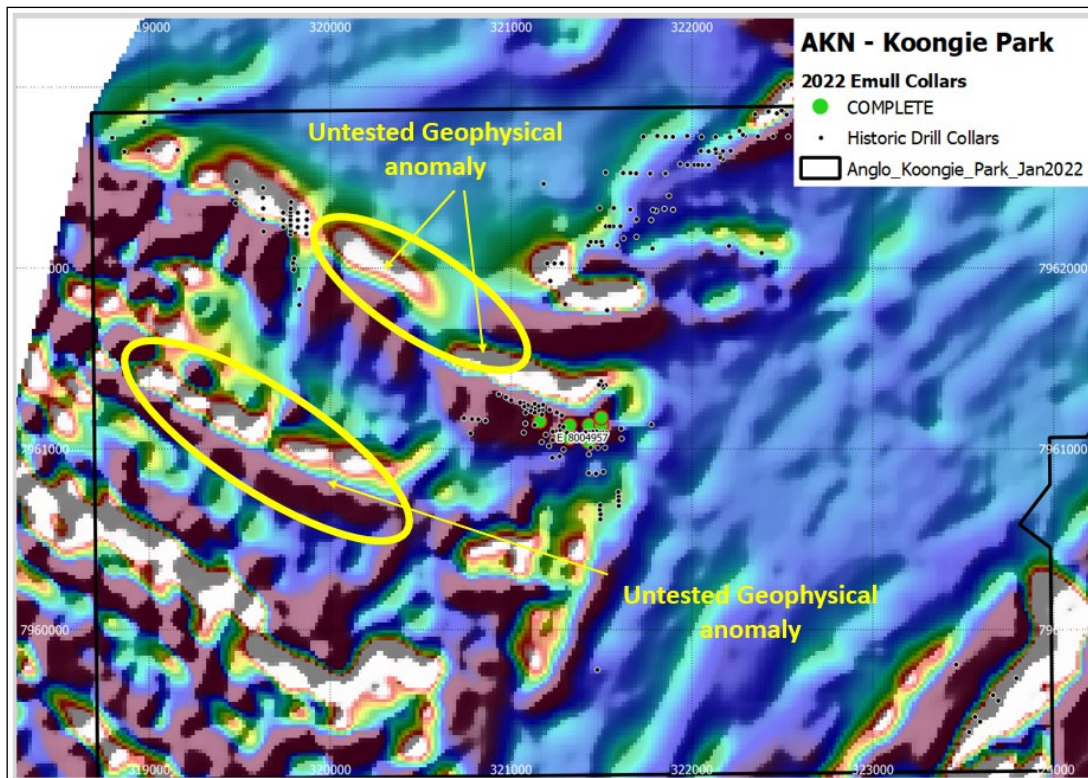


Figure 4 - Emull prospect showing location of drill holes and potential mineralised extensions to the northwest and southwest

Cosmo (formerly Onedin South)

A total of 14 holes were drilled at the Cosmo prospect – an area that has largely been untested by any previous drilling. Preliminary visual observations and pXRF analysis have indicated the presence of mineralization in some of these Cosmo drill holes, but full details will not be known until assay results are received (expected early August 2022).

The geology of the Cosmo area is consistent with the Koongie Park formation with drilling intersecting sedimentary, volcanoclastics and mafic units. Several holes intersected disseminated sulphides, however these did not correspond with elevated Cu, Pb, Zn results in the XRF. The strike and trend of the mineralisation remains unknown, and further drilling will be required to follow up on the recently identified mineralised zones.

Mineralisation appears to be hosted within an oxidized sedimentary unit. However, it is unlikely that there will be a sound understanding of this prospect area until all assay results have been received and likely further drilling is completed.

Sandiego/Onedin downhole EM targets

In March 2022 AKN conducted a downhole geophysics survey across certain holes that were drilled by AKN at Onedin and Sandiego in late 2021. In the case of both deposits, strong conductor sources were delineated by the survey – an area to the south-west of the Onedin deposit and another area to the north-east of the Sandiego deposit. Four drillholes to a depth of between 450-550m are planned. The RC pre-collar drilling at both of these target areas has been completed and now awaits the diamond drilling rig to carry out a total of approx. 1600m of drilling (400m per hole) into the conductor source targets. Identification of further mineralization at either (or both) of these conductor sources could lead to a significant expansion of the existing resource estimates at the Onedin and Sandiego deposits. Assay results from this drilling are likely not expected until early September 2022.

