



22 April 2021

The Manager
Listings Compliance
ASX, SYDNEY

**RE: PUBLIC OFFER AND KOONGIE PARK COPPER/ZINC TRANSACTION –
SHAREHOLDER MEETING**

As previously advised, the Company is required to hold an extraordinary general meeting of shareholders where a series of resolutions will be put to AKN shareholders for approval – either relating directly to approval of the proposed Koongie Park transaction or the Public Offer, or other related matters associated with the retiring the Company’s debts, the appointment of additional directors and a new Constitution.

The general meeting of shareholders has been convened to be held at 9.30am on Friday, 21 May 2021 both virtually (online) and in person at Level 7, 1 Eagle Street, Brisbane.

A copy of the Notice of Meeting and Explanatory Memorandum is now attached. Copies of these documents (including details of the virtual meeting format to be used for the conduct of the meeting itself) will also be available on the Company’s website at www.aukingmining.com.

A revised timetable for the Public Offer will shortly be lodged with ASIC by way of a Supplementary Prospectus, reflecting the change in date for the proposed general meeting (originally proposed to be held on 16 April 2021).

If there are any questions with respect to the proposed general meeting or any other aspect of the proposed activities, please contact either myself on 0419 762 487 (or email p.williams@aukingmining.com) or our Company Secretary Paul Marshall on 0433 019 836.

This announcement is authorised by:

Paul Williams
Managing Director
p.williams@aukingmining.com
+61 419 762 487



Notice of General Meeting and Explanatory Memorandum

AuKing Mining Limited ACN 070 859 522

Date of Meeting: 21 May 2021

Time of Meeting: 9.30am (Brisbane time)

Place of Meeting: Virtually (online) and in person at Level 7
Waterfront Place, 1 Eagle St, Brisbane

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

If Shareholders wish to attend the Meeting in person they will need to contact the Company Secretary Mr Paul Marshall (email:p.marshall@aukingmining.com) in order for the Company to ensure it is able to maintain compliance with COVID related restrictions applicable as at the Meeting date.

Your vote is important

The business of this General Meeting affects your shareholding and your vote is important.

Notice of General Meeting

Dear Shareholder

Enclosed is a notice of annual general meeting (**Meeting**) of shareholders of Auking Mining Limited (Company) to be held at 9:30am (Brisbane time) on Friday, 21 May 2021 both in person at HoppoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000 and virtually on an online platform at <https://agmlive.link/AKN21>.

The Meeting has been convened to consider a number of resolutions relating to a proposed change in activities for the Company and re-admission to the Official List of ASX.

Due to health concerns and the potential of further government-imposed restrictions on public gatherings arising from the COVID-19 pandemic, Shareholder attendance at the Meeting in person may be limited and Shareholders are encouraged to participate in the Meeting online and by appointing a proxy.

The Federal Treasurer made a determination modifying, among other matters, the operation of provisions of the Corporations Act 2001 (Cth) and the Corporations Regulations (2001) (Cth) under Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 (**Determination**) to allow companies who are required or permitted to hold meetings to hold those meetings remotely as virtual meetings, instead of in person. The Determination, which temporarily removed impediments to the use of virtual technology to hold meetings and permitted the dispatch of notices of meeting by electronic means, ceased to have effect on 21 March 2021. The government has proposed to extend the measures in the Determination in the *Treasury Laws Amendment (2021 Measures No. 1) Bill 2021* (Bill). The Bill was passed by the House of Representatives on 17 March 2021 but is awaiting debate in the Senate.

On 29 March 2021, ASIC advised that it had adopted a 'no-action' position in relation to the convening and holding of virtual meetings. In order to provide the market with a degree of certainty during this time, ASIC's 'no-action' position:

- supports the holding of meetings using appropriate technology; and
- facilitates electronic notice of meetings including supplementary notices.

ASIC has stated that the 'no-action' position is intended to facilitate businesses to hold their meetings effectively during the ongoing pandemic where there is still uncertainty around restrictions on gatherings and travel.

The Company will convene the Meeting pursuant to the ASIC 'no-action' position and proposes to hold the Meeting in accordance with the proposed requirements in the *Treasury Laws Amendment (2021 Measures No. 1) Bill 2021*.

On this basis, the Company has adopted the following approach for the Meeting:

- (a) The Meeting will be held both virtually (online) via an online platform, at <https://agmlive.link/AKN21> and in person at HoppoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000.
- (b) We encourage all shareholders and proxyholders to participate in the Meeting virtually via the online platform at <https://agmlive.link/AKN21>. To do this, shareholders and proxyholders will need a desktop or mobile/tablet device with internet access to log onto the online platform on the morning of the Meeting and provide their details (including their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) as applicable) to be verified as a shareholder or proxyholder.
- (c) Shareholders and proxyholders will be able to log in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions set out in the Notice of Meeting

Notice of General Meeting

and the Online Meeting Guide (which is attached to this Notice of Meeting). We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting.

- (d) Once the Meeting commences at 9:30am (Brisbane time), shareholders and proxyholders will be able to listen to the Chairman of the Meeting talking live and in real time.
- (e) Shareholders and proxyholders will have the ability to ask questions during the Meeting via the online platform and the telephone line, and to hear all of the discussion, subject to connectivity of their devices.
- (f) A detailed guide on how to participate virtually in the Meeting is set out in the Online Meeting Guide. The Online Meeting Guide explains how to ensure that the browser is compatible with the online platform, as well as a step-by-step guide to successfully log in and navigate the online platform. The Online Meeting Guide will be lodged with ASX and is attached to this Notice of Meeting.

In addition to the above, shareholder and proxyholder participation (as relevant) is possible by shareholders completing and lodging the Proxy Form electronically at the Company's share registry at www.linkmarketservices.com.au or, alternatively, returning it in the envelope provided or faxed to the Company's share registry on +61 2 9287 0309, so that it is received by 9:30am (Brisbane time) on 19 May 2021, in order to be valid. In addition to the enclosed Proxy Form, the Proxy Form is also available on the Company's website at <https://www.aukingmining.com>.

If Shareholders wish to attend the Meeting in person we ask that they contact the Company Secretary Mr Paul Marshall (email:p.marshall@aukingmining.com) prior to the Meeting in order for the Company to ensure it is able to maintain compliance with COVID related restrictions applicable as at the Meeting date.

Each resolution considered at the Meeting will be decided on a poll.

As the situation regarding the management of COVID-19 is evolving, shareholders are encouraged to monitor the Company's website for any further updates in relation to the arrangements for the Meeting. The Company appreciates the understanding of shareholders during this difficult time. We look forward to your attendance and participation at the Meeting.

Your continued support is greatly appreciated.

Yours sincerely



Paul Williams
Managing Director

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Voting by proxy

A member entitled to attend and vote at the meeting may appoint a proxy.

The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

The Company encourages shareholders to complete the directions for each resolution on their proxy form.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

To vote by proxy, please use one of the following methods:

Online	www.linkmarketservices.com.au
By post	Auking Mining Limited c/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
Facsimile	+61 2 9287 0309
By hand	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide to the Share Registry prior to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

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Submitting Questions

Shareholders are encouraged to submit any questions they may have of the Company in writing to the Company Secretary at p.marshall@aukingmining.com by 5:00pm on 20 May 2021, the day prior to the Meeting. The Company will also provide Shareholders with the opportunity to ask questions during the Meeting. The Company will provide further updates regarding this process through the ASX announcements platform prior to the Meeting.

Voting Entitlements

Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* permits the Company to specify a time, not more than 48 hours before the Meeting, at which time a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined such time will be 7:00pm on 19 May 2021.

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of the Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any resolution, in which case an ASX announcement will be made.

Defined terms

Terms used in this Notice of Meeting are defined in section 24 of the accompanying Explanatory Memorandum.

Incorporated documents

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

Lodgement with ASIC

A copy of this Notice and the Explanatory Memorandum which accompany this Notice has been lodged with the Australian Securities and Investments Commission (**ASIC**) in accordance with section 218 of the Corporations Act.

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Agenda

The agenda for the meeting is as follows:

1. Resolution 1 - Approval of Koongie Park Earn-in: Change in Scale of Activities;
2. Resolution 2 – Approval of 200:1 consolidation of existing Shares;
3. Resolution 3 – Approval to issue Offer Shares under the Prospectus;
4. Resolution 4 - Approval to issue Attaching Options under the Prospectus;
5. Resolution 5 – Approval to issue Shares to JCHX Group in lieu of repayment of existing loan moneys;
6. Resolution 6 – Approval to issue Shares to Dr Huaisheng Peng in lieu of unpaid directors fees;
7. Resolution 7– Approval to issue Shares to Mr Qinghai Wang in lieu of unpaid directors fees;
8. Resolution 8 – Approval to issue Shares to Mr Paul Williams (a director) in lieu of unpaid salaries and entitlements;
9. Resolution 9 – Approval to issue Shares to Mr Robert Yang (a director) in lieu of unpaid salaries and entitlements;
10. Resolution 10 – Approval to issue Shares to other employees and agents of the Company in lieu of unpaid salaries and service fees;
11. Resolution 11 –Approval of issue of Shares to S&L Greenhalgh Superannuation Fund upon conversion of convertible notes;
12. Resolution 12 – Approval of issue of Shares to The N&M Greenhalgh Super Fund upon conversion of convertible notes;
13. Resolution 13 – Approval of issue of Shares to Paul R Williams Super Fund upon conversion of convertible notes;
14. Resolution 14 - Approval of issue of Shares to Peter Tighe Super Fund upon conversion of convertible notes;
15. Resolution 15 - Approval of issue of Shares to the Yang Family Trust upon conversion of convertible notes;
16. Resolution 16 – Approval of issue of Shares to various entities upon conversion of convertible notes;
17. Resolution 17 - Approval of issue of Shares to Peter Tighe Super Fund upon conversion of short term convertible notes;
18. Resolution 18 – Approval of issue of Shares to Novus Capital Limited as part payment of success fee on Capital Raising;

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19. Resolution 19 - Adoption of New Constitution;
20. Resolution 20 – Appointment of Stanley Mark Elliott as a non-executive director;
21. Resolution 21 – Appointment of Peter Gerard Tighe as a non-executive director;
22. Resolution 22 – Appointment of Ian Peter Hodgkinson as a non-executive director;
23. Resolution 23 – Appointment of Shizhou Yin as a non-executive director;
24. Resolution 24 – Approval of non-executive director fees;
25. Other business; and
26. Close of meeting.

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Notice is given that a General Meeting of Shareholders of AuKing Mining Limited ACN 070 859 522 (**Company**) will be held on Friday 21 May 2021 at 9:30am (Brisbane time) as a virtual (online) meeting at <https://agmlive.link/AKN21> and in person at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

Terms used in this Notice of Meeting are defined in Section 24 of the accompanying Explanatory Memorandum.

1. Resolution 1 - Approval of Koongie Park Earn-in: Change in Scale of Activities

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to:

- (a) *undertake the Koongie Park Earn-in, the terms of which are summarised in the Explanatory Memorandum; and*
- (b) *change the nature and scale of the Company’s activities as contemplated by the Koongie Park Earn-in as described in the Explanatory Memorandum.”*

2. Resolution 2- Approval of Company Share Consolidation

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of clause 19.1(b) of the Company’s Constitution, section 254H of the Corporations Act, Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that every two hundred (200) ordinary shares be consolidated into one (1) ordinary share, and where this consolidation results in a fraction of a share being held, the Company be authorised to round that fraction of a share up to the nearest whole ordinary share and otherwise on the terms and conditions set out in the Explanatory Memorandum”.

3. Resolution 3- Approval to issue Offer Shares under the Prospectus

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue up to 35,000,000 Offer Shares (on a post-Consolidation basis) at an issue price of \$0.20

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per Offer Share, to raise up to \$7,000,000 pursuant to the Capital Raising, on the terms and conditions set out in the Explanatory Memorandum.”

4. Resolution 4 - Approval to issue Attaching Options under the Prospectus

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue up to 17,500,000 Attaching Options (on a post-Consolidation basis) pursuant to the Capital Raising, on the terms and conditions set out in the Explanatory Memorandum.”

5. Resolution 5 - Approval to issue Shares to JCHX Group in satisfaction of repayment of loan moneys

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act and for all other purposes, the Company is authorised to issue up to a total of 7,500,000 ordinary shares (on a post-Consolidation basis) to Bienitial International Industrial Co., Ltd (an associate of the JCHX Group, a major shareholder of the Company) on the terms and conditions set out in the Explanatory Memorandum.”

