AuKing Mining Limited
ABN 29 070 859 522

ANNUAL REPORT
For the year ended 31 December 2019

CORPORATE DIRECTORY
AuKing Mining Limited ABN 29 070 859 522

Board of Directors Dr Huaisheng Peng (Chairman) Mr Paul Williams (Managing Director) Mr Zewen (Robert) Yang (Executive Director) Mr Qinghai Wang (Non-Executive Director) **Company Secretary** Mr Paul Marshall **ASX Code: AKN**	**Head Office** Suite 27, Level 7 320 Adelaide Street Brisbane QLD 4000 Telephone: 07 3535 1208 Email: admin@aukingmining.com Website: www.aukingmining.com
Auditors Ernst and Young Level 51 111 Eagle Street Brisbane QLD 4000 Telephone: 07 3011 3333 Fax: 07 3011 3100 Website: www.ey.com	**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

CONTENTS

Directors' Report

Company Overview and Strategy	4
Review of Operations	4
Directors and Officers	4
Financial Results	6
Future Developments	7
Remuneration Report	8
Auditor's Independence Declaration	14
Additional Stock Exchange Information	15

Annual Financial Report

Consolidated Statement of Comprehensive Income	16
Consolidated Balance Sheet	17
Consolidated Statement of Changes in Equity	18
Consolidated Cash Flow Statement	19
Notes to the Consolidated Financial Statements	20
Directors' Declaration	33
Independent Auditor's Report	34

COMPANY OVERVIEW AND STRATEGY

The principal activities of the Company and its controlled entities during the year comprised ongoing identification and assessment of copper, gold and other project opportunities for acquisition – both in Australia and overseas.

REVIEW OF OPERATIONS

AKN's Board continues to focus on transforming the Company into a substantial mid-tier mining group, with a primary focus on acquiring and developing near-term copper, gold and other base metal production activities (both locally and overseas). During the course of the year, the Company assessed several project opportunities that did not proceed to a completed transaction for various reasons.

On 30 September 2019, official quotation of the Company's securities were suspended from trading on the ASX due to a lack of suitable operating assets. As a result, the Company will be required to satisfy the requirements of ASX Listing Rules Chapters 1 and 2 in order to secure re-quotation of the securities, as part of any new transaction that can be finalised.

At the date of this Report, the Company is finalising the terms of a new proposed acquisition agreement, details of which will be announced to the ASX as soon as terms are finalised and documentation is signed.

DIRECTORS AND OFFICERS

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

Dr Huaisheng Peng (Appointed 6/12/2016)
Non-Executive Chairman, BE (Mining), Executive MBA, PhD (Science)

Dr Peng is a Chinese citizen and professional senior mining engineer with over 35 years' experience in the mining sector. He was born in 1964 and obtained a Mining Engineering Bachelor degree from the Northeast University in Shenyang, Liaoning, an EMBA degree from Tsinghua University, Beijing, and a PhD in Science from Central South University at Changsha, China. He is also a supervisor of PhD degree applicants.

From August 1984 to December 2007, Dr.Peng served in the China Nonferrous Engineering and Research Institute successively as Engineer, Senior Engineer, Vice Director, Vice President, and Deputy General Manager of China ENFI Engineering Corporation (China's top engineering firm). Between 2008 and mid-2014 Dr Peng served in various roles with Aluminum Corp of China ("Chinalco") including Executive Director and CEO of Hong Kong Stock Exchange-listed Chinalco Mining International Ltd ("CMI"). During this period Dr Peng oversaw construction and development of the large Toromocho copper mine in Peru as well as the stock market listing of CMI in Hong Kong.

Dr Peng is currently President of JCHX Group Co Ltd and a Director of Shanghai Stock Exchange-listed JCHX Mining Management Co Ltd ('JCMM').

Mr Paul Williams (Appointed 6/3/2013)
Managing Director, LLB, BA.

Mr Williams holds both Bachelor of Arts and Law Degrees from the University of Queensland and practised as a corporate and commercial lawyer with Brisbane legal firm Hopgood Ganim for 17 years. He ultimately became an equity partner of that firm before joining Eastern Corporation as their Chief Executive Officer in August 2004. In mid-2006 Mr Williams joined Mitsui Coal Holdings in the role of General Counsel, participating in the supervision of the coal mining interests and business development activities within the multinational Mitsui & Co group.

Mr Williams is well known in the Brisbane investment community as well as in Sydney and Melbourne and brings to the AKN Board a broad range of commercial and legal expertise – especially in the context of mining and exploration activities. He also has a strong focus on corporate governance and the importance of clear and open communication of corporate activity to the investment markets.

Mr Williams is a founding member of Equine Learning for Futures Inc., a charitable organization based in SE Queensland which provides horse-based workshops and programs for disadvantaged children and youths.

Mr Zewen Yang (Appointed 31/7/2007)
Executive Director, BA, MComm, MAICD

Mr Yang has more than 25 years' experience in mineral resources trading and project investment areas in China and Australia. He has previously worked for China Non-Ferrous Metals Import and Export Company and has been with the Chinalco Yunnan Copper Industry (Group) Co. Limited since March 2004.