E80/4960 anomaly

No significant mineralisation was detected in the two holes drilled at this prospect.

Commencement of Onedin Metallurgy Testwork

The Company's metallurgical testwork program on the near-surface Onedin ores commenced in February and is ongoing.

Significant early activities of the testwork program included the conduct of sequential recovery analyses and also completion of a mineralogy scan ("mineral liberation analysis" or "MLA") on certain indicative samples from Onedin. AKN has confirmed that although more detailed testwork is required (on larger samples and across a broader range of samples at Onedin), the initial testwork has established the following:

- (a) The existence of secondary carbonate species in the Onedin mineralized zone; and
- (b) The potential to achieve recovery rates (>75%) for the Cu, Zn and other minerals that are hosted within those carbonates.

These are significant initial findings for AKN as this was the fundamental basis for the Company to proceed with Koongie Park acquisition from the outset.

Another feature of the Onedin material that has been observed in early testwork is that in the heavily weathered material (from depths of approx. 0-85m) a significant amount of the lower grade Cu, Zn and other mineralization appears to be dominated by the existence of Fe oxide/hydroxide material. It should be noted that traditional leaching techniques show low recovery rates on these materials. The distribution and extent of this mineralisation style across this section of the Onedin deposit is yet to be established, but AKN's technical group is focusing on establishing a recovery pathway for this material because it would otherwise be discarded as overburden in an open pit mining operation. AKN believes the solution to recovering commercial quantities of Cu, Zn and other minerals from the Fe oxide/hydroxide material will be achieved from a combination of the following factors:

- Pre-treatment reagents and reductants, prior to the ammonia leaching process (all of which is part of the AmmLeach® process);
- Time over which the treatment agents are applied; and
- Operational conditions under which the agents are applied to the material.

With these considerations in mind, as a result of further testwork, two significant results have been achieved, namely:

- An ammonia leach in conjunction with certain reagents has shown that some copper (and, to a lesser extent zinc) is releasing from the iron oxide/hydroxide material that is prevalent in the upper sections of the Onedin oxide zone; and

- There exists a supergene blanket beneath the oxide zone that contains high grade copper oxide minerals (such as cuprite and native copper).

Based on testwork utilizing an ammonia leach solution combined with certain reagents, AKN has established a likely commercial recovery for these copper minerals in the supergene blanket zone. These results provide significant encouragement for AKN as the testwork program advances over the coming months.

In early 2022 AKN lodged an R&D Tax Incentive application with AusIndustry in respect of the Onedin metallurgical testwork program. That application has since achieved registration and, subject to final processing from Australian Taxation Office, a refund of approximately \$560,000 is expected to be received in relation to research works completed during AKN's 2021 Financial Year.

Significant Cobalt Intersections at Sandiego

AKN has previously identified significant areas of cobalt mineralisation that were intersected by drilling carried out more than 10 years ago and reported to the ASX by AAR (refer ASX announcement 19 October 2021). In addition, as part of its own drilling program at Sandiego last year, AKN reported the intersection of zones of cobalt mineralisation across the various holes that were drilled.

A detailed review of the historic drilling database at Sandiego indicated that a significant number of drill holes had not been assayed for cobalt mineralisation prior to 2010. AKN's exploration team was able to identify approximately 400 remnant drill core samples still being stored at its Halls Creek facility from ten (10) historic drill holes that were in a condition suitable for further assaying. These samples were despatched for assay and highlighted results are as follows:

60m @ 1.79% Cu, 5.96% Zn, 58g/t Ag & 0.1% Co from 191m (SRCD07) including
12m @ 2.95% Cu, 9.80% Zn, 76g/t Ag & 0.24% Co from 214m

21m @ 2.55% Cu, 0.18% Zn, 17g/t Ag & 0.13% Co from 289m (SRCD07) including
7m @ 3.79% Cu, 0.15% Zn, 20g/t Ag & 0.27% Co from 298m

18.4m @ 6.22% Cu, 1.02% Zn, 8g/t Ag & 0.07% Co from 108.6m (SRCD03) including
2m @ 1.52% Cu, 0.04% Zn, 7g/t Ag & 0.12% Co and

8.87m @ 0.18% Cu, 9.41% Zn, 38g/t Ag & 0.14% Co from 156m (SND9A)
(Refer ASX announcement dated 26 April 2022 for full results)

Eight out of the ten drill holes that were re-assayed by AKN intersected anomalous cobalt mineralisation, with the highlighted results shown above.