6. Resolution 6 - Approval to issue Shares to Dr Huaisheng Peng (director) in satisfaction of unpaid director fees

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act and for all other purposes, the Company is authorised to issue a total of 420,000 ordinary shares (on a post-Consolidation basis) to Dr Huaisheng Peng (a director of the Company) on the terms and conditions set out in the Explanatory Memorandum.”

7. Resolution 7 - Approval to issue Shares to Mr Qinghai Wang (director) in satisfaction of unpaid director fees

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act and for all other purposes, the Company is authorised to issue a total of 350,000 ordinary shares (on a post-Consolidation basis) to Mr Qinghai Wang (a director of the Company) on the terms and conditions set out in the Explanatory Memorandum.”

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8. Resolution 8 - Approval to issue Shares to Mr Paul Williams (director) in satisfaction of unpaid salaries and entitlements

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act and for all other purposes, the Company is authorised to issue a total of 1,114,445 ordinary shares (on a post-Consolidation basis) to Mr Paul Williams (a director of the Company) on the terms and conditions set out in the Explanatory Memorandum.”

9. Resolution 9 - Approval to issue Shares to Mr Robert Yang (director) in satisfaction of unpaid salaries and entitlements

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act and for all other purposes, the Company is authorised to issue a total of 635,485 ordinary shares (on a post-Consolidation basis) to Mr Robert Yang (a director of the Company) on the terms and conditions set out in the Explanatory Memorandum.”

10. Resolution 10 - Approval to issue Shares to other employees and agents of the Company in satisfaction of unpaid salaries and service fees

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue a total of 615,690 ordinary shares (on a post-Consolidation basis) to those employees and servants of the Company set out in the Explanatory Memorandum on the terms and conditions set out in the Explanatory Memorandum.”

11. Resolution 11 – Approval to issue Shares to Saralau Pty Ltd ATF The S&L Greenhalgh Superannuation Fund

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 666,666 ordinary Shares (on a post-Consolidation basis) at an issue price of \$0.15 per share upon conversion of the Saralau Convertible Notes is approved on the terms and conditions set out in the Explanatory Memorandum.”

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12. Resolution 12 – Approval to Issue Shares to Greenhalgh Nominees Pty Ltd ATF The N&M Greenhalgh Super Fund

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 1,333,334 ordinary Shares (on a post-Consolidation basis) at an issue price of \$0.15 per share upon conversion of the NG Notes is approved on the terms and conditions set out in the Explanatory Memorandum.”

13. Resolution 13 – Approval to issue Shares to P Williams and J Strachan ATF The Paul R Williams Super Fund upon the conversion of convertible notes

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act, and for all other purposes, the issue by the Company to P Williams and J Strachan as trustee for the Paul R Williams Super Fund (an entity associated with Mr Paul Williams) of 500,000 ordinary shares (on a post-Consolidation basis) at an issue price of \$0.15 per share upon conversion of existing convertible notes (the terms of which are set out in the Explanatory Memorandum) is approved on the terms and conditions set out in the Explanatory Memorandum.”

14. Resolution 14 – Approval to issue Shares to P&P Tighe ATF The Peter Tighe Super Fund upon conversion of convertible notes

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act, and for all other purposes, the issue by the Company to P & P Tighe as trustee for the Peter Tighe Super Fund (an entity associated with proposed director Mr Peter Tighe) of 1,000,000 ordinary shares (on a post-Consolidation basis) at an issue price of \$0.15 per share upon the conversion of existing convertible notes (the terms of which are set out in the Explanatory Memorandum) is approved on the terms and conditions set out in the Explanatory Memorandum.”

15. Resolution 15 – Approval to issue Shares to R Yang ATF The Yang Family Trust upon the conversion of convertible notes

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act, and for all other purposes, the issue by the Company to R Yang as trustee for the Yang Family Trust (an entity associated with Mr Robert Yang) of 53,333 ordinary shares (on a post-Consolidation basis) at an issue price of \$0.15 per share upon conversion of existing convertible

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notes (the terms of which are set out in the Explanatory Memorandum) is approved on the terms and conditions set out in the Explanatory Memorandum.”

16. Resolution 16 – Approval to issue Shares to specified investors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 5,416,667 ordinary Shares (on a post-Consolidation basis) at an issue price of \$0.12 per share upon conversion of the Short Term Convertible Notes is approved on the terms and conditions set out in the Explanatory Memorandum.”

17. Resolution 17 – Approval to issue Shares to P&P Tighe ATF The Peter Tighe Super Fund upon conversion of short term convertible notes

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 10.11, Part 2E of the Corporations Act, and for all other purposes, the issue by the Company to P & P Tighe as trustee for the Peter Tighe Super Fund (an entity associated with proposed director Mr Peter Tighe) of 833,333 ordinary shares (on a post-Consolidation basis) at an issue price of \$0.12 per share upon the conversion of existing short term convertible notes (the terms of which are set out in the Explanatory Memorandum) is approved on the terms and conditions set out in the Explanatory Memorandum.”

18. Resolution 18 - Approval to issue Shares to Novus Capital Limited

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without amendment:

“That, subject to the passing of each of the Conditional Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue up to 187,500 Shares (on a post-Consolidation basis) to Novus Capital Limited (or nominee) as part payment of a success fee for the Capital Raising, on the terms and conditions set out in the Explanatory Memorandum.”

19. Resolution 19 – Adoption of New Constitution

To consider and, if thought fit, pass the following resolution, as a Special Resolution, with or without amendment:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Company is authorised to repeal its existing constitution and adopt the constitution in the form tabled at the meeting and initialled by the Chairman for the purposes of identification as the new Constitution for the Company, with effect from the date of this Resolution.”

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20. Resolution 20: Election of Dr Stanley Mark Elliott as a Director

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That, subject to and conditional upon the passing of each of the Conditional Resolutions, for the purposes of ASX Listing Rule 14.4, clause 36.3(b) of the Company Constitution and for all other purposes, Dr. Stanley Mark Elliott, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion.”

21. Resolution 21: Election of Mr Peter Gerrard Tighe as a Director

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That, subject to and conditional upon the passing of each of the Conditional Resolutions, for the purposes of ASX Listing Rule 14.4, clause 36.3(b) of the Company Constitution and for all other purposes, Mr. Peter Gerrard Tighe, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion.”

22. Resolution 22: Election of Mr Ian Peter Hodkinson as a Director

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That, subject to and conditional upon the passing of each of the Conditional Resolutions, for the purposes of ASX Listing Rule 14.4, clause 36.3(b) of the Company Constitution and for all other purposes, Mr. Ian Peter Hodkinson, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion.”

23. Resolution 23: Election of Mr Shizhou Yin as a Director

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That, subject to and conditional upon the passing of each of the Conditional Resolutions, for the purposes of ASX Listing Rule 14.4, clause 36.3(b) of the Company Constitution and for all other purposes, Mr. Shizhou Yin, being eligible and having consented to act, be elected as a Director of the Company, effective on Completion.”

24. Resolution 24: Approval to Set Non-Executive Directors' Fees

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That, subject to and conditional upon the passing of each of the Conditional Resolutions, for the purpose of clause 39.5 of the Company Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Non-Executive Directors be set at AU\$250,000 per

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annum to be paid in accordance with the terms and conditions set out in the Explanatory Memorandum.”

25. Other Business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

BY ORDER OF THE BOARD

Paul Marshall

Paul Marshall

Company Secretary
22 April 2021

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Notes and Voting Exclusion Statements

Notes:

- A detailed summary of the Resolutions is contained within the Explanatory Memorandum.
- Further details regarding the Koongie Park Earn-in are set out in the accompanying Explanatory Memorandum which the Directors recommend Shareholders read in full before making any decision in relation to the Resolutions.
- With respect to Resolutions 3, 4, 10, 11, 12, 16 and 18 the Company intends to issue the Shares and options (as the case may be) as soon as practicable in each case, but no later than three months after the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules).
- With respect to Resolutions 5, 6, 7, 8, 9, 13, 14, 15 and 17 the Company intends to issue the Shares as soon as practicable in each case, but no later than one month after the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules).
- With respect to Resolutions 5, 6, 7, 8, 9, 13, 14, 15 and 17, a copy of this Notice and the Explanatory Memorandum which accompany this Notice has been lodged with the Australian Securities and Investments Commission in accordance with section 218 of the Corporations Act.
- With respect to Resolutions 3 and 4 the proposed use of the funds raised, or to be raised, is set out in the Explanatory Memorandum.

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Voting Exclusion Statements

The Company will disregard any votes cast on the Resolution listed below by or on behalf of the persons or entities listed under “Persons excluded from voting” below, however the Company need not disregard a vote cast by such persons in the circumstances set out under “Exceptions to voting exclusion” set out below.