He has a Bachelor of Arts degree majoring in Economics and specialising in International Business from Sichuan University, China and a Masters degree of Commerce majoring in International Business from University of New South Wales.

Mr Qinghai Wang (Appointed 6/12/2016)
Non-Executive Director, MMGT and Fin

Mr Wang is a Chinese citizen and holds a Masters Degree in Management and Finance from the University of Bath in the United Kingdom.

Mr Wang is currently Vice President and Director of JCMM and also the sole Director of AKN's largest shareholder, Bienitial International Industrial Co Ltd.

Mr. Wang previously served at JCMM in the roles of Auditor, Vice Manager of Legal & Securities Department, General Manager of HR Management Centre, Assistant President and Vice President. In his current position Mr Wang supervises the Operational Management and Information Technology within JCHX Mining Management Co Ltd.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and convertible notes of AuKing Mining Limited are shown in the table below:

Director	Ordinary Shares	Convertible Notes
Huaisheng Peng	-	-
Qinghai Wang *	349,018,230	
Paul Williams	10,707,173	75,000
Zewen Yang	-	-

* Shares are held by Bienitial International Industrial Co Ltd. Mr Wang is a Director of Bienitial International Industrial Co Ltd.

COMPANY SECRETARY

Mr Paul Marshall was the Secretary of AuKing Mining Limited throughout the period and until the date of this report.

Paul Marshall
Company Secretary and Chief Financial Officer, LLB, ACA

Paul Marshall is a Chartered Accountant. He holds a Bachelor of Law degree, and a post Graduate Diploma in Accounting and Finance. He has 30 years professional experience having worked for Ernst and Young for ten years, and subsequently twenty years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies mainly in the resources sector. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its controlled entities ('Consolidated Entity') during the period was mineral exploration. There were no significant changes in the nature of the Consolidated Entity's principal activity during the period.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the period (2018: $nil).

FINANCIAL RESULTS

Capital structure
At 31 December 2019 the Company had 932,584,461 ordinary shares on issue.

Financial position
The Consolidated Entity had net liabilities of $2,210,458 and a working capital deficit of $2,214,356 at 31 December 2019. The Consolidated Entity's is currently reliant on funding from its major shareholder via a shareholder loan.

Treasury policy
The Consolidated Entity does not have a formally established treasury function. The Board is responsible for managing the Consolidated Entity's currency risks and finance facilities. The Consolidated Entity does not currently undertake hedging of any kind.

Liquidity and funding
At 31 December 2019 the Consolidated Entity had cash reserves of $96,661. In respect of the JCHX loan facility of $1.5 million (drawn to $1.25 million at year end), JCHX has agreed to extend the loan maturity date until such time as the Company has completed a new transaction and satisfied the ASX's re-quotation requirements.

Operating Results

Revenue
As an early stage exploration company, AuKing Mining Limited does not generate any recurring income other than interest on its cash holdings.

Expenses
The Consolidated Entity's main expenses are as follows:

	December 2019 $
Employment and consultancy expenses	676,999
Depreciation expense	1,878
Project generation and other exploration expenditure	37,896
Administration expenses	224,392
Finance costs	210,866
Total	1,142,555

Comparison with Prior Year
For the 12 months ended 31 December 2019, the loss for the Consolidated Entity after providing for income tax was $1,142,555 (2018: $1,248,372). The reduction in loss was mainly attributable to:

- savings on employment costs arising from a reduction in staff numbers; and
- a reduction of potential project evaluation costs.

In the event of the Company securing a new project opportunity and ASX re-quotation approval the Company expects to establish a substantially different operating cost structure that is more consistent with a company that is in the process of developing a mining project.

OPTIONS

As at the date of this report there were no options on issue.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the nature of AKN's principal activities during the year.

AFTER BALANCE DATE EVENTS

There have been no events since 31 December 2019 that impact upon the financial report.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The growth strategy of AKN is based on two key foundations:

- Exploration and development of early-stage (but well advanced and highly prospective) prospects that are secured by way of joint venture and farm-in arrangements; and
- Acquisition of interests in projects that are either in production or close to production,

both of which are aimed at AKN having significant holdings in operating (and therefore cashflow-generating) projects within the next 3-4 years as well as a pipeline of projects capable of becoming mining operations over the medium term.

As a consequence, this growth strategy will be achieved by:

- Careful management of AKN treasury;
- Focus on high quality copper, gold and other mineral projects; and
- Maintaining access to a strong exploration and evaluation team that can assist with project assessment and development.

ENVIRONMENTAL ISSUES

As the Company has no project interests, it is presently not subject to any environmental regulation. Upon successful completion of a new transaction, the Company will need to comply with applicable environmental regulations.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for Directors and Key Management Personnel of the Company.

Remuneration Policy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

Remuneration Committee

The Board does not have a Remuneration and Nomination Committee. The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company.