A strong spatial coincidence is noted between the higher-grade copper mineralisation and the associated cobalt assays, suggesting a genetic relationship. The long-section diagram below indicates a broad distribution of anomalous to high-grade Co mineralisation across the Sandiego deposit. It is important to note that AKN only sampled those remnant core materials that were physically available and appeared viable for re-assay and with a sole focus on mineralised zones and the periphery of those zones.

Therefore, the true distribution of cobalt across the Sandiego mineralised zone remains unclear due to the absence of cobalt assays in much of the early drilling.

AKN believes that these recent assays provide a strong foundation for ongoing exploration initiatives focused on identifying additional cobalt mineralisation at Sandiego. The Company's latest Mineral Resource Estimate does not include Co mineralisation and AKN intends to progress additional work for the inclusion of this aspect in future resource estimates.

Koongie Park Acquisition Agreement

On 5 April 2022 AKN announced that it had entered into an agreement with AAR to progress the acquisition by AKN of the following existing interests from AAR:

- 25% participating interest in the Koongie Park Joint Venture (allowing AKN to achieve a 100% ownership interest in the project); and
- The gold and platinum group elements (PGEs) rights held in respect of the Koongie Park tenures.

The proposed AAR acquisition would have secured for AKN a 100% interest in all the base metals, gold, silver, PGEs and other minerals across the entire Koongie Park tenure package.

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

- \$3M cash in May 2022;
- \$1.5M in AKN shares to be issued following shareholder approval on or before 30 June 2022; and
- \$1.5M cash by 31 October 2022.

Certain other features of the proposed acquisition involved the following:

- Completion of the purchase was subject to AKN securing sufficient funding to enable it to complete the first \$3M payment to AAR, such condition to be satisfied on or before 16 May 2022;
- The shares to be issued to AAR were to be issued at a price that is calculated by reference to the 20-day VWAP for AKN's shares on the ASX prior to the date of issue (proposed to be immediately after AKN's AGM to be held in May 2022);
- AAR agreed to a voluntary restriction of their shares for a 3 month period from the date of issue; and
- AKN had the right to elect to defer payment of the final cash component to AAR until 31 March 2023, but on the basis that the final payment is then increased to \$2M.

As is noted in more detail below, AKN was seeking a fully subscribed rights issue entitlement offer ("Offer") – thereby raising an estimated \$3.5M in funds, most of which would have been directed towards payment of the first \$3M cash instalment to AAR. The Offer was only successful in securing approximately \$376,000 in applications from existing shareholders, leaving a substantial shortfall of nearly \$3.1M under the Offer. On 25 May 2022 the Company received a notice from Vert Capital exercising its rights to terminate its underwriting obligations in respect of the Offer shortfall. As a result of Vert's withdrawal as underwriter of the Offer shortfall, AKN gave notice to AAR of its intention not to proceed with the AAR Acquisition.

Capital Raising Activities

During April/May 2022, the Company sought to raise a total \$7.1M by way of the following capital raising activities:

- (a) A two-tranche Placement totalling \$3.6M to sophisticated and professional investors through the issue of new shares at an issue price of \$0.14 per share ("Placement"); and
- (b) A non-renounceable rights issue to eligible shareholders, on the basis of one (1) new fully paid ordinary share for every three (3) shares held at an issue price of \$0.14 per share ("New Share"), to raise approximately \$3.5M (before costs) ("Offer").

Vert Capital Pty Ltd ("Vert") was appointed lead manager for the Placement and also underwriter of any shortfall under the rights issue Offer.

In the case of both the Placement and the Offer, free-attaching options (of the same class as AKN's existing ASX-listed options) ("Options") were issued on the basis of one (1) new Option for every three (3) New Shares applied for. The issue of the Placement options was subject to obtaining shareholder approval – later obtained at the Company's Annual General Meeting on 31 May 2022 ("AGM"). The Placement also proceeded in two tranches namely, first tranche issuing 18,822,412 New Shares immediately and a second tranche of 7,000,000 New Shares to be issued subject to AKN shareholder approval at the AGM.

Both tranches of the Placement were successfully completed although it should be noted that, due to the difficult market conditions in May/June 2022, while the second tranche of the Placement (7,000,000 New Shares) was completed, there were free-attaching options made available on the basis of three (3) new Option for every five (5) applied for (as opposed to the originally proposed one Option for every three shares applied for).