Resolution	Persons excluded from voting	Exceptions to voting exclusion
Resolution 1 - Approval of Koongie Park Earn-in: Change in Scale of Activities	<p>Listing Rule 11.1.2</p> <ul style="list-style-type: none"> • Anglo Australian Resources NL (as counterparty to the Koongie Park Earn-in) and any other person who will obtain a material benefit as a result of the Koongie Park Earn-in (except a benefit solely by reason of being a holder of ordinary shares in the Company) if Resolution 1 is passed; • Accudo Metals Pty Ltd (as counterparty to the IP Service Agreement) and any other person who will obtain a material benefit as a result of the IP Service Agreement (except a benefit solely by reason of being a holder of ordinary shares in the Company) if Resolution 1 is passed; or • an associate of that person (or those persons). 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
Resolution 2– Approval of 200:1 consolidation of existing Shares	No votes will be excluded	Not applicable
Resolution 3 – Approval to issue Offer Shares under the Prospectus	<p>Listing Rule 7.3</p> <ul style="list-style-type: none"> • Anglo Australian Resources NL (as counterparty to the Koongie Park Earn-in) and any person expected to participate in the proposed issue of Offer Shares and any person who will obtain a material benefit as a result of the Koongie Park Earn-in or the proposed issue of Offer Shares (except a benefit solely by reason of being a holder of ordinary shares in the Company or 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
	<p>Anglo Australian Resources NL (as counterparty to the Koongie Park Earn-in));</p> <ul style="list-style-type: none"> • Accudo Metals Pty Ltd (as counterparty to the IP Services Agreement) and any person expected to participate in the proposed issue of Offer Shares and any person who will obtain a material benefit as a result of the IP Services Agreement or the proposed issue of Offer Shares (except a benefit solely by reason of being a holder of ordinary shares in the Company or Accudo Metals Pty Ltd (as counterparty to the IP Services Agreement)); or • an associate of that person (or those persons). 	<ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
<p>Resolution 4 – Approval to issue Attaching Options under the Prospectus</p>	<p>Listing Rule 7.3</p> <ul style="list-style-type: none"> • Anglo Australian Resources NL (as counterparty to the Koongie Park Earn-in) and any person expected to participate in the proposed issue of Attaching Options and any person who will obtain a material benefit as a result of the Koongie Park Earn-in or the proposed issue of Attaching Options (except a benefit solely by reason of being a holder of ordinary shares in the Company or Anglo Australian Resources NL (as counterparty to the Koongie Park Earn-in)); • Accudo Metals Pty Ltd (as counterparty to the IP Services Agreement) and any person expected to participate in the proposed issue of Offer Shares and any person who will obtain a material benefit as a result of the IP Services Agreement or the proposed issue of Offer Shares (except a benefit solely by reason of being a holder of ordinary shares in the Company or Accudo Metals Pty Ltd (as counterparty to the IP Services Agreement)); or 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
	<ul style="list-style-type: none"> an associate of that person (or those persons). 	
Resolution 5 – Approval to issue Shares to JCHX Group in satisfaction of repayment of existing loan moneys	Listing Rule 10.13 <ul style="list-style-type: none"> JCHX Group and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or an associate of that person (or those persons). Section 224 and Part 2E of the Corporations Act <ul style="list-style-type: none"> JCHX Group; or an associate of JCHX Group. 	Listing Rules <ul style="list-style-type: none"> A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way. Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if: <ul style="list-style-type: none"> it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 5; and it is not cast on behalf of JCHX Group or an associate of JCHX Group.
Resolution 6 – Approval to issue Shares to Dr Huaisheng Peng in satisfaction of unpaid director's fees	Listing Rule 10.13 <ul style="list-style-type: none"> Dr Peng and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
		<ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	Section 224 and Part 2E of the Corporations Act <ul style="list-style-type: none"> • Dr Peng; or • an associate of JCHX Group. 	Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if: <ul style="list-style-type: none"> • it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 6; and • it is not cast on behalf of Dr Peng or an associate of Dr Peng.
	Section 250BD of the Corporations Act <ul style="list-style-type: none"> • A member of the Key Management Personnel of the Company; or • their Closely Related Parties who has been appointed as a proxy. 	Section 250BD of the Corporations Act <ul style="list-style-type: none"> • The appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or • the appointed proxy is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> ○ does not specify the way the proxy is to vote on Resolution 6; and ○ expressly authorises the chair of the meeting to exercise the proxy even if Resolution 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 7 – Approval to issue Shares to Mr Qinghai Wang in satisfaction of unpaid director’s fees	Listing Rule 10.13 <ul style="list-style-type: none"> • Mr Wang and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
		<ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	Section 224 and Part 2E of the Corporations Act <ul style="list-style-type: none"> • Mr Wang; or • an associate of Mr Wang. 	Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if: <ul style="list-style-type: none"> • it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 7; and • it is not cast on behalf of Mr Wang or an associate of Mr Wang.
	Section 250BD of the Corporations Act <ul style="list-style-type: none"> • A member of the Key Management Personnel of the Company; or • their Closely Related Parties who has been appointed as a proxy. 	Section 250BD of the Corporations Act <ul style="list-style-type: none"> • The appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or • the appointed proxy is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> ○ does not specify the way the proxy is to vote on Resolution 7; and ○ expressly authorises the chair of the meeting to exercise the proxy even if Resolution 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 8 – Approval to issue Shares to Mr Paul Williams (a director) in satisfaction of unpaid salaries and entitlements	Listing Rule 10.13 <ul style="list-style-type: none"> • Mr Williams and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
		<ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	<p>Section 224 and Part 2E of the Corporations Act</p> <ul style="list-style-type: none"> • Mr Williams; or • an associate of Mr Williams. 	<p>Section 224 and Part 2E of the Corporations Act</p> <p>The Company need not disregard a vote if:</p> <ul style="list-style-type: none"> • it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 8; and • it is not cast on behalf of Mr Williams or an associate of Mr Williams.
	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • A member of the Key Management Personnel of the Company; or • their Closely Related Parties who has been appointed as a proxy. 	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • The appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or • the appointed proxy is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> ○ does not specify the way the proxy is to vote on Resolution 8; and ○ expressly authorises the chair of the meeting to exercise the proxy even if Resolution 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
<p>Resolution 9 – Approval to issue Shares to Mr Robert Yang (a director) in satisfaction of unpaid salaries and entitlements</p>	<p>Listing Rule 10.13</p> <ul style="list-style-type: none"> • Mr Yang and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	<p>Section 224 and Part 2E of the Corporations Act</p> <ul style="list-style-type: none"> • Mr Yang; or • an associate of Mr Yang. 	<p>Section 224 and Part 2E of the Corporations Act</p> <p>The Company need not disregard a vote if:</p> <ul style="list-style-type: none"> • it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 9; and • it is not cast on behalf of Mr Yang or an associate of Mr Yang.
	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • A member of the Key Management Personnel of the Company; or • their Closely Related Parties who has been appointed as a proxy. 	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • The appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or • the appointed proxy is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> ○ does not specify the way the proxy is to vote on Resolution 9; and ○ expressly authorises the chair of the meeting to exercise the proxy even if Resolution 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
<p>Resolution 10 – Approval to issue Shares to management and employees in satisfaction of unpaid salaries and entitlements</p>	<p>Listing Rule 7.3</p> <ul style="list-style-type: none"> • Mr Paul Marshall, Mr Michael Harvey and Ms Guo and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • A member of the Key Management Personnel of the Company; or • their Closely Related Parties who has been appointed as a proxy. 	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • The appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or • the appointed proxy is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> ○ does not specify the way the proxy is to vote on Resolution 10; and ○ expressly authorises the chair of the meeting to exercise the proxy even if Resolution 10 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
<p>Resolution 11 –Approval of issue of Shares to S&L Greenhalgh Superannuation Fund upon conversion of convertible notes</p>	<p>Listing Rule 7.3</p> <ul style="list-style-type: none"> • S&L Greenhalgh Superannuation Fund and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
	<ul style="list-style-type: none"> • an associate of that person (or those persons). 	<ul style="list-style-type: none"> • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
Resolution 12 –Approval of issue of Shares to The N&M Greenhalgh Super Fund upon conversion of convertible notes	Listing Rule 7.3 <ul style="list-style-type: none"> • The N&M Greenhalgh Super Fund and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
Resolution 13 - Approval of issue of Shares to Paul R Williams Super Fund upon conversion of convertible notes	Listing Rule 10.13 <ul style="list-style-type: none"> • Paul R Williams Super Fund and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
	<p>Section 224 and Part 2E of the Corporations Act</p> <ul style="list-style-type: none"> • Paul R Williams Super Fund; or • an associate of Paul R Williams Super Fund. 	<ul style="list-style-type: none"> • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way. <p>Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if:</p> <ul style="list-style-type: none"> • it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 13; and • it is not cast on behalf of Paul R Williams Super Fund or an associate of Paul R Williams Super Fund.
<p>Resolution 14 - Approval of issue of Shares to Peter Tighe Super Fund upon conversion of convertible notes</p>	<p>Listing Rule 10.13</p> <ul style="list-style-type: none"> • Peter Tighe Super Fund and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or • an associate of that person (or those persons). <p>Section 224 and Part 2E of the Corporations Act</p> <ul style="list-style-type: none"> • Peter Tighe Super Fund; or • an associate of Peter Tighe Super Fund. 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way. <p>Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if:</p>

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
		<ul style="list-style-type: none"> it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 14; and it is not cast on behalf of Peter Tighe Super Fund or an associate Peter Tighe Super Fund.
Resolution 15 –Approval of issue of Shares to Yang Family Trust upon conversion of convertible notes	Listing Rule 10.13 <ul style="list-style-type: none"> Yang Family Trust and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	Section 224 and Part 2E of the Corporations Act <ul style="list-style-type: none"> Yang Family Trust; or an associate of Yang Family Trust. 	Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if: <ul style="list-style-type: none"> it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 15; and it is not cast on behalf of Yang Family Trust or an associate of Yang Family Trust.
Resolution 16 –Approval of the issue of Shares to the investors listed in the Explanatory Memorandum	Listing Rule 7.3 <ul style="list-style-type: none"> The Investors and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or 	Listing Rules <ul style="list-style-type: none"> A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
(“Investors”) upon conversion of convertible notes	<ul style="list-style-type: none"> an associate of that person (or those persons). 	<ul style="list-style-type: none"> The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
Resolution 17 - Approval of issue of Shares to Peter Tighe Super Fund upon conversion of convertible notes	Listing Rule 10.13 <ul style="list-style-type: none"> Peter Tighe Super Fund and any other person who will obtain a material benefit as a result of the issue, except a benefit solely in the capacity of a holder of ordinary shares in the Company; or an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	Section 224 and Part 2E of the Corporations Act <ul style="list-style-type: none"> Peter Tighe Super Fund; or an associate of Peter Tighe Super Fund. 	Section 224 and Part 2E of the Corporations Act The Company need not disregard a vote if: <ul style="list-style-type: none"> it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the Resolution 17; and it is not cast on behalf of Peter Tighe Super Fund or an associate Peter Tighe Super Fund.

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
Resolution 18 – Approval to issue Shares to Novus Capital Limited	Listing Rule 7.3 <ul style="list-style-type: none"> • Novus Capital Limited; or • an associate of that person (or those persons). 	Listing Rules <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
Resolution 19- Adoption of New Constitution	No votes will be excluded	Not applicable
Resolution 20 – Appointment of Stanley Mark Elliott as a non-executive director	No votes will be excluded	Not applicable
Resolution 21 – Appointment of Peter Gerard Tighe as a non-executive director	No votes will be excluded	Not applicable
Resolution 22 – Appointment of Ian Peter Hodgkinson as a non-executive director	No votes will be excluded	Not applicable
Resolution 23 – Appointment of Shizhou	No votes will be excluded	Not applicable

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Resolution	Persons excluded from voting	Exceptions to voting exclusion
Yin as a non-executive director		
Resolution 24 – Approval of non-executive director fees	<p>Listing Rule 10.17</p> <ul style="list-style-type: none"> • A director or proposed director of the Company or • an associate of that person (or those persons). 	<p>Listing Rules</p> <ul style="list-style-type: none"> • A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or • The chair of the meeting as proxy or attorney for a person who is entitled to vote of the Resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or • A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> ○ the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and ○ the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • A member of the Key Management Personnel of the Company; or • their Closely Related Parties who has been appointed as a proxy. 	<p>Section 250BD of the Corporations Act</p> <ul style="list-style-type: none"> • The appointed proxy votes for a person who is permitted to vote and in accordance with a direction on the proxy form (directed proxy); or • the appointed proxy is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> ○ does not specify the way the proxy is to vote on this Resolution; and ○ expressly authorises the chair of the meeting to exercise the proxy even if they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
<p>Voting Intentions of Chair</p> <p>Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of all resolutions the subject of this Meeting, including any resolution in which the Chair has an interest, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair of the meeting may change his voting intention on any resolution, in which case an ASX announcement will be made.</p> <p>Further details, in relation to the ability of the Chair to vote on undirected proxies are set out in the accompanying Proxy Form.</p>		

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1. Introduction

The following information is provided to Shareholders of the Company in connection with the business to be considered at a General Meeting of Shareholders to be held virtually (online) and in person at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane, Qld on 21 May 2021 commencing at 9:30am (Brisbane time).

The Notice of Meeting, which is also enclosed, sets out details of proposals concerning the 24 Resolutions to be put to Shareholders. All Resolutions (either directly or indirectly) relate to the Company's proposed new transaction involving the Koongie Park Earn-in with Anglo Australian Resources NL (**AAR**). This transaction comprises a significant change in the scale of the Company's activities in accordance with ASX Listing Rule 11.1.3, thereby requiring AKN to re-comply with Chapters 1 and 2 of the Listing Rules as if it was applying to the ASX for official quotation for the first time. A number of matters require approval of the Company's Shareholders pursuant to the requirements of the ASX Listing Rules and the Corporations Act and these are discussed in more detail below.

The Company advises that as Listing Rule 11.1.2 applies to the Koongie Park Earn-in, shareholder approval is required under the Listing Rules for the Koongie Park Earn-in and therefore if shareholder approval is not obtained, the Koongie Park Earn-in may not proceed.

The Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Koongie Park Earn-in may not proceed if those requirements are not met.

ASX has an absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities and therefore the Koongie Park Earn-in may not proceed if ASX exercises its discretion.

Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Neither ASIC nor ASX take any responsibility for the contents of the Notice of Meeting or this Explanatory Memorandum.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in Section 24.

All references in the Notice of Meeting and Explanatory Memorandum to Share numbers assume that the proposed share consolidation on the basis of 200:1 is approved and effected and numbers are on a post consolidation basis, unless otherwise stated.

2. General Meeting Resolutions

2.1 Summary

The Company proposes to change the scale of its activities by entering into the Koongie Park Earn-in. Under this transaction, the Company will be seeking to acquire up to 75% of the mineral tenures comprising the Koongie Park Project on terms and conditions set out in more detail in this Explanatory Memorandum. There are several components to the Koongie Park Earn-in. The Company has, or intends to:

- (a) enter into an agreement with AAR making provision for the acquisition by the Company of up to a 75% interest in the Koongie Park Project (subject to AKN incurring

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expenditure of a total of \$4,000,000 over 3 years – which includes the initial amount of \$1,000,000 payable to AAR);

- (b) consolidate the existing share capital of the Company by consolidating every 200 ordinary shares into 1 ordinary share;
- (c) undertake the Capital Raising, being a public offer of a minimum \$6,000,000 through the issue of 30,000,000 Shares at \$0.20 per Share, with provision to accept subscriptions up to a further 5,000,000 Shares to raise a further \$1,000,000;
- (d) apply the funds raised from the Capital Raising to:
 - (1) exploration, testwork and project development at the Koongie Park Project;
 - (2) contribute to the Company's ongoing working capital requirements; and
 - (3) pay the costs of the Capital Raising and the Koongie Park Earn-in, including the initial payment of \$1,000,000 and the costs incurred in preparing the Koongie Park Earn-in agreements.