Remuneration structure

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant employment market conditions for similar companies.

To assist in achieving this objective, the Board considers the nature and amount of Executive Directors' and Officers' emoluments alongside the Company's operational performance, specifically considering their success in:

- the identification of prospective tenements;
- subsequent design and execution of exploration programs;
- negotiating joint venture arrangements on terms favourable to the Company;
- investigating other potential acquisition opportunities and negotiating the completion of those acquisitions;
- expanding the level of mineral resources under the control of the company;
- carrying out exploration programs in a timely and cost effective manner; and
- liaising with stockbrokers, investment banks and market participants generally.

The expected outcomes of the remuneration structure are the retention and motivation of key Executives, the attraction of quality management to the Company and performance incentives which allow Executives to share the rewards of the success of the Company.

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration and Executive Officers and Senior Management remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of AuKing Mining Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in the Annual General Meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for non-executive Directors' fees is for a total of $250,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Director's or General Meetings of the Company or otherwise in connection with the business of the Company.

Dr Peng and Mr Wang have deferred payment of their director fees until the Company's financial position has improved.

Executive Directors and Senior Management remuneration

The Company aims to reward the Executive Directors and Senior Management with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward Executives for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the Managing Director and Senior Management may from time to time be fixed by the Board. As noted above, the Board's policy is to align Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board, and the process consists of a review of both the Company's operational performance and individual performance, relevant comparative remuneration in the market and where appropriate, external advice provided by executive remuneration consultants.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual.

Employment contracts

It is the Board's policy that employment agreements are entered into with all Directors, Executives and employees.

The current employment agreement with the Managing Director has a six month notice period and in the case of the Executive Directors and with the CFO, there is a three month notice period.

All other employment agreements have one month (or less) notice periods. No current employment contracts contain early termination clauses.

No retirement allowances for non-executive directors are paid.

<u>Managing Director</u>

The Managing Director, Mr Paul Williams is employed under an executive services contract entered into in March 2013. The contract had an initial three year period. The contract continued on the same terms and conditions for the year ended 31 December 2017 and remains current at the date of this report. Under the terms of the current contract Mr Williams' current remuneration package includes the following:

- Base salary of $300,000 per annum, inclusive of superannuation;

During the year Mr Williams reduced his remuneration to $182,564, with amounts owing of $117,346 to be paid only once the Company is in a financial position to do so.

<u>Executive Directors</u>

An Executive Director, Mr Zewen Yang, is employed under an executive services contract entered into in July 2008. The contract had a service term of three years and continues to be extended pending a formal review. Under the terms of the current contract Mr Yang's current remuneration package includes the following:

- Base salary of $156,120.

During the year Mr Yang reduced his remuneration to $93,072, with amounts owing of $63,048 to be paid only once the Company is in a financial position to do so.

Mr Yang is also able to earn a bonus as determined by the Board. The bonus will be determined by the Board of the Company at the end of each financial year. Payment of any or all of the Bonus will be at the sole discretion of the Company acting reasonably. In exercising its discretion and in determining whether, acting reasonably, all or part of the bonus is to be paid, the Board of the Company must consider matters including, but not limited to:

- Whether the Executive has met performance objectives to be agreed to by the Board of the Company and the Executive from time to time;
- The performance of the Company's share price on ASX that may be attributed to the Executive's performance;
- The Company's ability to secure relevant acquisitions to be made by the Company; and
- The Company's financial performance for the preceding twelve (12) month period and specifically, whether the Company has successfully grown revenue.

Company Secretary and CFO

The Company Secretary and CFO, Mr Paul Marshall, is engaged on an on-going consultancy style agreement for the provision of services as company secretary and chief financial officer. Services are invoiced monthly based on services provided. The contract provides for a three month notice period.

(a) Details of Directors and other Key Management Personnel

Directors

- Huaisheng Peng — Non-Executive Chairman
- Qinghai Wang — Non-Executive Director
- Paul Williams — Managing Director
- Zewen Yang — Executive Director

Key Management Personnel

- Paul Marshall — Company Secretary and CFO

(b) Remuneration of Directors and other Key Management Personnel

31 December 2019	Short Term			Post-Employment		Share-based Payments			
	Salary & Fees	Cash Bonus	Other	Superan-nuation	Retirement benefits	Options and performance shares	Total	Performance Related %	% consisting of equity
Directors									
Huaisheng Peng	36,000	-	-	-	-	-	36,000	-	-
Qinghai Wang	30,000	-	-	-	-	-	30,000	-	-
Paul Williams	273,973	-	-	26,027	-	-	300,000	-	-
Zewen Yang	142,575	-	-	13,545	-	-	156,120	-	-
Key Management Personnel									
Paul Marshall	39,000	-	-	-	-	-	39,000	-	-
	521,458	-	-	39,572	-	-	561,120	-	-

From 1 April 2018, Dr Peng and Mr Wang have deferred payment of their director fees until the Company's financial position has improved. Director fees owing to Dr Peng and Mr Wang at 31 December 2019 are $63,000 and $52,500 respectively.