The Offer was only successful in securing approximately \$376,000 in applications from existing shareholders, leaving a substantial shortfall of nearly \$3.1M under the Offer. On 25 May 2022 the Company received a notice from Vert exercising its rights to terminate its underwriting obligations in respect of the Offer shortfall based upon the occurrence of the following "Termination Events":

- (Indices fall) the S&P or ASX 200 Index closes on any two consecutive trading days before the Shortfall Notice Deadline Date 5% or more below its respective level as at the close of business on the Business Day prior to the execution date;
- (Share price fall) the Company Share Price closes on any two consecutive trading days before the Shortfall Notice Deadline Date 5% or more below the Offer Price.

As a result of Vert's withdrawal as underwriter of the Offer shortfall, AKN gave notice to AAR of its intention not to proceed with the AAR Acquisition (as noted above).

AuKing Mining Limited

Interim Financial Report for the Half-Year Ended 30 June 2022

In summary, the total number of New Shares and Options issued by the Company as a result of the above capital raising activities was as follows:

- 25,822,412 New Shares at an issue price of 14c each, pursuant to the Placement, raising \$3,615,137 before costs;
- 2,691,644 New Shares at an issue price of 14c each, pursuant to the Offer, raising \$376,830;
- 11,371,379 New Options, free-attaching to the New Shares issued pursuant to the Placement and the Offer; and
- 10,000,000 New Options to Vert, as part of their service fee as manager of the Placement.

Issue of Director and Employee Options

In accordance with approvals obtained at the Company's AGM on 31 May 2022, and pursuant to the terms of the Option Incentive Plan that was also approved at the AGM, the following incentive options were issued to Directors and employees of AKN:

- 2,500,000 options exercisable at 17c on or before 31 May 2025 to the Directors; and
- 2,700,000 options exercisable at 11c on or before 31 May 2025 to certain employees of the Company.

COMPETENT PERSONS' STATEMENT

The information in this report that relates to historic exploration results at the Koongie Park Project is based on information compiled by Mr Ian Hodgkinson who is a member of the Australian Institute of Geoscientists and the Society for Geology Applied to Mineral Deposits. Mr Hodgkinson is a non-executive director of AuKing Mining Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Hodgkinson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resource Estimates at the Koongie Park Project is based on information compiled by Mr David Williams who is a member of the Australian Institute of Geoscientists. Mr Williams is a Principal Consultant Geologist (Brisbane) of CSA Global and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Williams consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral Resource Estimates at the Koongie Park copper/zinc project is extracted from the Independent Mineral Resource Estimate of CSA Global (the Report) dated 4 April 2022, which is available to view on the AKN website www.aukingmining.com. The Report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Report.

EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2022 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 2022.

Signed in accordance with a resolution of the directors.



Director
9 August 2022

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor for the review of AuKing Mining Limited for the half-year ended 30 June 2022, 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.

A handwritten signature in black ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 9 August 2022

AuKing Mining Limited
Interim Financial Report for the Half-Year Ended 30 June 2022

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2022

	Note	6 months ended June 2022 \$	6 months ended June 2021 \$
Gain on extinguishment of financial liability - employee liabilities		-	460,730
Gain on extinguishment of financial liability - loan		-	121,955
Employment and consultancy expenses		(423,898)	(426,026)
Depreciation expense		(19,003)	(457)
Costs related to the Koongie Park transaction		-	(97,922)
Other expenses	3	(651,815)	(209,686)
Finance costs – derivative financial instruments		-	(544,417)
Finance costs – other		-	(143,763)
Loss before income tax		(1,094,716)	(839,586)
Income tax expense		-	-
Loss for the period		(1,094,716)	(839,586)
Loss after income tax		(1,094,716)	(839,586)
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss		(1,094,716)	(839,586)
		Cents	Cents
Earnings per share			
Basic and diluted loss per share		(1.32)	(7.35)

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

AuKing Mining Limited
Interim Financial Report for the Half-Year Ended 30 June 2022