The Transaction will only proceed if all of the Conditional Resolutions are passed by Shareholders at the Meeting, the Company receives valid applications for at least the minimum subscription under the Capital Raising (\$6,000,000) and the Conditional Approval is issued by ASX. The Company and AAR have entered into a Joint Venture Agreement in relation to the Koongie Park Earn-in, the terms of which are summarised below.

The Transaction will result in AKN becoming a company with an interest in a copper/zinc project in Western Australia with the potential capability and scalability to deliver strong returns to stakeholders. The Board considers that the area is underexplored at depth and highly prospective for the discovery of further VMS base metal mineralisation below approximately 150m.

At the date of this Notice, the Directors of the Company are Dr Huaisheng Peng (non-executive Chairman), Mr Paul Williams (Managing Director), Mr Robert Yang (executive director) and Mr Qinghai Wang (non-executive director).

If the Transaction proceeds, Dr Peng, Mr Yang and Mr Wang will retire from office, Mr Williams will retire as Managing Director and revert to Chief Executive Officer and 4 new proposed directors will be appointed – Dr Mark Elliott (new non-executive chairman), Mr Peter Tighe (non-executive director), Ian Peter Hodkinson (non-executive director) and Mr ShiZhou Yin (non-executive director).

As there is no relationship between the existing Directors and AAR, all of the Directors recommend that Shareholders vote in favour of the approval of the Koongie Park Earn-in.

The Directors and proposed Directors have a personal interest in the outcome of some of the Conditional Resolutions and their interests are noted below and exclusions from voting are noted in the Notice of Meeting.

3. Background to applicable Listing Rules and provisions of the Corporations Act

3.1 Introduction

There are a number of approvals and requirements under the Listing Rules and the Corporations Act that are applicable to the Resolutions set out in the Notice. To avoid lengthy duplication throughout the Explanatory Memorandum, set out in this Section 3 is a summary of the applicable provisions that will be referred to throughout the Notice and Explanatory Memorandum.

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3.2 Listing Rule 7.1 - Issues exceeding 15% of capital

Listing Rule 7.1 prohibits a listed company from issuing in any 12 month period new Equity Securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (15% Capacity) without the prior approval of Shareholders unless the issue otherwise comes within one of the exceptions to Listing Rule 7.1.

3.3 Listing Rule 7.2 - Exceptions to Listing Rule 7.1

Exception 9 of Listing Rule 7.2 provides that the issue of securities upon the conversion of convertible securities does not require shareholder approval under Listing Rule 7.1 if the Listing Rules were complied with when the convertible securities were issued.

Exception 14 of Listing Rule 7.2 provides that where shareholder approval is being obtained for the purposes of Listing Rule 10.11, approval is not required under Listing Rule 7.1.

3.4 Listing Rule 10.11 - Acquisition of securities in the Company by Related Party

Listing Rule 10.11 states that a company must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a Related Party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in paragraph (a), (b) or (c) above; or
- (e) a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

A Related Party includes a director, an entity controlled by a director and spouses, parents and children of a director. A Related Party also includes any person who came within any of these abovementioned classifications in the preceding six months or in respect of which there are reasonable grounds to believe that that person will fall within such a classification in the future.

If Shareholder approval is obtained under Listing Rule 10.11, further approval is not required under Listing Rule 7.1 (see Listing Rule 7.2, Exception 14 as noted above).

3.5 Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable before making the change and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings and any further information that ASX requests;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the Notice of Meeting; and

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- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the Official List of ASX.

Upon receiving details of the Koongie Park Earn-in, ASX have formed the view that this transaction produces a significant change to the nature and scale of the Company's activities and as such, the Company is required to:

- (a) obtain Shareholder approval; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval pursuant to Resolution 1 for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

3.6 **Application made for in principle advice from ASX under Listing Rules 1.1 Condition 1 and 1.19**

The Company applied to ASX for an in principle advice on the application of ASX's discretion under Listing Rules 1.1 Condition 1 and Listing Rule 1.19 on 22 September 2020. This application sought in-principle advice from ASX as to the suitability of the Company for re-admission to the Official List of ASX if it proceeds with the Koongie Park Earn-In and the IP Service Agreement (**In-Principle Application**). This application was subsequent to a previous application made by the Company (referred to in AKN release to ASX on 25 June 2020) to which ASX advised that based on that application, there was significant likelihood that ASX would exercise its discretion to decline AKN's application for re-admission to the official list. The Company's In-Principle Application was submitted in the belief that steps it had taken subsequent to the ASX determination should, in reasonable circumstances, address the specific concerns that were noted by ASX.

Listing Rule 1.19 provides that admission to the Official List of ASX is at ASX's absolute discretion. ASX must also be satisfied under Listing Rule 1.1 Condition 1 that the Company's structure and operations are appropriate for a listed entity. On 9 February 2021, ASX advised the Company that, subject to several matters advised by ASX and, based solely on the information provided and the facts known to ASX as at that time, ASX was not aware of any reasons that would cause AKN not to have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 condition 1 or that would cause ASX to exercise its discretion to refuse re-admission to the Official List under Listing Rule 1.19 (**ASX Advice**).

Notwithstanding the ASX Advice, ASX retains a discretion under Listing Rules 1.19 and 2.9 to decline the Company's application for re-admission to the Official List, without giving any reasons. While the Company considers that it can satisfy ASX's requirements for quotation and re-admission to the Official List, ASX may exercise its discretion to decline the Company's application for re-admission to the Official List.

If ASX declines the Company's application for re-admission, the Company will not proceed with the Transaction or the Capital Raising and no Offer Shares will be issued under the Prospectus.

3.7 **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

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A Related Party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A financial benefit for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The Company is seeking Shareholder approval under Chapter 2E of the Corporations Act to a number of the resolutions to be considered by the Shareholders

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to related parties of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval has been obtained for the giving of the financial benefit.

By way of example, any Shares issued to a Director will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

For a public company, or an entity that the public company controls, to give a financial benefit to a related company of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

4. Resolution 1 - Approval of Koongie Park Earn-in: Change in Scale of Activities

4.1 General

As has been advised to the market on 25 June 2020, the Company has entered into a binding term sheet with ASX-listed AAR (**Term Sheet**), providing for the Company to secure up to a 75% interest in the Koongie Park Project upon the Company incurring \$3,000,000 of expenditure over the next 3 years in relation to the project. This amount is in addition to a further total \$1,000,000 that is payable to AAR on satisfaction of the Term Sheet conditions. The Term Sheet was varied by a Side Deed dated 4 November 2020 between the Company and AAR and a Side Deed No. 2 dated 17 February 2021 between the Company, the Company's wholly owned subsidiary AKN (Koongie Park) Pty Ltd, AAR and AAR's wholly owned subsidiaries Koongie Park Pty Ltd and Koongie Park Gold Pty Ltd (**Side Deeds**). By the Side Deeds, AAR agreed to extend the end date of the Koongie Park Earn-In to 31 March 2021. In return for the end date being extended, AKN is required to assume responsibility for all tenure maintenance costs from 22 November 2020 (by way of a reimbursement to be paid to AAR if AKN is re-admitted to the Official List) and AKN is required to commit to a small geophysics program to assist with two exploration licence expenditure commitments. The total estimated costs in committing to the geophysics program is not to exceed \$50,000 and can be met out of existing funds if necessary.

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The Company and AAR formalised the earn-in and joint venture arrangements by entering into an Earn-in and Joint Venture Agreement dated 8 February 2021 between the Company, AKN (Koongie Park) Pty Ltd, AAR, Koongie Park Pty Ltd and Koongie Park Gold Pty Ltd (**Koongie Park Earn-in**). This transaction is subject to the satisfaction of various conditions, including Shareholder approval of the various items set out in this Notice of Meeting, successful completion of the Capital Raising and satisfaction of ASX requirements under the Listing Rules. It is anticipated that these activities will be completed in around April 2021.

Resolution 1 seeks Shareholder approval for the Koongie Park Earn-in and for a change to the nature and scale of the Company's activities, subject to the passing of the Conditional Resolutions.

In light of the significance of the change in scale of the Company's activities, ASX has advised that the Company must re-comply with Chapters 1 and 2 of the Listing Rules (as required by Listing Rule 11.1.3). In accordance with ASX Guidance Note 12, the Company's shares will continue to be suspended until the requirements of Listing Rules 1 and 2 have been met.

4.2 Rationale for the Koongie Park Earn-in

The Company's management reviewed a number of potential opportunities in the mining and resources sector, after the proposed activities in Mexico did not proceed in early 2018. For a variety of different reasons, the Company had been unable to secure such an opportunity until the Koongie Park Term Sheet was signed on 24 June 2020. AAR obtained an interest in Koongie Park in 1990 and moved to 100% ownership in 2002. Koongie Park has already seen significant exploration, mine planning and feasibility studies obtained by AAR which focussed upon two primary copper/zinc deposits – Onedin and Sandiego. Until now, mining has not commenced at Koongie Park due largely to the following reasons:

- AAR's pre-feasibility study (conducted in 2008) was based on median metal prices that prevailed over the period of 2006-2008 (Zn US\$3,136/t and Cu US\$7,840/t), and AAR's scoping study (conducted in 2010) was based on metal prices of US\$2,400/t for zinc and \$US\$9,400/t for copper. AAR's pre-feasibility study focused on the extraction of zinc mineralisation and substantial capital would be required on start-up; and
- the ability for an open pit mine at the Onedin deposit to significantly enhance the Sandiego underground mine remains subject to establishing a viable metallurgical processing solution for the oxide and transitional ores at Onedin. AAR has stated that this was a key hurdle and that a suitable metallurgical process has never been identified.

The Board of AKN considers that the Koongie Park Project provides the Company with the platform to secure a strategic holding of prospective tenures in the Halls Creek region - enabling the Company to carry out exploration and development activities on a regional basis targeting copper, zinc and potentially gold, with other base metals deposits. Under the agreement summarised in section 4.8(h) below, gold extraction may be excluded from the Koongie Park Earn-in, other than the Mining Licences where the Onedin and Sandiego deposits are situated. As a result, following reinstatement to official quotation of its securities, the Company's activities will focus on the following:

- optimising existing feasibility studies on the proposed mining of the Sandiego deposit incorporating results from planned resource extension drilling targeting extensions along strike and at depth;
- carrying out a detailed exploration program across the Koongie Park Project tenures to identify additional base metals deposits to complement the existing Sandiego and Onedin resources. This includes possible drilling at depth below both deposit to identify sulphide extensions to mineralisation below the existing known oxide and transitional ore zones; and

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- trialling and evaluating the AmmLeach® metallurgical process for the Onedin deposit which (as advised by Accudo) has shown good recovery test work results on other deposits which are believed by AKN to have similar ore characteristics to Koongie Park. Ammleach® will be one but other potential metallurgical solutions will be investigated. AKN does not yet know if Ammleach® will work at Koongie Park, so the prudent approach is to explore options that may provide the best solution. Having said that, Ammleach® presents as the most likely process to be the subject of initial testwork. See section 4.7 for further information relating to the AmmLeach® process.

4.3 Key Advantages and Disadvantages of the Koongie Park Earn-in

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on each Conditional Resolution:

- (a) the Koongie Park Earn-in represents a significant opportunity for the Company to establish itself as a prominent exploration and mining company in Australia;
- (b) the Koongie Park Earn-in provides an opportunity for the Company to expand and diversify its board and senior management, particularly if mining development can be undertaken at Koongie Park in the short-term;
- (c) the Koongie Park Earn-in provides the Company with the opportunity to substantially increase the value of the Company;
- (d) the Company may be able to attract key cornerstone investors and broaden its shareholder base as a result of the Koongie Park Earn-in which may aid in the development and growth strategy of the Company's business; and
- (e) (with potential development of a mine at Koongie Park) the Koongie Park Earn-in provides the Company with an important opportunity to realise revenue over a period of 3-5 years.

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on each Conditional Resolution:

- the Koongie Park Earn-in, the share consolidation, the Capital Raising and related transactions will have significant a dilutionary effect on the holdings of Shareholders; and
- there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 4.13 below.

4.4 About Koongie Park

The Koongie Park copper/zinc project is situated in the highly mineralised Halls Creek Mobile Belt which also hosts the Savannah (Sally Malay) and Copernicus nickel projects, the Argyle diamond mine and the Nicolsons gold mining operation of Pantoro Limited. Koongie Park is located about 25kms south west of the regional centre of Halls Creek on the Great Northern Highway in north-eastern Western Australia.