During the year Mr Williams, Mr Yang and Mr Marshall deferred payment for a portion of their fees until the Company's financial position has improved. Fees owing at 31 December 2019 were:

- Paul Williams $117,346
- Zewen Yang $63,048
- Paul Marshall $13,000

31 December 2018	Short Term			Post-Employment		Share-based Payments			
	Salary & Fees	Cash Bonus	Other	Superan-nuation	Retirement benefits	Options and performance shares	Total	Performance Related %	% consisting of equity
Directors									
Huaisheng Peng	36,000	-	-	-	-	-	36,000	-	-
Qinghai Wang	30,000	-	-	-	-	-	30,000	-	-
Paul Williams	279,951	-	-	20,049	-	-	300,000	-	-
Zewen Yang	156,120	-	-	-	-	-	156,120	-	-
Key Management Personnel									
Paul Marshall	52,000	-	-	-	-	-	52,000	-	-
	554,071	-	-	20,049	-	-	574,120	-	-

(c) Shares issued on exercise of remuneration options or performance shares

There were no shares issued on the exercise of compensation options or performance shares during the period.

(d) Director and Key Management Personnel Equity Holdings

Director/Key Management Personnel share holdings (number of shares)

December 2019	Opening Balance	Granted as remuneration	Purchased	Net change on appointment/ resignation	Closing Balance
Directors					
Huaisheng Peng	-	-	-	-	-
Qinghai Wang [1]	349,018,230	-	-	-	349,018,230
Paul Williams	10,707,173	-	-	-	10,707,173
Zewen Yang	-	-	-	-	-
Key Management Personnel					
Paul Marshall	5,000,000	-	-	-	5,000,000

[1] Shares are held by Bienitial International Industrial Co Ltd. Mr Wang is a Director of Bienitial International Industrial Co Ltd.

(e) Additional Information

The factors that are considered to affect shareholder return since over the last 5 financial periods are summarised below:

Measures	December 2019 $	December 2018 $	December 2017 $	December 2016 $	December 2015 $
Share price at end of financial period	0.002	0.002	0.006	0.008	0.026
Market capitalisation at end of financial period ($M)	1.87	1.87	5.60	7.10	12.30
Loss for the financial period	1,142,555	1,248,372	2,238,131	5,059,394	9,112,524
Director and Key Management Personnel remuneration	561,120	574,120	573,520	347,996	543,520

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The Company may issue options to provide an incentive for directors and key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of directors and key management personnel with those of the Company's shareholders.

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each Director and the Secretary of the Company has the right of access to all relevant information.

The Company has insured all of the Directors of AuKing Mining Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the period and the number of meetings attended by each Director was as follows:

	Directors' Meetings	
	A	B
Huaisheng Peng	2	2
Qinghai Wang	2	2
Paul Williams	2	2
Zewen Yang	2	2

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the period

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

No non-audit services were provided by the auditor of the parent entity, Ernst & Young and its related practices.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report.

Signed in accordance with a resolution of the directors.

Paul Williams
Director
3 April 2020

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

As lead auditor for the audit of the financial report of AuKing Mining Limited for the year ended 31 December 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Andrew Carrick
Partner
3 April 2020

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 20 March 2020.

(a) Distribution of equity securities – AKN Ordinary Fully Paid Shares

Range	Securities	No. of holders	%
100,001 and Over	911,553,276	254	97.74%
10,001 to 100,000	18,257,744	464	1.96%
5,001 to 10,000	2,245,008	275	0.24%
1,001 to 5,000	492,690	153	0.05%
1 to 1,000	35,743	131	0.00%
Total	**932,584,461**	**1,277**	100.00%
Unmarketable Parcels	35,229,960	1,108	3.78%

(b) Twenty largest holders

Rank	Name	No. Shares	%
1	BIENTIAL INTERNATIONAL INDUSTRIAL CO LTD #	349,018,230	37.42%
2	YUNNAN COPPER INDUSTRY (GROUP) CO LIMITED #	299,922,326	32.16%
3	BILLY FLESHMAN	15,163,208	1.63%
4	MR ANTHONY JOHN BARBER	11,500,002	1.23%
5	MR PAUL ROBERT WILLIAMS & MS JILL CAROLINE STRACHAN	10,357,173	1.11%
6	MR PETER GERARD TIGHE & MRS PATRICIA JOAN TIGHE	10,033,333	1.08%
7	MR NORMAN JOSEPH ZILLMAN	7,980,343	0.86%
8	MR BARRY EDWARD TANTON & MRS ELIZABETH MARY TANTON	7,500,000	0.80%
9	ELLIOTT NOMINEES PTY LTD	7,150,000	0.77%
10	SAGAR SMSF PTY LTD	6,270,000	0.67%
11	MR JEFFREY HOWARD LATIMER & MRS JUDITH ANN LATIMER	5,500,000	0.59%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,155,364	0.55%
13	MR ANTHONY DEAN MILICIA	5,030,000	0.54%
14	MR JONATHAN PAUL KERSHAW MARSHALL	5,000,000	0.54%
15	MR IANAKI SEMERDZIEV	4,750,000	0.51%
16	LEMUEL INVESTMENTS LIMITED	4,000,000	0.43%
17	CITICORP NOMINEES PTY LIMITED	3,925,109	0.42%
18	MR JOSEPH IGNATIUS D'SOUZA	3,846,000	0.41%
19	HAMPSHIRE AUTOMOTIVE CENTRE PTY LTD	3,800,000	0.41%
20	MINESTRIKE PTY LTD	3,683,251	0.39%
	Total	**769,584,339**	**82.52%**
	Balance of register	**163,000,122**	**17.48%**
	Grand total	**932,584,461**	**100.00%**

