

26 September 2019

The Manager
Listings Compliance
ASX, SYDNEY

RE: CONVERTIBLE NOTE ISSUE

We refer to the announcement to ASX dated 19 September 2019. The additional \$300,000 funds have now been received from the private investor and, as a result, please find attached an Appendix 3B notice relating to the issue of 300,000 convertible notes in the Company at an issue price of \$1 per note.

To recap, a summary of the convertible note terms is as follows:

Total funds raised - \$375,000 (including the previous \$75,000 provided by the Managing Director)

Notes term – 12 months

Interest payable – 10% per annum, payable quarterly in arrears

Convertibility – at the election of the holder, notes may (subject to AKN shareholder approval) be converted into ordinary shares at an issue price that is a 25% discount to the 20 trading day VWAP for the Company's shares prior to the date of conversion.

The funds raised from the issue of these convertible notes will be used for ongoing operating costs and costs associated with promoting (and completing) a potentially significant transaction opportunity. If this opportunity can be secured, the Company will require working capital over the next 5-6 months to cover the costs associated with a prospectus capital raising, shareholder meeting and other actions as may be required by ASX.

On behalf of the Board

Paul Williams
Managing Director
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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

AuKing Mining Limited

ABN

29 070 859 522

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Unlisted \$1 Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 300,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue price - \$1.00 per note Notes term – 12 months Interest payable – 10% per annum, payable quarterly in arrears Convertibility – at the election of the holder, notes may (subject to AKN shareholder approval) be converted into ordinary shares at an issue price that is a 25% discount to the 20 trading day VWAP for the Company's shares prior to the date of conversion. See page 9 for full terms and conditions |

| | | |
|----|--|-----------------------------|
| 4 | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | No |
| 5 | Issue price or consideration | \$1.00 per Convertible Note |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | To fund working capital |
| 6a | <p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p> | No |
| 6b | The date the security holder resolution under rule 7.1A was passed | |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | |

+ See chapter 19 for defined terms.
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| | | | |
|----|--|-------------------|--|
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | | |
| 6f | Number of securities issued under an exception in rule 7.2 | | |
| 6g | If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation. | | |
| 6h | If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | | |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | | |
| 7 | <p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p> | 26 September 2019 | |
| 8 | Number and +class of all +securities quoted on ASX (<i>including</i> the securities in section 2 if applicable) | Number | +Class |
| | | 932,584,461 | Fully paid ordinary shares |
| 9 | Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable) | Number | +Class |
| | | 375,000 | Unlisted 30 September 2020 \$1 Convertible Notes |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A | |

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |

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- | | | |
|----|---|--|
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | +Issue date | |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation
NOW Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

| Number | +Class |
|--------|--------|
| | |

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

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- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(Company secretary)

Date: 26 September 2019

Print name: Paul Marshall

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AuKing Mining Limited Unlisted \$1 30 September 2020 Convertible Notes

| No. | Facility | |
|-----|--|---|
| 1. | Issuer | AuKing Mining Limited ACN 070 859 522. |
| 2. | Instrument | Convertible redeemable notes (Notes). |
| 3. | Face Value | On issue each Note will have a face value of \$1.00 per Note. |
| 4. | Total Value of Notes or Principal Amount | \$375,000 |
| 5. | Rights attached | The Notes are: (a) convertible at the election of the Investor into fully paid ordinary shares in Issuer (Shares), ranking equally with all other Shares (Conversion Shares); or (b) redeemable at the election of the Issuer at any time on or before the Maturity Date; or (c) redeemable at the election of the Investor on the Maturity Date. |
| 6. | Term | Approximately 12 months, commencing on the Issue Date and ending on the Maturity Date. |
| 7. | Maturity Date | 30 September 2020. |
| 8. | Interest | Interest is payable on the Notes from the date of issue at the rate of 10% per annum, payable quarterly in arrears. |
| 9. | Issue of Notes and availability of proceeds | The Notes will be issued upon receipt by the Issuer of their Face Value in Immediately Available Funds, on the Issue Date. |
| 10. | Redemption or Conversion of Notes | The Notes will be either: (a) converted on the Maturity Date; (b) redeemed on or before Conversion, at the Issuer's election; (c) redeemed on the Maturity Date, at the Investor's election; (d) repaid on the occurrence of an Event of Default; or (e) a combination of one or more of the alternatives set out above in accordance with the terms of this Term Sheet. |
| 11. | Excluded offers only | The Issuer may only issue Notes to persons to whom disclosure under Part 6D.2 of the Corporations Act is not required. Examples of such persons may include: (a) Small scale raisings, as set out in section 708(1) of the Corporations Act (20 in 12 months, less than \$2M funds raised); (b) sophisticated investors, being investors to whom section 708(8) of the Corporations Act applies; (c) professional investors, being investors to whom section 708(11) of the Corporations Act applies; and (d) persons associated with the Company, being persons to whom section 708(12) of the Corporations Act applies. |

| No. | Facility | |
|--------------------------|--|---|
| 12. | Investor's Conversion Rights | <p>(a) Subject to paragraph (c) below, the Investor may convert any or all of the Notes on the Maturity Date (Conversion).</p> <p>(b) The Conversion Price per Conversion Share for a Conversion, shall be a 25% discount to the 20 Trading Day VWAP for the Issuer Shares as at the date of the Conversion Notice (Conversion Price).</p> <p>(c) Conversion of the Notes shall be conditional upon the Issuer obtaining any required shareholder approval under the Corporations Act 2001 (Cth) or the Listing Rules of ASX to issue the Conversion Shares (Conversion Approval).</p> <p>(d) Subject to paragraph (c) above and the receipt of a valid Conversion Notice, the Issuer is obliged to issue the Conversion Shares on the Maturity Date.</p> <p>(e) Each Conversion Share will rank, on and from issue, in all respects <i>pari passu</i> with the Shares then on issue, and the Issuer will use its reasonable endeavours to apply to ASX for official quotation of the Conversion Shares.</p> |
| 13. | Voting rights prior to conversion | The Notes shall carry the right to attend but not to vote at any general meeting of the Issuer prior to their conversion into Shares. |
| 14. | Rights to participate in new issues | The Notes do not carry any entitlement to participate in any future issues of Shares by the Issuer prior to their conversion into Shares. |
| 15. | No listing | The notes will not be listed on ASX or any other recognised stock exchange. |
| 16. | Transferability | The Notes shall be transferable in accordance with the Conditions. |
| Events of default | | |
| 17. | Events of default | <p>Event of default means:</p> <p>(a) An Insolvency Event occurring in respect of the Company; or</p> <p>(b) in relation to a Holder, the Company failing to pay Money Owing to that Holder when they fall due for payment.</p> |

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <i>Note:</i> <ul style="list-style-type: none"> • Include only ordinary securities here – other classes of equity securities cannot be added • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items | |
| Subtract the number of fully paid ordinary securities cancelled during that 12 month period | |
| “A” | |

| | |
|--|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “C” | |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| “A” x 0.15 <i>Note: number must be same as shown in Step 2</i> | |
| Subtract “C” <i>Note: number must be same as shown in Step 3</i> | |
| Total [“A” x 0.15] – “C” | <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “E” | |
| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | |
| Total [“A” x 0.10] – “E” | 0 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.
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