AAR is the 100% owner of the Koongie Park Project, acquiring full ownership of the project in 2003. The tenure holding comprises an area of more than 500km² covering over 40kms of the base metals prospective Koongie Park Formation.

Koongie Park has already been the subject of significant exploration drilling and analysis since the 1970's, often in line with movements in commodity prices. Since its discovery the Koongie Park Project has been the subject of over 245 RC and diamond drill holes consisting of more than 50,000m of drilling in total. The predominant focus of drilling has been at the Sandiego and Onedin deposits.

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Figure 1 – Koongie Park Project Location

The Koongie Park Project has been extensively explored and drilled over many years by the previous owners. CSA Global has updated the previously reported Mineral Resource estimates for the Sandiego and Onedin deposits as follows:

Deposit	Zone	Cut-off grade	Classification	Tonnes (Mt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)
Onedin	Supergene	Cu >0.8%	Indicated	0.5	1.4	1.0	0.4	33
			Inferred	-	-	-	-	-
	Transitional and Primary	Cu >0.8%	Indicated	0.8	1.6	1.1	0.3	34
			Inferred	-	-	-	-	-
	Zn Dominant Primary	Zn >3%	Indicated	2.0	0.5	6.3	0.3	32
			Inferred	-	-	-	-	-
Sandiego	Supergene	Cu >0.8%	Indicated	0.4	4.0	2.7	0.3	48
			Inferred	0.01	1.0	0.1	0.05	3
	Transitional and Primary	Cu >0.8%	Indicated	1.1	2.8	1.5	0.4	12
			Inferred	0.4	1.8	2.0	0.3	5
	Zn Dominant Primary	Zn >3%	Indicated	1.2	0.2	7.0	0.2	26
			Inferred	0.4	0.1	6.2	0.1	9

Notes: The Mineral Resources were classified as Indicated by CSA Global in accordance with the JORC Code (2012). Mineral Resources are reported at cut-off grades as mentioned in the table. Tonnage is reported as dry tonnes. Rounding has been applied to appropriately reflect the precision of the estimate.

Figure 2A – Mineral Resource Estimates for the Sandiego and Onedin deposits

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Koongie Park	Zone	Cut-off grade	Classification	Tonnes (Mt)	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)
Onedin + Sandiego	Supergene	Cu >0.8%	Indicated	0.9	2.5	1.7	0.3	39
			Inferred	0.0	1.0	0.1	0.1	3
	Transitional and Primary	Cu >0.8%	Indicated	1.9	2.3	1.3	0.4	21
			Inferred	0.4	1.8	2.0	0.3	5
	Zn Dominant Primary	Zn >3%	Indicated	3.2	0.4	6.6	0.2	30
			Inferred	0.4	0.1	6.2	0.1	9
	All zones	Various	Indicated	6.0	1.3	4.2	0.3	28
			Inferred	0.8	1.0	3.8	0.2	7
	TOTAL	Various	Total	6.8	1.3	4.1	0.3	26

Figure 2B – Combined Mineral Resource estimates for the Koongie Park JORC (2012) resource estimates – CSA Global, Independent Technical Consultants

The above information is extracted from the report entitled *Independent Technical Assessment Report* by CSA Global Pty Ltd created on 25 February 2021 and included in the Company's Prospectus dated 9 March 2021, which was lodged with ASIC on that date and is available to view on www.aukingmining.com. The above resource estimates are not an update of previous AAR published resource estimates, but rather, they are a re-statement of resources based on the 1 November 2010 estimate of Coffey Mining Pty Ltd for the Sandiego deposit (see AAR announcement to ASX dated 25 June 2020, page 4). In addition, to be consistent with the Sandiego reporting, for Onedin CSA Global applied a Zn cutoff in the primary zone (where Zn and Cu zones overlap) rather than a Cu cutoff. This created the 1m tonne reduction in the Onedin resource from 2021 compared with CSA Global's 2009 estimate. CSA Global has advised that there is no new data or other material information that requires disclosure – they have just applied a consistent reporting process for both deposits.

The *Independent Technical Assessment Report* was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement (included in the Company's Prospectus dated 9 March 2021 and lodged with ASIC on 9 March 2021) and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Company notes that CSA Global (in preparing their Mineral Resource estimates) referred to the application of conventional flotation recovery techniques where the metallurgy of the Sandiego transition and primary zones and the Onedin primary zone were shown to be amenable. However, in the case of the Onedin transition and oxide zones, conventional recovery was not amenable while suggesting that hydrometallurgy may be possible. In addition, the AmmLeach® process was not considered in the preparation of the Mineral Resource estimates for the oxide and transition zones at Onedin. In the table comprising Figure 2A above, a total of 0.5Mt is included in the "Supergene" section and 0.8Mt is included in the "Transitional and Primary" section for the Onedin estimate.

4.5 Accudo Technical Services

A focus of AKN's efforts to demonstrate a commercially viable processing solution at Koongie Park's Onedin deposit is access to the AmmLeach® processing system. AmmLeach® is a proprietary system that uses an ammonia-based process for leaching oxide and transitional ores that can then be subjected to normal solvent extraction and electro-winning processing.

AKN has engaged Perth-based Accudo Metals Pty Ltd (the owner of the Australian patents in respect of the AmmLeach® process) under a service agreement, whereby Accudo will apply their rights in respect of intellectual property and know how associated with the AmmLeach® process to allow AKN's metallurgical testwork to be undertaken at Koongie Park (**IP Services Agreement**). On 3 March 2021, Accudo (via a wholly-owned subsidiary, Capsa Metals Pty

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Ltd) completed the purchase of all the patents and associated rights to the AmmLeach® process in Australia for a total price of \$40,000. As part of the acquisition, Capsa Metals has agreed to pay a royalty to the previous owner (MetaLeach Limited) calculated as to 0.75% of gross revenue derived from the sale of product generated utilising the AmmLeach® process. Capsa Metals also has a perpetual licence to use the AmmLeach® trademark in its activities.

The initial term of the IP Service Agreement is 2 years and an annual service fee of \$130,000 (\$350,000 less amounts paid direct to Garry Johnston (or his nominee) pursuant to the service agreement referred to below) is payable by AKN to Accudo. In the event the Company exercises its rights to proceed to Stage 2 of the Koongie Park Earn-in, the IP Service Agreement will be automatically extended for a further year.

The Company will also enter into a further service agreement, making provision for the services of Garry Johnston (through a service company associated with and controlled by Mr Johnston) as the Company's Technical Development Manager. Mr Johnston was appointed a director of Accudo in June 2016 (but will shortly resign on completion by Accudo of an internal capital raising) and remains a significant shareholder of Accudo. The services to be provided by Mr Johnston include management of the proposed feasibility optimisation studies for mining at Sandiego and also oversight of the metallurgical testwork program at Onedin. The initial term of this service agreement is 2 years and an annual service fee of \$220,000 is payable by AKN to the Johnston service entity. No other fees or remuneration is payable to Mr Johnston other than reimbursement of reasonable expenses incurred in the provision of his services. In the event the Company exercises its rights to proceed to Stage 2 of the Koongie Park Earn-in, the service agreement will be automatically extended for a further year.

4.6 Koongie Park Project Potential

There are three (3) primary areas that summarise the potential for AKN to develop the mineral resources at Koongie Park, namely:

- (a) optimising existing feasibility studies on the proposed mining of the Sandiego deposit incorporating results from planned resource extension drilling targeting extensions along strike and at depth;
- (b) carrying out a detailed exploration program across the Koongie Park Project tenures to identify additional base metals deposits to complement the existing Sandiego and Onedin resources. This includes possible drilling at depth below both deposits to identify sulphide extensions to mineralisation below the existing known oxide and transitional ore zones; and
- (c) trialling and evaluating the AmmLeach® metallurgical process for the Onedin deposit which (as advised by Accudo) has shown good recovery test work results on other deposits which are believed by AKN to have similar ore characteristics to Koongie Park. Ammleach® will be one but other potential metallurgical solutions will be investigated. AKN does not yet know if Ammleach® will work at Koongie Park, so the prudent approach is to explore options that may provide the best solution. Having said that, Ammleach® presents as the most likely process to be the subject of initial testwork. See section 4.7 for further information relating to the AmmLeach® process.

Each of these are addressed in more detail as follows:

(a) Optimise Sandiego mine feasibility studies

AAR completed a Pre-Feasibility Study (PFS) to assess the viability of a mining operation at the Sandiego deposit during October 2008. The Company believes that at the Sandiego deposit the primary copper and zinc mineralisation plunges at depth and to the south – leaving potential for the mineralisation to continue.

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An immediate activity of AKN upon completion of the Transaction will be to carry out a detailed optimisation review of the Sandiego PFS and all related mining studies. A key element of the optimisation work will be the design and conduct of a drilling program aimed at significantly expanding the existing known resources at Sandiego.

(b) Regional Koongie Park Exploration

The region in and around the existing Koongie Park Project area is well-known for mineral occurrences. The Company considers that the area is underexplored at depth and highly prospective for the discovery of further VMS base metal mineralisation below approximately 150m.

The Company believes that there are several factors about the Koongie Park Project that make it attractive for VMS exploration, namely:

- (a) favourable regional geological setting;
- (b) presence of proximal felsic volcanic facies and bimodal volcanism;
- (c) abundant mineralisation identified at numerous locations throughout a specific stratigraphic sequence;
- (d) the presence of at least two sizeable existing VMS deposits; and
- (e) the extent and intensity of the alteration indicative of a high heat flow system with high fluid to rock ratios.

A key feature of AKN's initial exploration activities across the Koongie Park Project area will be the use of geophysical methods to drive future exploration drilling and assessment. Previous studies have concluded that the 50kms of strike of the project was incompletely explored by appropriate geophysical methods and that it was not unreasonable to expect that further VMS deposits could be discovered along the interpreted strike extent using geophysical methods. In the case of Koongie Park in particular:

- (f) Koongie mineralisation is highly conductive;
- (g) Koongie and other mineralisation are lenses;
- (h) country rock is highly resistive;
- (i) depth of weathering on sulphides is greater than elsewhere; and
- (j) mineralisation tends to follow a main trend,

all indicating that geophysical methods should be ideal for the initial Koongie Park Project exploration activities. Furthermore, the Geological Survey of Western Australia (GSWA) undertook in 2016 a comprehensive multi-commodity prospectivity analysis of the Halls Creek Orogen. This multi-author study used a GIS (geographic information system) driven, minerals system approach and developed a comprehensive set of prospectivity maps and images. *The Pb-Zn-Cu-Ag prospectivity map generated by the GSWA highlighted that the Koongie Park Project area as the most prospective for these metals in the region.*

(c) Processing at Onedin

Introduction

A focus of AKN's early efforts to demonstrate a commercially viable metallurgical processing solution at Koongie Park's Onedin deposit is access to the AmmLeach® processing system. The Australian patents to AmmLeach® are held by Accudo via its wholly-owned subsidiary, Capsa Metals Pty Ltd. The AmmLeach® processing system uses an ammonia-based process

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for leaching oxide and transitional ores that can then be subjected to normal solvent extraction and electro-winning processing.

The most common form of oxide/transitional ore leaching is by the use of sulphuric acid. However, with more complex oxide ores (such as at Koongie Park's Onedin deposit) one of the primary issues associated with leaching oxide ores can be the excessive use of sulphuric acid by a significant amount of carbonate minerals present in the ore. Not only does this use come at significant additional expense (making the process non-viable) but still may not achieve the levels of mineral recovery that is critical to establish an economically viable operation.

Commercial Application

Prior pilot-scale and laboratory testwork has established that the AmmLeach® process has the potential to leach complex ores that are otherwise uneconomic to treat (using traditional acid-based leaching technology) and operates at ambient temperature, potentially making it an ideal process for either heap or tank leaching activities. Another potential advantage of the AmmLeach® process is that the use of alkaline-based ammonia leaching (as opposed to the traditional acid leaching) can substantially reduce environmental impacts of the proposed operations.