Substantial Shareholder

(c) Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

(d) Interests in Exploration Tenements

During the course of 2019, AuKing Mining Limited did not hold any mining and exploration tenements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2019

	Note	2019 $	2018 $
Finance income		-	575
Gain on disposal of financial assets		9,476	-
Fair value movement on financial assets	3	-	(52,000)
Employment and consultancy expenses		(676,999)	(751,872)
Depreciation expense		(1,878)	(5,867)
Project generation and other exploration costs expensed		(37,896)	(154,576)
Administration expenses		(224,392)	(237,959)
Finance costs	7	(210,866)	(46,673)
Loss before income tax		(1,142,555)	(1,248,372)
Income tax expense	12	-	-
Loss for the period		(1,142,555)	(1,248,372)
Loss after income tax		(1,142,555)	(1,248,372)
Other comprehensive income/(loss)			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss		(1,142,555)	(1,248,372)

		Cents	Cents
Earnings per share			
Basic and diluted loss per share	11	(0.12)	(0.13)

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

Consolidated Balance Sheet
As at 31 December 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	2	96,661	80,295
Trade and other receivables	4	3,865	45,246
Other current assets		7,032	29,464
TOTAL CURRENT ASSETS		107,558	155,005
NON-CURRENT ASSETS			
Other receivables		2,470	3,850
Other financial assets	3	-	42,000
Plant and equipment		1,428	3,307
TOTAL NON-CURRENT ASSETS		3,898	49,157
TOTAL ASSETS		111,456	204,162
CURRENT LIABILITIES			
Trade and other payables	5	369,910	163,308
Borrowings	7	1,881,319	1,047,221
Employee benefit provisions	6	70,685	61,536
TOTAL CURRENT LIABILITIES		2,321,914	1,272,065
TOTAL LIABILITIES		2,321,914	1,272,065
NET LIABILITIES		**(2,210,458)**	**(1,067,903)**
EQUITY			
Share capital	8	42,630,609	42,630,609
Reserves	9	379,457	379,457
Accumulated losses		(45,220,524)	(44,077,969)
TOTAL EQUITY		**(2,210,458)**	**(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 year ended 31 December 2019

Consolidated Entity	Share Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 January 2018	42,630,609	379,457	(42,829,597)	180,469
Transactions with owners in their capacity as owners				
Issue of share capital	-	-	-	-
Share issue costs	-	-	-	-
Comprehensive income				
Loss after income tax	-	-	(1,248,372)	(1,248,372)
Other comprehensive income	-	-	-	-
Balance at 31 December 2018	42,630,609	379,457	(44,077,969)	(1,067,903)
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	-	-	(1,142,555)	(1,142,555)
Other comprehensive income	-	-	-	-
Balance at 31 December 2019	42,630,609	379,457	(45,220,524)	(2,210,458)

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

Consolidated Cash Flow Statement
For the year ended 31 December 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(658,342)	(1,046,627)
Interest received		-	575
Finance costs		(1,768)	-
Net cash used in operating activities	2	(660,110)	(1,046,052)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security deposit refunds		-	9,137
Payments for plant & equipment		-	(3,124)
Proceeds from the disposal of financial assets		51,476	-
Net cash provided by/(used in) investing activities		51,476	6,013
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Capital raising costs paid		-	-
Proceeds from borrowings	2	625,000	750,000
Net cash provided by financing activities		625,000	750,000
Net increase/(decrease) in cash and cash equivalents		16,365	(290,039)
Cash and cash equivalents at the beginning of the period		80,295	370,334
Cash and cash equivalents at the end of the period	2	96,661	80,295

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

Introduction

This financial report covers the Consolidated Entity of AuKing Mining Limited (the “Company”) and its controlled entities (together referred to as the “Consolidated Entity”). AuKing Mining Limited is a listed public company, incorporated and domiciled in Australia. The Consolidated Entity is a for-profit entity for the purpose of preparing the financial statements.

Operations and principal activities
The principal activity of the Consolidated Entity is mineral exploration.

Currency
The financial report is presented in Australian dollars, which is the functional currency of the Company, and is rounded to the nearest one dollar.

Authorisation of financial report
The financial report was authorised for issue on 3 April 2020.

Comparative figures
When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, and the Corporations Act 2001.

