



2 March 2021

The Manager  
Listings Compliance  
ASX, SYDNEY

## **RE: SHORT-TERM CONVERTIBLE NOTE ISSUE**

Please find attached details of the terms and conditions relating to the issue of 520,000 convertible notes in the Company at an issue price of \$1 per note to clients of Novus Capital Limited, including a large institutional investor.

Novus Capital is the Company's Lead Manager for the proposed minimum \$6million capital raising of the Company – details of which will be announced shortly. The convertible note terms are similar to the Company's existing issued notes and are summarized as follows:

**Total funds raised** - \$520,000

**Notes term** – 31 December 2021

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

**Convertibility** –

- (a) automatically, on completion of the Company's proposed capital raising, as part of the proposed ASX re-listing of AKN's shares – at an issue price of 12c per share (a 40% discount to the proposed 20c public offer price);
- (b) at the election of the holder, notes may (subject to AKN shareholder approval and prior to maturity) be converted at a 55% discount to the proposed 20c issue price to be offered to the public under the Company's prospectus (namely, 9 cents per share).

The funds raised from the issue of these convertible notes will be used for ongoing operating costs and costs associated with the Koongie Park earn-in agreement and the Company's re-compliance activities including a prospectus capital raising, shareholder meeting and other actions as may be required by ASX.

An Appendix 3b in relation to the issue will be lodged separately.

This announcement is authorized by:

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## AuKing Mining Limited Unlisted \$1 Convertible Notes

No.	Facility	
1.	<b>Issuer</b>	AuKing Mining Limited ACN 070 859 522 ( <b>Company or Issuer</b> ).
2.	<b>Investor</b>	Various clients of Novus Capital Limited
3.	<b>Instrument</b>	Convertible redeemable notes ( <b>Notes</b> ).
4.	<b>Face Value</b>	On issue each Note will have a face value of \$1.00 per Note.
5.	<b>Total Value of Notes or Principal Amount</b>	\$520,000
6.	<b>Rights attached</b>	<p>The Notes are:</p> <ul style="list-style-type: none"> <li>(a) convertible automatically, upon completion by the Company of the proposed re-admission of its shares for official quotation on the ASX into fully paid ordinary shares (<b>Shares</b>) ranking equally with all other Shares; or</li> <li>(b) convertible at Maturity at the election of the Investor into fully paid ordinary shares in Issuer, ranking equally with all other Shares; or</li> <li>(c) redeemable at the election of the Issuer at any time on or before the Maturity Date; or</li> <li>(d) redeemable at the election of the Investor on the Maturity Date.</li> </ul>
7.	<b>Term</b>	Approximately 10 months, commencing on the Issue Date and ending on the Maturity Date.
8.	<b>Interest Rate</b>	Interest at the rate of 10% per annum shall apply on the Notes, payable quarterly in arrears. In the event of automatic conversion under item 6(a), accrued interest will be paid out of the proceeds of the Company's capital raising.
9.	<b>Maturity Date</b>	31 December 2021.
10.	<b>Approved Purpose</b>	The funds will be used for the purposes of enabling the Issuer to complete its prospectus and associated materials for the proposed capital raising to enable the Issuer to gain ASX re-admission to the ASX and proceed with the Koongie Park copper project earn-in agreement in accordance with the Issuer's announcement on 25 June 2020 ( <b>Approved Purpose</b> ).
11.	<b>Issue of Notes and availability of proceeds</b>	The Notes will be issued upon receipt by the Issuer of their Face Value in Immediately Available Funds, on the Issue Date.
12.	<b>Issue Date</b>	The date being 7 days after the date of this Term Sheet.
13.	<b>Redemption or Conversion of Notes</b>	<p>The Notes will be either:</p> <ul style="list-style-type: none"> <li>(a) Converted automatically at completion of the Company's re-admission to the ASX;</li> <li>(b) Converted on the Maturity Date at the Investor's election;</li> <li>(c) redeemed on or before Conversion, at the Issuer's election;</li> </ul>

No.	Facility	
		<ul style="list-style-type: none"> <li>(d) redeemed on the Maturity Date, at the Investor's election;</li> <li>(e) repaid on the occurrence of an Event of Default; or</li> <li>(f) a combination of one or more of the alternatives set out above in accordance with the terms of this Term Sheet.</li> </ul>
14.	<b>Excluded offers only</b>	<p>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:</p> <ul style="list-style-type: none"> <li>(a) Small scale raisings, as set out in section 708(1) of the Corporations Act (20 in 12 months, less than \$2M funds raised);</li> <li>(b) sophisticated investors, being investors to whom section 708(8) of the Corporations Act applies;</li> <li>(c) professional investors, being investors to whom section 708(11) of the Corporations Act applies; and</li> <li>(d) persons associated with the Company, being persons to whom section 708(12) of the Corporations Act applies.</li> </ul>
15.	<b>Investor's Conversion Rights</b>	<ul style="list-style-type: none"> <li>(a) Subject to paragraph (c) below, the Investor may convert any or all of the Notes on the Maturity Date (<b>Conversion</b>).</li> <li>(b) The Conversion Price per Conversion Share for a Conversion under paragraph 13(a) shall be a 40% discount to the proposed 20c issue price to be offered to the public under the Company's prospectus (namely, 12 cents per share) (<b>Conversion Price</b>).</li> <li>(c) Investor acknowledges and agrees that ASX may impose restrictions on trading of Shares in accordance with their standard cash formula – meaning that 40% of the Shares to be issued to the Investor may be subject to this restriction.</li> <li>(d) The Conversion Price per Conversion Share if the Investor makes an election under paragraph 13(b) shall be a 55% discount to the proposed 20c issue price to be offered to the public under the Company's prospectus (namely, 9 cents per share) (<b>Conversion Price</b>).</li> <li>(e) 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 (<b>Conversion Approval</b>).</li> <li>(f) 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.</li> <li>(g) 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.</li> </ul>
16.	<b>Voting rights prior to conversion</b>	<p>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.</p>

No.	Facility	
17.	<b>Rights to participate in new issues</b>	The Notes do not carry any entitlement to participate in any future issues of Shares by the Issuer prior to their conversion into Shares.
18.	<b>No listing</b>	The notes will not be listed on ASX or any other recognised stock exchange.
19.	<b>Transferability</b>	The Notes shall be transferable in accordance with the Conditions.
<b>Events of default</b>		
20.	<b>Events of default</b>	<p>Event of default means:</p> <ul style="list-style-type: none"> <li>(a) An Insolvency Event occurring in respect of the Company; or</li> <li>(b) in relation to a Holder, the Company failing to pay Money Owing to that Holder when they fall due for payment.</li> </ul>