The AmmLeach® process has not yet been utilised in a commercial mining and processing operation. It has however, been the subject of many studies and testwork ranging from pilot-scale to laboratory level analysis, including the following:

- Leon, Argentina – Alexander Mining plc (the previous owner of the AmmLeach® process), developed the alkaline leaching method for the high carbonate ores at this project and built a pilot plant as part of a project feasibility study in 2007. The pilot plant tests established commercial-grade copper recoveries exceeding 70%;
- North-western Queensland project, Mount Isa region – Accudo engaged Perth-based Simulus Laboratories to carry out testwork on several oxide ore samples which are believed by AKN to have similar ore characteristics to Koongie Park. Accudo advised the Company that all tests demonstrated successful extraction of copper under a range of AmmLeach® conditions with copper recovery rates of between 66% and 82% being achieved for the various samples tested. Despite the successful testwork undertaken by Accudo, they advised the Company that an option to purchase the project was entered into with the project owner, but the option lapsed due to a failure on the part of Accudo to raise sufficient equity capital for the purchase.

4.7 Additional information about AmmLeach® process

The AmmLeach® process was originally developed by UK-based and AIM-listed Alexander Mining plc (now called eEnergy Group plc) (**Alexander**) as part of that company's proposed development of the Leon copper/silver project in the Salta Province of north-western Argentina. The process utilises ammonia-based chemistry to selectively extract metals from ores. In early 2020 Alexander sold all of its interests in the AmmLeach® process to Qora Capital for the sum of £135,000. See section 4.5 for further details about the recent acquisition by Accudo of the Australian patents and associated rights in relation to the AmmLeach® process

The AmmLeach® process consists of the same three major stages as acid-based processes – that is, leaching, solvent extraction and electrowinning. The leaching occurs in two steps – an ore-specific pre-treatment which converts the metals into a soluble form and the main leaching step, which uses recycled raffinate from the solvent extraction stage. Solvent extraction is then used to separate and concentrate the metals while also changing from ammoniacal media to acid sulphate media from which metals can be directly electrowon using industry standard unit operations.

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The difference between the AmmLeach® process and acid leaching is that the leaching is conducted in moderately alkaline solution with ammonia present as a complexant. The use of alkaline conditions allows the use of the AmmLeach® process in high-carbonate ores where acid consumption is prohibitive.

(a) Application at other projects

AmmLeach® was the metallurgical process adopted by Alexander as part of a feasibility study that was completed for the proposed development of Leon, Argentina in 2007. Included in the feasibility study project economics were life of mine metal recoveries of 75% for copper and 70% for silver and a project payback of 1.5 years. Alexander signed a mandate with Standard Bank plc, London, to assist with establishing a project loan facility. Following a change of national government in Argentina in October 2007, a 10% export tax on mining operations was imposed – contrary to the 30 year tax stability law of 1989. Alexander continued to seek financial support for the project 4 but it was eventually put into care and maintenance.

In 2016, after securing certain licence rights to utilise AmmLeach® in Australia, Accudo proceeded with a testwork program at a copper project in north-western Queensland in the Mount Isa region. Specific details of the project and the activities of Accudo are commercial-in-confidence. However, Accudo has advised the Company that the tests demonstrated successful extraction of copper under a range of AmmLeach® conditions and comparable recoveries to acid leaching with excess sulphuric acid. Accudo representatives have further advised that a commercial transaction involving the use of the AmmLeach® process could not be concluded with the project owners at the time due to an inability to secure project equity funding.

(b) Potential application at Onedin (Koongie Park)

The potential application of the AmmLeach® process to the Onedin deposit and, in particular, the oxide and transition ore zones at Onedin is highlighted by what AKN believes to be the similar carbonate-associated mineralogical composition exhibited at Leon and the north-west Qld project, based upon information provided by Accudo and summarised as follows:

Leon – malachite, azurite, digenite, covellite and chalcocite

NW Qld project – malachite, digenite, chalcocite, native copper, azurite and cuprite

Onedin – malachite, covellite, chalcocite, cuprite, digenite, native copper, chrysocolla, bornite.

In the case of the zinc mineralisation at Onedin, the Independent Technical Report contained in section 6 of the Prospectus establishes that most of the mineral value within the Onedin transition zone is comprised of zinc oxide minerals. On 4 April 2014 the Alexander CEO stated that “We have already built up an extensive database of all of the world's major zinc oxide deposits and conducted favourable AmmLeach® amenability testwork on samples from a significant number.”

(c) Risks with commercial application

A deep weathering profile is exhibited at Onedin, resulting in three weathering domains: an oxidised zone at surface, a primary zone at depth, and the transition zone in between. Each zone has very different mineral assemblages and consequently very different metallurgical properties. As noted above, the copper minerals present in each of the Leon, NW Qld and Onedin deposits are believed by AKN to be similar. However, while the relative percentages of each mineral in the oxide and transition zones is known for Leon and the NW Qld deposits, it is not well known for Onedin. This composition will only be defined and better understood following further drilling, sampling and mineralogy studies. Following these studies, the Company will have an indication as to whether the AmmLeach® process could potentially produce economic recoveries for the Onedin oxide and transition materials.

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In the case of the zinc mineralisation in the oxide and transition zones at Onedin, the process of extracting zinc by way of ammonium carbonate has been used for the commercial recovery of zinc for many years and dates back to the Schnabel process in the 1880's. Although it remains to be seen whether the AmmLeach® process can be successfully applied at Onedin, this historical background for zinc recovery provides at least a basis for a well-established process for zinc extraction.

4.8 Key Elements of the Koongie Park Earn-in

(a) **General**

The Company has entered into an Earn-in and Joint Venture Agreement with AAR with respect to the Koongie Park Project. Under the Koongie Park Earn-in, the Company (via its wholly owned subsidiary, AKN (Koongie Park) Pty Ltd) and AAR (via its wholly owned subsidiary, Koongie Park Pty Ltd (**AAR Sub**)) propose to form the Joint Venture on terms which include, but are not limited to, the following:

- (1) the Company is granted the right to:
 - (A) Explore for and (subject to completion of a feasibility study and a decision to mine) develop base metals deposits within the project area;
 - (B) Conduct exploration activities, update resource estimates to JORC Code reporting standard, prepare a feasibility study in respect of the Sandiego and Onedin deposits and (subject to completion of a feasibility study and a decision to mine) development activities for base metals deposits on the project area; and
 - (C) Earn up to a 75% interest in the project area through the joint venture by funding exploration and project development studies (as stipulated below); and
- (2) Another wholly owned subsidiary of AAR, Koongie Park Gold Pty Ltd, retains the right to explore for and develop gold and platinum group metals (**PGM**) deposits within the project area other than the mining leases (on which the Sandiego and Onedin deposits are situated)).

(b) **Earn-in Rights**

The Koongie Park Earn-in provides for a two-staged earn-in process whereby the Company can ultimately secure a 75% project interest in the Koongie Park Project. A summary of the two-stage earn-in is outlined below.

(c) **Conditions Precedent**

The Koongie Park Earn-in does not bind the parties and has no force or effect unless and until the KP Transaction Conditions are satisfied or waived, namely the Company:

- (1) obtaining all necessary Company shareholder and regulatory approvals, including for the purposes of Chapters 1, 2 and 11 of the ASX Listing Rules, as required to give effect to the transaction contemplated by the Koongie Park Earn-in;
- (2) successfully raising a minimum of A\$6,000,000 pursuant to a capital raising; and
- (3) paying A\$900,000 to AAR.

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The Company and AAR must use reasonable endeavours to satisfy the KP Transaction Conditions as soon as possible and, in any event, by 31 March 2021. AAR may agree to extend this date by two further 14 day periods at its discretion and, beyond that, by agreement in writing.

On completion of the Conditions Precedent, the Koongie Park Joint Venture will commence (as set out below).

AAR will transfer ownership of the Koongie Park Project tenements to AAR Sub and grant the Joint Venture parties a contractual licence to the tenements until AAR Sub becomes registered holder.

(d) **Initial Interest**

The Company shall acquire an initial 25% interest in the Joint Venture on satisfaction of the Conditions Precedent and the Company making a total initial payment of \$1,000,000 to AAR, in the following tranches:

- (1) \$100,000 as a non-refundable deposit within 5 business days of the parties signing the Agreement (which was paid in July 2020); and
- (2) \$900,000 at any time prior to the satisfaction of the other KP Transaction Conditions,

at which time the Joint Venture will be formed. The Koongie Park Project exploration licences and prospecting licences will become Joint Venture Property on formation of the Joint Venture Property (subject to any FIRB approval that the Company is required to obtain).

While the Company is earning its First Earn-in Interest and Second Earn-in Interest, the Company will sole fund all expenditure on exploration activities in relation to the Joint Venture and free carry AAR's interest in the Joint Venture.

(e) **First Earn-in Period**

During the First Earn-In Period of twenty four (24) months, the Company has a firm commitment to spend \$1.5million on drilling, testwork, and related exploration and analysis aimed at expanding the existing Koongie Park resources and to demonstrate a commercially viable processing solution on the Koongie Park ores (**the First Earn-In Milestone**).

Upon satisfying the First Earn-in Milestone, the Company shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 50% interest in the Joint Venture. AAR will also be obliged to transfer the two mining leases (on which the Sandiego and Onedin deposits are situated) into the Joint Venture as Joint Venture property (subject to any FIRB approval that the Company is required to obtain).

If the Company fails to satisfy the First Earn-in Milestone during the First Earn-in Period, the Company will be deemed to have withdrawn from the Joint Venture, will cease to have any interest in the Joint Venture and the Koongie Park Earn-in will automatically terminate.

(f) **Second Earn-in Period**

During the Second Earn-in Period, which is a period of 12 months commencing immediately following completion of the First Earn-in Milestone and the Company giving notice that it elects to proceed with the Second Earn-in, the Company may earn a further 25% interest in the Joint Venture by incurring additional expenditure of \$1.5m, which may include expenditure on exploration activities and feasibility studies with a view to establishing mining operations on the Onedin and Sandiego deposits on the Koongie Park tenements (**Second Earn-In Milestone**).

Upon satisfying the Second Earn-in Milestone, the Company shall be deemed to have earned an additional 25% interest in the Joint Venture for a total 75% interest in the Joint Venture. If

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the Company fails to satisfy the Second Earn-in Milestone during the Second Earn-in Period, then the Company will retain its earned interest in the Joint Venture of 50% and the parties will make contributions to Joint Venture expenditure proportionate to their respective percentage interests in the Joint Venture.

(g) **Other JV Provisions**

The Koongie Park Earn-in between the Company and AAR contains various other provisions that are standard for an exploration joint venture including:

- (1) The Company is the manager of all Joint Venture activities while it is earning interests in the Joint Venture and following completion of those earn-ins;
- (2) The Joint Venture manager is responsible for all reporting, budget and work program preparation, tenure management and generally reporting to the Joint Venture management committee from time to time;
- (3) Upon conclusion of AKN's earnin rights, the parties are then obliged to contribute towards future programmes and budgets in proportion to their respective Joint Venture interests;
- (4) The management committee will make a decision to mine. A decision to mine must be based on a feasibility study for a proposed mining operation utilising 'Class 3' estimation data (as defined in the AusIMM Cost Estimation Handbook) and all necessary approvals to develop and mine the proposed mining operations must be in place. A participant who does not wish to proceed to mining may be bought out at an agreed purchase price or if the purchase price is unable to be agreed, at fair market value. Following a decision to mine, the parties will in good faith negotiate and enter into a new mining Joint Venture to govern mining activities;
- (5) Dilution mechanisms apply in the event a party is unwilling or unable to contribute towards their share of ongoing Joint Venture expenditure commitments as well as other default provisions (including a buyout right);
- (6) Mutual pre-emptive right on sale of a Joint Venture interest and a tag along right if a party sells a Joint Venture interest of 50% or greater;
- (7) In the event a party's interest in the Joint Venture dilutes below 10%, they will be deemed to have withdrawn from the JV and their interest will revert to a 1% net smelter return royalty.

With effect after commencement of the Koongie Park Joint Venture, the Koongie Park Earn-in provides for the Company to reimburse certain outgoings incurred prior to execution of the Koongie Park Earn-in (estimated to not exceed \$60,000) and sets out the party responsible for payments of any fines issued due to under-expenditure on the tenements (depending on the tenement year the fine relates to).

The Koongie Park Earn-in also provides that if any required FIRB approval is not obtained (or the requirement for FIRB approval is not waived) for either:

- (1) the exploration and prospecting licences (described as the tranche 1 assets) within 12 months of the commencement of the Joint Venture; or
- (2) the mining leases (described as the tranche 2 assets) within 12 months of the date on which the Company notifies AAR that it has satisfied the First Earn-in Milestone,

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the parties will meet and negotiate in good faith either an extension to the above timeframes with a view to overcoming the delay or to reach an agreement for an equitable alternative to the requirement for FIRB approval. If agreement is unable to be reached within 6 months from the first meeting, the relevant tenements which did not obtain the necessary FIRB approval and in respect of which an agreement was not able to be reached will not become Joint Venture property and will be excluded from the Joint Venture with no liability to either party.