Compliance with IFRS
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporation Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Key estimates – impairment
The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Going Concern

At 31 December 2019, the Consolidated Entity reported a net current asset deficiency and net asset deficiency of $2,214,356 and $2,210,458 respectively. The observed deficiencies are largely due to the Consolidated Entity’s funding in the recent year being received by way of a loan from its largest shareholder and convertible notes.

The Consolidated Entity had cash of $99,661 at 31 December 2019 and undrawn, committed facilities of $250,000 under its shareholder loan expiring 30 September 2020. 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.

The Consolidated Entity has obtained confirmation from its directors, including the managing director, that payment of directors’ fees and salaries totalling $295,894 at 31 December 2019, will be deferred until the Consolidated Entity completes a capital raising transaction associated with a re-quotation on the ASX. At this time, the Consolidated Entity and its directors anticipate settling the unpaid amount with the issue of new shares. The Consolidated Entity is also receiving the benefit of extended payment terms from a number of its suppliers of corporate and administrative services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Given the existence of the above deferral of directors' fees and salaries and the informal financial support of key suppliers, the Consolidated Entity's available cash at 31 December 2019 is 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 30 June 2020;
- 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 30 June 2020; or
- Fund the repayment of the Consolidated Entity's shareholder loan and convertible notes (refer Note 7) and any accrued interest at maturity, if these amounts are not otherwise converted to ordinary share capital as part of a re-quotation of the ASX or as otherwise stipulated in the convertible note agreements.

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 (refer also note 19) and the continued support of its creditors and financiers.

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 and the proceeds from the issue of convertible notes. 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 30 June 2020, the Directors are confident of

- Securing a deferral of the requirement to repay the shareholder loan; or
- Negotiating the conversion of the loan and convertible notes to equity; and
- Negotiating the continued extension of payment terms with key suppliers of corporate and administrative services.

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 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) New accounting standards and interpretations

The Consolidated Entity applied AASB 16 Leases (“AASB 16”) for the first time from 1 January 2019. The nature and effect of the changes, as a result of the adoption of the new standard, is described below.

Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time during the year but these changes did not have an impact on the Consolidated Entity’s financial statements and hence, have not been disclosed. The Consolidated Entity has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Reference	Title	Summary
AASB 16	Leases	The key features of AASB 16 are as follows: **Lessee accounting** • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. **Lessor accounting** • AASB 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor’s risk exposure, particularly to residual value risk.

The Consolidated Entity currently only has one short-term lease for office space and consequently adoption of the above Standard did not have a material impact on the Group's financial assets or financial position, financial performance or disclosure.

(b) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity’s assessment of the impact of these new standards and interpretations is that they are not expected to have a material impact on the Group's financial assets or financial position, financial performance or disclosure.

NOTE 2 CASH AND CASH FLOW INFORMATION

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of financing and investing activities, which are disclosed as operating cash flows.

	December 2019 $	December 2018 $
Reconciliation of cash flows used in operations with loss after income tax		
Loss after income tax	(1,142,555)	(1,248,372)
Non-cash items in loss after income tax		
Depreciation	1,878	5,867
Accrued interest expense	115,348	46,673
Fair value finance charges recognised – convertible notes	93,750	-
Loss/(gain) on financial assets	(9,476)	52,000
Movements in assets and liabilities		
Other receivables	41,381	(35,652)
Other assets	22,432	131
Trade payables and accruals	207,938	116,902
Provisions	9,149	16,399
Cash flow from operations	(660,110)	(1,046,052)

Reconciliation of cash

Cash at the end of the financial period as shown in the statements of cash flows is reconciled to items in the balance sheet as follows:

Cash on hand and at bank	86,661	327,446
Cash on deposit	10,000	42,888
	96,661	370,334

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Reconciliation of cash and non-cash movements in borrowings for the year

Opening balance at 1 January	1,047,221	250,548
Cash movements in borrowings		
Drawdowns	625,000	750,000
Non-cash movements in borrowings		
Accrued interest	115,348	46,673
Fair value finance charges recognised – convertible notes	93,750	-
Closing balance	1,881,319	1,047,221

	December 2019	December 2018
	$	$

NOTE 3 OTHER FINANCIAL ASSETS

Shares in Hammer Metals Limited ("HMX")	-	42,000

Other financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Under AASB 9, the Consolidated Entity's investment is Hammer Metals Limited is classified as at fair value through profit and loss and such all gains and losses are reflected in the profit and loss.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

<u>Level 1 Investments: Quoted prices (unadjusted) in active markets for identical assets</u>

For the year ended 31 December 2018 the value of the listed shares was based on the closing price of Hammer Metals Limited securities as quoted on the ASX on 31 December 2018. Total realized gains for the 2019 year included in profit and loss was $9,476.

NOTE 4 TRADE & OTHER RECEIVABLES

Refund receivable on project generation expenses	-	28,029
GST receivable	3,865	17,217
	3,865	45,246

Receivables are normally settled within 30 days.