Consolidated Balance Sheet
As at 30 June 2022

	Note	June 2022 \$	December 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		3,034,543	2,500,076
Trade and other receivables		734,179	225,727
TOTAL CURRENT ASSETS		3,768,722	2,725,803
NON-CURRENT ASSETS			
Other receivables		3,185	2,470
Exploration and evaluation assets	4	6,195,096	4,865,744
Plant and equipment		197,320	131,286
TOTAL NON-CURRENT ASSETS		6,395,601	4,999,500
TOTAL ASSETS		10,164,323	7,725,303
CURRENT LIABILITIES			
Trade and other payables		369,865	554,813
Employee benefit provisions		99,497	27,527
TOTAL CURRENT LIABILITIES		469,362	582,340
NON-CURRENT LIABILITIES			
Employee benefit provisions		-	44,137
TOTAL NON-CURRENT LIABILITIES		-	44,137
TOTAL LIABILITIES		469,362	626,477
NET ASSETS		9,694,961	7,098,826
EQUITY			
Share capital	5	12,331,996	8,721,436
Reserves	6	220,291	140,000
Accumulated losses		(2,857,326)	(1,762,610)
TOTAL EQUITY		9,694,961	7,098,826

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

AuKing Mining Limited
Interim Financial Report for the Half-Year Ended 30 June 2022

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2022

Consolidated Entity	Share Capital \$	Reserves \$	Accumulated Losses \$	Total Equity (Deficit) \$
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
Balance at 1 January 2022	8,721,436	140,000	(1,762,610)	7,098,826
Transactions with owners in their capacity as owners				
Issue of share capital	4,041,468	-	-	4,041,468
Share issue costs	(430,908)	-	-	(430,908)
Share based payments	-	80,291	-	80,291
	3,610,560	80,291	-	3,690,851
Comprehensive income				
Loss after income tax	-	-	(1,094,716)	(1,094,716)
Other comprehensive income	-	-	-	-
	-	-	(1,094,716)	(1,094,716)
Balance at 30 June 2022	12,331,996	220,291	(2,857,326)	9,694,961

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

**Consolidated Cash Flow Statement
For the half-year ended 30 June 2022**

	Note	6 months ended June 2022 \$	6 months ended June 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(969,768)	(614,339)
Payments for other Koongie Park transactions costs		-	(97,922)
Interest and other borrowing costs paid		-	(129,877)
Net cash used in operating activities		(969,768)	(842,138)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(85,037)	(57,220)
Payments for exploration and evaluation assets		(2,023,667)	(1,070,620)
Deposits paid		(715)	-
Net cash provided by/(used in) investing activities		(2,109,419)	(1,127,840)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	5	3,991,968	7,000,000
Cost associated with the issue of shares	5	(378,314)	(1,015,975)
Proceeds from borrowings		-	750,000
Repayment of borrowings		-	(150,000)
Net cash provided by financing activities		3,613,654	6,584,025
Net increase/(decrease) in cash and cash equivalents		534,469	4,614,047
Cash and cash equivalents at the beginning of the period		2,500,076	21,156
Cash and cash equivalents at the end of the period		3,034,543	4,635,203

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 2022 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 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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 2021.

(d) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting period. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity 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 Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

(e) Going Concern

As at 30 June 2022 the Consolidated Entity had cash reserves of \$3,034,543 and net current assets of \$3,299,360

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.

NOTE 2 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.

	June 2022 \$	June 2021 \$
--	--------------------	--------------------

NOTE 3 OTHER EXPENSES

Corporate compliance and insurance expenses	263,171	144,911
Administration expenses	348,033	44,576
Telecom and IT expenses	40,611	20,199
	651,815	209,686

	June 2022 \$	December 2021 \$
--	--------------------	------------------------

NOTE 4 EXPLORATION AND EVALUATION ASSETS

Opening balance	4,865,744	-
Transfer of Koongie Park deposit from other non-current assets	-	100,000
Exploration expenditure during the period	1,885,592	4,765,744
Government grants relating to exploration	(556,240)	-
	6,195,096	4,865,744

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.

During the half-year ended 30 June 2022, the Company completed the second earn-in milestone of \$1.5M and now holds a 75% interest in Koongie Park. This followed the Company's previous acquisition of a 50% interest in the project in December 2021.

NOTE 5 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.

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.