(h) ***Koongie Park Precious Metals Rights Agreement***

In conjunction with the Koongie Park Earn-in summarised above, the Company and AAR have entered into an agreement titled Precious Metals Rights Agreement (**the PMRA**). The primary function of the PMRA is to establish the exclusive rights of AAR's wholly owned subsidiary, Koongie Park Gold Pty Ltd (**PM Holder**), to explore for and develop gold and PGMs across the Koongie Park Project other than the area of the mining leases (**the Excluded Area**) (on which the Sandiego and Onedin deposits are situated) and non-exclusive access rights to the Koongie Park Project (other than the Excluded Area). The key parties to the PMRA are PM Holder (on one hand) and the Joint Venture managed by the Company (on the other). The Precious Metals Rights have been granted but the remaining operative clauses of the PMRA comes into effect at the same time as the Joint Venture.

In addition to gold and PGEs, AAR can extract any other minerals incurring in connection with those minerals and construction materials to carry out exploration or mining activities on the tenements.

Under the PMRA:

- (1) each party must submit an annual work program to the other, in advance of the proposed activities;
- (2) in the case of the Company (as manager of the Joint Venture) discovering a geologically anomalous concentration of gold or PGMs it must immediately notify AAR and vice versa in the case of AAR discovering a geologically anomalous concentration of minerals other than gold or PGMs. If either of these occur, the party receiving notice then has the right to exercise their rights to exclusively explore and develop minerals (**Mineral Rights**);
- (3) there is provision to establish priority when a party is seeking to exercise their Mineral Rights that may interfere with existing exploration or mining activities of the other party and if it is unable to be resolved then it may be determined by an expert, with mining activities to take priority over exploration activities;
- (4) there is provision to establish priority when there is the potential for respective mining activities to be carried out by the parties within close proximity of each other and if it is unable to be resolved then it may be determined by an expert; and
- (5) there is also provision to establish priority when there exists economic deposits of gold, PGM or other minerals within sufficient proximity that recovery of the minerals is best carried out by a single mining operation via joint mining or sequential mining.

The Joint Venture will be responsible for keeping the tenements in good standing including meeting expenditure, paying rent and statutory reporting.

AAR must rehabilitate all disturbances it creates after the Joint Venture commences, but otherwise the Joint Venture will be responsible for rehabilitation of disturbances.

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Each of AAR Sub and the Joint Venture will be responsible for State royalties (to the extent attributable to the sale of minerals by a party in exercise of its rights under the PMRA) and will pay the applicable royalty payments to any third parties in exercise of a party's rights under the PMRA.

The PMRA contains a mutual pre-emptive right on sale of a party's Mineral Rights.

Finally, the PMRA provides for parties to hold a pre-emptive right over sales contracts and sales arrangements for the sale of minerals (to which they are generally entitled) but where they are not the dominant mineral being the subject of mining activities, in order to receive the benefit from the sale of minerals to which they are generally entitled, or otherwise charge a 1% net smelter return royalty on that mineral.

The PMRA provides for the consequences of a party defaulting under the PMRA, in that the non-defaulting party has the right to commence proceedings against the defaulting party and recover indemnity costs in enforcing the agreement, as well as a suspension right, and the defaulting party agrees to grant a call option in favour of the non-defaulting party to buy out the mineral rights at an agreed value or at fair market value.

As noted previously, the PMRA has no application in respect of the area of the mining leases where the San Diego and Onedin deposits are situated – the Company retains the full right to explore and develop all minerals (including gold and PGMs) within those mining leases.

4.9 Change of activities

As identified above, ASX has advised that the Koongie Park Earn-in produces an effect on the Company which amounts to a significant change in the nature and scale of its current business activities.

Pursuant to Chapter 11 of the ASX Listing Rules, ASX has advised the Company that the Company must:

- (a) obtain Shareholder approval for the purposes of Listing Rule 11.1.2; and
- (b) re-comply with Chapters 1 and 2 of the ASX Listing Rules, pursuant to Listing Rule 11.1.3.

In accordance with Chapters 1 and 2 of the Listing Rules, the Company is required to satisfy a number of conditions. As such, subject to Shareholders passing the Conditional Resolutions, in order to meet the requirements of Chapters 1 and 2 of the Listing Rules and be re-admitted to the Official List, the Company has lodged the Prospectus, pursuant to which the Company will undertake the Capital Raising to raise a minimum of \$6 million. Further details of the Capital Raising are outlined in section 5 of this Explanatory Memorandum.

Shareholders should be aware that the re-admission of the Company to the ASX is at the discretion of ASX and there can be no guarantee that the ASX will approve the re-admission on conditions that are able to be satisfied by the Company, or at all. Listing Rule 1.19 provides that admission to the Official List of ASX is at ASX's absolute discretion. ASX must also be satisfied under Listing Rule 1.1 Condition 1 that the Company's structure and operations are appropriate for a listed entity. The Company applied to ASX for an in-principle advice on the application of ASX's discretion under Listing Rules 1.1 Condition 1 and Listing Rule 1.19 on 22 September 2020. This application sought in-principle advice from ASX as to the suitability of the Company for re-admission to the Official List of ASX if it proceeds with the Koongie Park Earn-In and the IP Service Agreement (**In-Principle Application**). This application was subsequent to a previous application made by the Company (referred to in AKN release to ASX on 25 June 2020) to which ASX advised that based on that application, there was significant likelihood that ASX would exercise its discretion to decline AKN's application for re-admission to the official list. The Company's In-Principle Application was submitted in the

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belief that steps it had taken subsequent to the ASX determination should, in reasonable circumstances, address the specific concerns that were noted by ASX.

Listing Rule 1.19 provides that admission to the Official List of ASX is at ASX's absolute discretion. ASX must also be satisfied under Listing Rule 1.1 Condition 1 that the Company's structure and operations are appropriate for a listed entity. On 9 February 2021, ASX advised the Company that (subject to several matters advised by ASX and, based solely on the information provided and the facts known to ASX as at that time) ASX was not aware of any reasons that would cause AKN not to have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 condition 1 or that would cause ASX to exercise its discretion to refuse re-admission to the Official List under Listing Rule 1.19 (**ASX Advice**).

Notwithstanding the ASX Advice, ASX retains a discretion under Listing Rules 1.19 and 2.9 to decline the Company's application for re-admission to the Official List, without giving any reasons. While the Company considers that it can satisfy ASX's requirements for quotation and re-admission to the Official List, ASX may exercise its discretion to decline the Company's application for re-admission to the Official List.

If Resolution 1 is not passed, the Transaction is not completed or ASX decline the Company's application for re-admission, the Company will continue to seek to identify opportunities to secure a project that ASX considers appropriate.

The Company's Shares will continue to be suspended from Official Quotation pending the outcome of the Meeting and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The Company's Shares will remain suspended from Official Quotation until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

4.10 Financial effect of the transaction on the Company

(a) Assets and equity

Details of the estimated effect that the Koongie Park Earn-in will have on the Company's total assets and total equity interests following completion of the Koongie Park Earn-in are set out in Schedule 4. The estimated Use of Funds received from the Capital Raising (as shown in the Table in section 6.3) reflects the estimated effects on the Company's annual expenditure over the next two years.

The Pro Forma Financial Information in Schedule 4 has been prepared for illustrative purposes and has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies of the Company, as if the Koongie Park Earn-in occurred on 31 December 2020.

The accounting policies comply with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. They also comply with International Financial Reporting Standards. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, comparative information and notes required in an annual general purpose financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The Company's financial statements as at and for the years ended 31 December 2017, 2018 and 2019 have been audited by Ernst & Young. An audit opinion was issued by Ernst & Young for the Company which included an emphasis of matter in relation to the Company's ability to continue as a going concern without raising additional working capital. In August 2020 BDO replaced Ernst & Young as the Company's auditors at the end of Ernst & Young's five year term of service as auditors.

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The historical financial information of the Company provided in Schedule 4 comprises a Pro forma consolidated statement of financial position as at 30 June 2020, which is based upon:

- (1) the Company's audit reviewed statement of financial position for the half-year as at 30 June 2020; and
- (2) relevant Pro forma adjustments required to present the Company on a post-transaction basis.

The information in Schedule 4 is presented on a Pro forma basis only, and as a result it is likely that this information will differ from the actual financial information for the Company as at the acquisition of the Initial Interest pursuant to the Koongie Park Earn-in.

(b) Issued capital

Schedule 1 sets out the current issued share capital of the Company, together with the capital structure, assuming the Transaction completes and all other Resolutions to be considered by the Meeting are passed.

In summary, if the Koongie Park Earn-in is completed and all Shares and Attaching Options are issued in accordance with the Resolutions set out in the Notice of Meeting, the investors who subscribed for Offer Shares under the Capital Raising will hold a total of 54.26% of the issued Shares (assuming a minimum subscription of \$6,000,000 is raised).

The existing Shareholders of the Company would hold a total of 8.43% of the issued Shares, assuming that none of the existing Shareholders subscribe for any Shares pursuant to the Capital Raising. These numbers are based on the assumption of the minimum \$6,000,000 being raised under the Capital Raising and will obviously change if more funds are raised. Details of the impact of both a minimum raising of \$6,000,000 and a maximum of \$7,000,000 are set out in Schedule 1.

Schedule 1 also sets out the issued shares capital of the Company assuming that all of the Attaching Options are exercised, but no further Shares are issued other than upon exercise of the Attaching Options.

4.11 Board Composition

The Company's Board is currently comprised of four (4) directors:

- (a) Dr Huaisheng Peng (Chairman);
- (b) Paul Williams (Managing Director);
- (c) Robert (Zewen) Yang; and
- (d) Qinghai Wang.

Upon Completion in and satisfaction of the ASX re-quotations requirements, the following changes will occur to the Board:

- Dr Huaisheng Peng, Robert Yang and Qinghai Wang will retire as directors;
- Paul Williams will retire as managing director and assume the role of Chief Executive Officer; and

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- Dr Mark Elliott, Mr Peter Tighe, Mr Ian Hodgkinson and Mr ShiZhou Yin will join the Board as non-executive directors, with Dr Elliott assuming the role as Chairman. Mr Yin (through his association with JCHX) will not be regarded as independent directors.

Relevant information regarding Dr Elliott, Mr Tighe, Mr Hodgkinson and Mr Yin is outlined below:

Dr Mark Elliott - Dip Appl Geology, PhD, FAICD, FAusIMM(CP Geol), FAIG

Dr Elliott is a Chartered Professional (CP) geologist with over 45 years' experience in economic geology, exploration, mining, project development and in corporate management roles as chairman and managing director for a number of ASX-listed resource companies.

Dr Elliott has a Diploma in Applied Geology (1973) from the Ballarat School of Mines, and a Doctor of Philosophy Degree (1979) from the University of New South Wales. He is a qualified Company Director having completed the Company Directors course Diploma awarded by the University of Sydney Graduate School of Business in 1996. He is a Fellow of the Australian Institute of Company Directors, Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Dr Elliott has extensive experience in managing companies and exploration/mining operations in a wide range of commodities including gold and base metals. His management experience includes founding IPOs from commencement of project and company acquisitions, exploration to production, capital raising and negotiating joint ventures. Dr Elliott has been the Chairman of ASX listed West African explorer Mako Gold Ltd, and is Non-Executive Director of ASX listed Western Australian Archean gold explorers Nexus Minerals Limited and Aruma Resources Limited and also Astron Corporation Limited.

Peter Tighe

Mr Tighe started his working career in the family-owned JH Leavy & Co business, which is one of the longest established fruit and vegetable wholesaling businesses in the Brisbane Markets at Rocklea and has been trading since the late 1800s. As the owner and managing director of JH Leavy & Co, Mr Tighe expanded the company along with highly respected farms and packhouses that have been pleased to supply the company with top quality fruit and vegetables for wholesale/export for over 40 years. JH Leavy & Co is considered one of the most successful businesses operating within the Brisbane Markets.