NOTE 5 TRADE & OTHER PAYABLES

Trade payables	32,246	90,427
Other payables and accrued expenses	41,770	23,381
Accrued wages and fees payable to Directors	295,894	49,500
	369,910	163,308

A liability is recorded for goods and services received prior to balance date, whether invoiced to the Consolidated Entity or not. Trade payables are normally settled within 30 days.

NOTE 6 EMPLOYEE BENEFITS PROVISIONS

Employee benefits	70,685	45,137

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

NOTE 7 BORROWINGS

	December 2019 $	December 2018 $
Shareholder loan		
Opening balance	1,047,221	250,548
Drawdowns during the year	250,000	750,000
Interest accrued during the year	105,728	46,673
	1,402,949	1,047,221
Convertible notes		
Opening balance	-	-
Drawdowns during the year	375,000	-
Interest accrued during the year	9,620	-
Fair value finance charges recognised	93,750	-
	478,370	-
Total Borrowings	**1,881,319**	**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 30 September 2020. The fair value of the shareholder loan approximates its carrying amount at 31 December 2019.

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 (Managing Director)	Tranche 2 (Private Investor)
Issue date	19 July 2019	16 September 2019
Principal amount	$75,000	$300,000
Interest rate (payable quarterly in arrears)	10% per annum	10% per annum
Maturity date	19 July 2020	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	Convertible to ordinary shares at a 25% discount to the 20 prior trading day VWAP

Financing Facilities

Both the shareholder loan and convertible notes were fully drawn at 31 December 2019. The Consolidated Entity did not have access to any other finance facilities.

Restrictions as to use or withdrawal

The shareholder loan and convertible notes are not subject to any covenants or restrictions.

NOTE 8 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.

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

Ordinary Shares

	December 2019 $	December 2018 $	December 2019 Number	December 2018 Number
At the beginning of the period	42,630,609	42,380,609	932,584,461	886,914,837
Shares issue for Bonito Stage 1 at $0.053 per share	-	125,000	-	23,809,443
Shares issue for Bonito Stage 2 at $0.057 per share	-	125,000	-	21,860,181
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.

	December 2019 $	December 2018 $
NOTE 9 RESERVES		
Share based payment reserve	549,903	549,903
Foreign currency translation reserve	(170,446)	(170,446)
	379,457	379,457

Share based payment reserve

The share based payments reserve is used to record the value of share based payments provided to directors and employees as part of their remuneration.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 10 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the period. There are no franking credits available to the shareholders of the Company.

NOTE 11 EARNINGS PER SHARE

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	December 2019	December 2018
	$	$
Total losses used to calculate basic and dilutive EPS	(1,142,555)	(1,248,372)
	2019	**2018**
	Number	**Number**
Weighted average number of ordinary shares outstanding during the period	932,584,461	932,584,461
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the period used in calculating EPS and dilutive EPS	932,584,461	932,584,461
Basic and diluted loss per share - cents	**(0.12)**	**(0.13)**

	December 2019	December 2018
	$	$

NOTE 12 INCOME TAX

Income tax expense

The income tax expense for the period comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income.

A reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the periods ended 31 December 2019 and 31 December 2018 is as follows:

	December 2019	December 2018
Accounting loss before income tax	(1,142,555)	(1,248,372)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(314,203)	(343,302)
Non-deductible/(assessable) items	25,966	899
Deferred tax assets not bought to account	288,237	342,403
Income tax expense	-	-

Current tax liabilities

Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority. The Consolidated Entity did not have any current tax liabilities at 31 December 2019 (2018: Nil).

	December 2019	December 2018
	$	$

NOTE 12 INCOME TAX (continued)

Deferred tax balances

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses. Deferred tax is calculated at the tax rates expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in the statement of comprehensive income except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Future income tax benefits in relation to tax losses have not been brought to account at this stage as it is not probable the benefit will be utilised. The temporary differences and tax losses do not expire under current tax legislation.

	December 2019	December 2018
Unrecognised temporary differences and tax losses		
Tax losses	32,047,695	31,835,541

	December 2019	December 2018
Recognised temporary differences and tax losses		
Deferred tax assets and liabilities are attributable to the following:		
Provisions	19,438	16,922
Other	(1,934)	(8,102)
Deferred tax assets attributed to temporary differences not recognised	(17,504)	(8,820)
Tax losses carried forward	-	-
Net deferred tax liability/(asset)	-	-

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

NOTE 13 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.

	December 2019	December 2018
	$	$
Summary		
Short-term employee benefits	521,548	554,071
Post-employment benefits	39,572	20,049
Share-based payments	-	-
	561,120	574,120

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 12.

Amounts owed to Key Management Personnel

$308,894 is owed to Directors for unpaid director fees (December 2018: $49,500). These amounts were at call and did not bear interest.

NOTE 14 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is foreign exchange risk.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Managing Director and the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Consolidated Entity's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 31 December 2019.

Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity.

The credit quality of cash and cash equivalents is considered strong. The counterparty to these financial assets are large financial institutions with strong credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. The Consolidated Entity did not have any financing facilities available at balance date.