	June 2022 \$	December 2021 \$
Fully paid ordinary shares	12,331,996	8,721,436

NOTE 5 SHARE CAPITAL (continued)

Ordinary Shares

	June 2022 \$	December 2021 \$	June 2022 Number	December 2021 Number
At the beginning of the period	8,721,436	42,630,609	75,289,651	932,584,461
Share consolidation (200:1)	-	-	-	(927,921,293)
<i>Shares issued – Placement March 2022</i>				
Share placement ¹	49,500	-	300,000	-
<i>Shares issued – Placement May 2022</i>				
Share placement ²	2,635,138	-	18,822,412	-
<i>Shares issued – Rights Issue May 2022</i>				
Rights issue ³	376,830	-	2,691,644	-
<i>Shares issued – Placement June 2022</i>				
Share placement ⁴	980,000	-	7,000,000	-
<i>Shares issued – Public Offer June 2021</i>				
Director and employee shares (\$0.20 per share) ⁵	-	627,130	-	3,135,650
JCHX shareholder loan (\$0.20 per share) ⁶	-	1,500,000	-	7,500,000
Convertible notes tranches 1 – 4 (\$0.20 per share) ⁷	-	710,667	-	3,553,333
Convertible notes tranche 5 (\$0.20 per share) ⁷	-	1,250,000	-	6,250,000
Public offer shares (\$0.20 per share) ⁸	-	7,000,000	-	35,000,000
Broker success shares (\$0.20 per share) ⁹	-	37,500	-	187,500
<i>Shares issued – Placement November 2021</i>				
Share placement ¹⁰	-	2,475,000	-	15,000,000
Share issue expenses	(430,908)	(1,411,847)	-	-
Share capital reduction – Section 285F ¹¹	-	(46,097,623)	-	-
At reporting date	12,331,996	8,721,436	104,103,707	75,289,651

Notes

- 300,000 shares issued to Vert Capital in March 2022 in relation to the November 2021 placement.
- 18,822,412 shares issued through a share placement at \$0.14 per share.
- 2,691,644 shares issued through a rights issue at \$0.14 per share.
- 7,000,000 shares issued through a share placement at \$0.14 per share.
- 627,130 shares issued in full satisfaction of unpaid remuneration.
- 1,500,000 shares issued in full satisfaction of unpaid loan monies.
- 9,803,333 shares issued on conversion of convertible notes.
- 35,000,000 shares issued under the June 2021 public offer.
- 187,500 shares issued to Novus Capital under the agreed Lead Manager Mandate.
- 15,000,000 shares issued under the share placement plan.
- On 31 December 2021, AuKing Mining Limited reduced its share capital by \$46,097,623 in accordance with section 258F of the Corporations Act 2001, reducing accumulated losses deemed to be of a permanent nature by the same amount. There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied, and there is no change in the net asset position of the Company. There is also no impact on the availability of the Company's tax losses from this capital reduction.

NOTE 5 SHARE CAPITAL (continued)

Options

Tranche	Expiry Date	Exercise Price	Movements				30 June 2022
			1 January 2022	Issued	Exercised	Expired	
Tranche 1	30 June 2023	0.25	17,500,000	11,371,379	-	-	28,871,379
Tranche 2	30 June 2023	0.25	-	14,000,000	-	-	14,000,000
Tranche 3	31 May 2025	0.17	-	2,500,000	-	-	2,500,000
Tranche 4	31 May 2025	0.11	-	2,700,000	-	-	2,700,000
			17,500,000	30,571,379	-	-	48,071,379

Tranche 1 options were issued to shareholders as part of previous capital raises. The options have an exercise price \$0.25 and no vesting conditions.

Tranche 2 options were issued to the lead manager of the November 2021 and the current periods capital raising programs, Vert Capital Pty Ltd, 14,000,000 options exercisable at 25c on or before 30 June 2023.

Tranche 3 options were issued to the Directors under the Employee Share and Option Plan. The options have an exercise price \$0.17 and a 1 year service vesting condition.

Tranche 4 options were issued to employees under the Employee Share and Option Plan. The options have an exercise price \$0.11 and a 1 year service vesting condition.

	June 2022	December 2021
	\$	\$

NOTE 6 RESERVES

Share based payment reserve	220,291	140,000
-----------------------------	---------	---------

The share based payment reserve is used to record the value of share based payments provided to employees as part of their remuneration and consultants for capital raising services.

NOTE 7 COMMITMENTS

Future exploration

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

<i>Exploration obligations to be undertaken:</i>		
Payable within one year	208,550	417,100
Payable between one year and five years	993,400	993,400
Payable after five years	273,000	273,000
	1,474,950	1,683,500

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

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

NOTE 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2022 (31 December 2021: Nil).

NOTE 9 EVENTS AFTER BALANCE SHEET DATE

There have been no events since 30 June 2022 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 2022 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

9 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AuKing Mining Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2022, 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 2022 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 2022 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



T R Mann
Director

Brisbane, 9 August 2022