Refer to Note 1 *"Going Concern"* for details on the Consolidated Entity's current financial position, funding arrangements and its ability to meet its future obligations.

(c) Market Risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

The Consolidated Entity does not have any material exposure to market risk.

(d) Capital Risk Management

When managing capital, the director's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Consolidated Entity may seek to issue new shares.

Consistent with other exploration companies, the Consolidated Entity monitors capital on the basis of forecast exploration and development expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. The Consolidated Entity has no minimum capital requirements.

Refer to Note 1 *"Going Concern"* for details on the Consolidated Entity's current financial position, funding arrangements and its ability to meet its future obligations.

NOTE 14 FINANCIAL RISK MANAGEMENT (continued)

(e) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying value. The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and in the notes to the financial statements.

NOTE 15 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 16 COMMITMENTS

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

NOTE 17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 31 December 2019 (31 December 2018: Nil).

	December 2019 $	December 2018 $
NOTE 18 AUDITORS' REMUNERATION		
Remuneration paid for:		
Auditing and reviewing the financial report		
- Ernst & Young	39,500	43,000

NOTE 19 EVENTS AFTER BALANCE SHEET DATE

Subsequent to 31 December 2019, the COVID 19 outbreak was declared a pandemic by the World Health Organization. Whilst we have not seen a significant impact on our business to date, the outbreak could interfere with general activity levels within the community and the economy. Reduced economy activity may impact of ability to raise capital in the short term. It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Consolidated at this time.

Other the above matter, have been no other events since 31 December 2019 that impact upon the financial report.

NOTE 20 PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is AuKing Mining Limited.

	December 2019	December 2018
	$	$
Parent Entity Financial Information		
Current assets	107,558	154,505
Non-current assets	3,898	49,157
Total assets	111,456	203,662
Current liabilities	2,296,914	1,271,566
Non-current liabilities	-	-
Total liabilities	2,296,914	1,271,566
Net assets	(2,210,458)	(1,067,904)
Share capital	42,630,609	42,630,609
Reserves	559,903	559,903
Accumulated losses	(45,375,970)	(44,258,416)
Total equity	(2,210,458)	(1,067,904)
Loss after income tax	(1,142,555)	(1,238,311)
Other comprehensive income	-	-
Total comprehensive loss	(1,142,555)	(1,238,311)

Controlled Entities of the Parent Entity

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are deconsolidated from the date that control ceases.

NOTE 20 PARENT ENTITY INFORMATION (continued)

	Percentage Owned		
	2019	2018	
	%	%	Country of Incorporation
China Yunnan Copper Australia Chile Limitada	100%	100%	Chile

China Yunnan Copper Australia Chile Limitada is currently in the process of being wound up.

Commitments, Contingencies and Guarantees of the Parent Entity

The minimum committed expenditure for future periods of the Parent Entity is the same as those for the Consolidated Entity. The Parent Entity has no contingent assets, contingent liabilities or guarantees at balance date.

DIRECTORS' DECLARATION

In the Directors opinion:

(a) the attached consolidated financial statements and notes that are set out on pages 16 to 32 and the remuneration report set out on pages 8 to 12 in the Directors' Report are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including:

(i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
(ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial period ended on that date.

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1 to the consolidated financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of directors.

Paul Williams
Director

3 April 2020

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Independent auditor's report

To the Shareholders of AuKing Mining Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of AuKing Mining Limited ("the Company"), including its subsidiary ("the Group"), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the Group'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. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Recognition and classification of convertible notes

Why significant	How our audit addressed the key audit matter
Note 8 – Borrowings to the financial report discloses that the Group issued two tranches of convertible notes during the year ended 31 December 2019. The convertible notes are interest bearing, have terms of approximately twelve (12) months, and can be converted to ordinary shares at the election of the noteholder any time after issue. In circumstances where the holder elects to convert the notes to ordinary shares, the principal amount of the notes converts based on a 25% discount to the 20 prior trading day VWAP. Under Australia Accounting Standards, entities are required to identify the equity and liability components (including embedded derivatives) of the convertible notes at the time of issuance and fair value the liability component of those notes at that time. The identification of the equity and liability components of convertible notes requires judgement and the fair valuation of the liability component at initial recognition can be complex. As such, this was considered a key audit matter.	We evaluated the recognition, measurement and disclosure of the Group's convertible notes at 31 December 2019. In performing our procedures, we: • Read the convertible note agreements executed between the parties and understood the relevant conditions; • Agreed the convertible note proceeds to the Group's bank accounts; • Considered the Group's identification of the liability and equity components of the convertible notes at each issue date; • Considered the Group's measurement of the fair value of the liability component at each issue date; • Assessed the adequacy of the Group's classification of the convertible notes as current liabilities at 31 December 2019; and • Assessed the adequacy of the Group's disclosure of the convertible notes in the financial report.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the Directors' Report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of AuKing Mining Limited for the year ended 31 December 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Andrew Carrick
Partner
Brisbane
3 April 2020