Mr Tighe has been a director of Brisbane Markets Limited (BML) since 1999. BML is the owner of the Brisbane Markets® site and is responsible for its ongoing management and development of its \$350m asset portfolio. As the proprietor of the site, BML has over 250 leases in place including selling floors, industrial warehousing, retail stores and commercial offices. BML acknowledges its role as an economic hub of Queensland, facilitating the trade of \$1.5 billion worth of fresh produce annually, supporting local and regional businesses of the horticulture industry. As a Board member Mr Tighe has held roles in various sub-committees which include:

- Chairman of Safety and Tenant Advisory Committee;
- BML Strategy Investment Committee; and
- Legal and Compliance Committee.

In 2016 the JH Leavy & Co business was sold but Mr Tighe has continued as the CEO of Global Fresh Australia, trading as JH Leavy & Co, to ensure a successful transition of ownership.

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Mr Tighe (with his wife Patty) own Magic Bloodstock Racing (MBR), a thoroughbred horse racing and breeding company. MBR has acquired many horses which are trained and raced across Australia and around the world including “Winx”, one of the greatest thoroughbreds of all time winning more than \$26m in prizemoney.

Ian Peter Hodkinson

Mr Hodkinson is a Registered Professional Geoscientist (RPGeo) in the fields of Mining and Mineral Exploration with over 40 years of experience in exploration, metalliferous mining and project development, in both Africa and Australia.

Mr Hodkinson has a bachelor’s degree in Geology and Geography from the University of London and a Master of Science in Mineral Exploration and Mining Geology from the University of Leicester in the UK. He is a long-standing member of the Australian Institute of Geoscientists (AIG) and the Society for Geology Applied to Mineral Deposits (SGA).

Mr Hodkinson’s experience and ability to report as a Competent Person (CP) covers a broad spectrum of mineral commodities including base metals (copper, lead and zinc), precious metals (gold and silver), nickel/cobalt and tin/tungsten across both underground and open-pit operations. He has extensive experience in the project development phase with a particular focus on resources/reserves and geometallurgical and geotechnical investigations. He has been the senior site geologist on numerous operational mine sites including Eloise, Mt Leyshon, Hadleigh Castle and Mungana as well as having Australia-wide metalliferous exploration experience.

Mr Hodkinson has been engaged by the Company to provide consulting services from time to time at a daily fee of \$1350 per day (plus GST). The Company does not expect that a significant amount of time will be spent by Mr Hodkinson in this regard.

Mr Hodkinson is currently the Chief Geologist at EnviroGold Global Limited.

ShiZhou Yin

Mr. Yin is a Chinese national without any foreign permanent residence, holds a Master of Professional Accounting degree and is a Chinese Certified Public Accountant and a Senior Accountant. From September 1994 to September 2010, Mr. Yin served successively as Accountant of Beijing No. 2 Water Pipe Factory, Audit Manager and Audit Partner of Yuehua Certified Public Accountants Firm, and Senior Partner of Zhongrui Yuehua Certified Public Accountants Co., Ltd. From October 2010 to May 2011, Mr Yin served as Chief Financial Officer of JCHX Mining Management Co., Ltd. From May 2011 to April 2017, Mr Yin served as Chief Financial Officer and Secretary of the Board of Directors of JCHX Mining Management Co., LTD (Shanghai Stock Exchange Code: 603979).

From April 2017 to the date of this Notice of Meeting, Mr Yin has been Vice President, Chief Financial Officer and Secretary of the Board of JCHX Group Co., Ltd.

Mr. Yin has been the chairman of the Board of Supervisors of JCHX Mining Management Co., Ltd (Shanghai Stock Exchange Code: 603979) since May 2017.

Mr Yin has been an Independent Director of:

- (a) Beijing Century Real Technology Co.,Ltd. (Shenzhen Stock Exchange Code: 300150) since September 2018;
- (b) Beijing Yiqiao Shenzhou Technology Co., LTD. (which is to be listed on Growth Enterprise Market (“GEM”) of Shenzhen Stock Exchange) since March 2020; and

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- (c) previously, from October 2009 to March 2015, Dalian East New Energy Development Co., Ltd. (Shenzhen Stock Exchange Code: 300125) from October 2009 to May 2015.

Mr Yin will represent the interests of major shareholder JCHX Group, on the Company's Board.

4.12 Timetable

The timetable in Schedule 2 outlines the expected timing for Completion and the Capital Raising, subject to compliance with all regulatory and statutory requirements.

The Company notes that the dates outlined in the timetable in Schedule 2 are indicative only and subject to a number of factors which are outside the control of the Company and as such may change without notice.

4.13 Risks

The business activities of the Company are and will continue to be subject to normal business risks and uncertainties and there may be many factors that could affect the future performance of the Company. Some of these risks and uncertainties may be mitigated by the use of safeguards, appropriate systems and contingencies. However, some risks may be outside the control of the Company and not able to be mitigated. Additionally, there are also a number of risk factors that are specific to the Company.

Set out in Schedule 7 is a summary of some of the key specific risks relating to the Koongie Park Earn-in and business of the Company after Completion.

4.14 Other information

(a) Conditionality of Resolutions

The Conditional Resolutions are each conditional upon the passing of each other, so that each will not have effect unless and until all of the others are passed.

As such, if any of the Conditional Resolutions are not passed, then all of the Conditional Resolutions will be taken to have been not approved by Shareholders.

(b) Plans for the Company if the Resolutions are passed

In the event that all of the Conditional Resolutions are approved by Shareholders and the Joint Venture for the Koongie Park Earn-in is formed, the Company will proceed to carry out its intended exploration and development activities at the Koongie Park Project. In addition, the Company will continue to pursue and assess other commercial opportunities that are consistent with its stated objective of becoming a mid-tier copper/gold/base metals producer.

(c) Plans for the Company if the Resolutions are not passed

In the event that the Conditional Resolutions are not approved (or the ASX does not approve the Company for re-admission) and the Koongie Park Earn-in does not take place, the Company will continue to seek project opportunities in the resources sector that can provide and generate value and wealth for shareholders. The Company will have some funds available to pursue other opportunities but there remains significant doubt that a further suitable project opportunity could be secured before the Company would need additional funds.

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(d) **Voting Exclusion Statements**

The voting exclusions set out in respect of Resolution 1 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution.

4.15 **Director Recommendation**

All of the Directors recommend that Shareholders vote in favour of Resolution 1 for the following reasons:

- (a) the Koongie Park Project is already a significant existing Australian exploration opportunity and the Koongie Park Earn-in represents a significant opportunity for the Company to establish itself as a prominent exploration and mining company in Australia;
- (b) the Koongie Park Earn-in provides an opportunity for the Company to substantially expand and diversify its board and senior management;
- (c) if the Capital Raising is successfully completed the Company will have substantial cash reserves to dedicate towards pursuing project activities at Koongie Park and elsewhere;
- (d) the Koongie Park Earn-in provides the Company with the opportunity to substantially increase the value of the Company for the benefit of all Shareholders.

5. **Resolution 2 - Approval to Consolidate Share Capital**

5.1 **General**

The Board proposes that as part of the Transaction, a consolidation of the Company's existing share capital is required for the following reasons:

- the Company currently has 932,584,461 ordinary Shares on issue. In the 20 trading days prior to the Company's shares being suspended from quotation on the ASX on 30 September 2019, its shares were trading at a volume weighted average price of approximately \$0.001, with the last trade prior to suspension being at \$0.002. In order to carry out the Capital Raising and secure a minimum \$6,000,000 under that raising, without a share consolidation, the Company would need to issue a significant number of shares;
- as a consequence, the proposed share consolidation of 200 Shares into 1 Share will result in a more appropriate and effective capital structure for the Company and appeal to a wider range of investors; and
- generally, to allow for the Company to comply with all of the requirements of the ASX in order to secure re-quotation of the Shares on the ASX, namely that the issue price of ordinary shares in the Company must be at least 20 cents pursuant to Listing Rule 2.1, Condition 2.

Assuming Resolution 2 is passed, the number of Shares on issue will be reduced from 932,584,461 to 4,662,923 (subject to rounding).

5.2 **Legal Requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. Further, clause 19.1(b) of the Company's Constitution enables the Company to convert all of its shares into a larger or smaller number.

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5.3 Fractional Entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by 200. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share.

5.4 Taxation

It is not considered that any taxation implications will arise for Shareholders in relation to the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

5.5 Commencement of the Consolidation

As Resolution 2 is one of the Conditional Resolutions, the Consolidation does not become effective until all of the other Conditional Resolutions are passed.

5.6 Holding Statements

From the date the Consolidation becomes effective, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to the disposal of any Shares.

5.7 Effect on Capital Structure

The effect which the Consolidation will have on the Company's share capital structure (together with new Shares issued under the Capital Raising and other Shares issued in accordance with Resolutions in this Notice of Meeting) is shown in Schedule 1 below.

5.8 Timetable

The timetable for completion of the Consolidation is part of the overall Completion timetable as set out in Schedule 2 below.

5.9 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 2.

6. Resolution 3 - Approval to issue Offer Shares under the Prospectus

6.1 General

Resolution 3 seeks Shareholder approval for the Company to undertake the Capital Raising by way of an offer to the public of a minimum 30,000,000 Shares at an issue price of \$0.20 each to raise \$6 million. Provision will be made to accept further subscriptions for an additional 5,000,000 Shares to raise a total \$7 million. Shareholder approval is required pursuant to Listing Rule 7.1 before the Company can issue the Offer Shares, which is the subject of Resolution 3.

The specific details of the Capital Raising are described in the Prospectus. However, it is noted that the Capital Raising will not be undertaken if the Conditional Resolutions are not all passed and that no Offer Shares will be issued if the ASX does not approve the Company for re-admission to the Official List.

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6.2 Re-Compliance with Chapters 1 and 2

As previously identified, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules for admission to the Official List, pending approval of the Resolutions by Shareholders. In re-complying with Chapters 1 and 2 of the ASX Listing Rules, Listing Rule 1.1 Condition 3 requires a company to issue and lodge a prospectus with ASIC. The Prospectus issued by the Company is therefore a re-compliance Prospectus for the purposes of Chapters 1 and 2 of the Listing Rules.

Listing Rule 2.1 outlines the conditions that must be satisfied for quotation of the main class of securities of an entity seeking admission to the Official List. Condition 2 specifies that the issue or sale price of the securities be at least 20 cents (**20 Cent Rule**). Similarly, Condition 11 of Listing Rule 1.1 provides that any options on issue must be exercisable for at least 20 cents.

6.3 Listing Rule 7.1

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Offer Shares for the purposes of re-complying with Chapters 1 and 2 of the ASX Listing Rules and meeting its obligations in respect of the Koongie Park Earn-in. In addition, the issue of the Offer Shares will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Offer Shares and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in.

To this end, Resolution 3 seeks shareholder approval for the issue of the Offer Shares under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the issue of the Offer Shares can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following additional information is provided for the purposes of Resolution 3:

- (a) a minimum 30,000,000 Offer Shares will be issued and allotted pursuant to the Prospectus, with provision to accept a further 5,000,000 Offer Shares as over-subscriptions;
- (b) the Offer Shares will be issued and allotted on completion of the Capital Raising but in any event no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules);
- (c) the voting exclusions set out in respect of Resolution 3 in the table on pages 16 to 28 of the Notice of Meeting will apply to the Resolution;
- (d) the issue price of each Offer Share is \$0.20. The Capital Raising will raise a minimum \$6 million, with provision to accept a further \$1 million in over-subscriptions;
- (e) the allottees will be subscribers to the Capital Raising and the identity of the allottees is not known at this point in time;
- (f) the Offer Shares are fully paid ordinary shares;

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- (g) on issue, the Offer Shares will rank equally with all Shares then on issue; and
- (h) the funds raised pursuant to the Capital Raising are intended to be applied as follows:

Item	Proposed use of Funds		
	Year 1	Year 2	Total \$
Initial payment under Koongie Park agreement	\$900,000	\$nil	\$900,000
Drilling, metallurgical testwork, project consulting fees and other exploration activities	\$1,200,000	\$1,050,000	\$2,250,000
Administration costs and other expenses	\$450,000	\$450,000	\$900,000
Employment and consultant costs	\$400,000	\$400,000	\$800,000
Tighe Loan Repayment	\$150,000	\$nil	\$150,000
Broker fees on Capital Raising	\$600,000	\$nil	\$600,000
Prospectus and Capital Raising costs (other than broker fees)	\$400,000	\$nil	\$400,000
Total Expenditure	\$4,100,000	\$1,900,000	\$6,000,000

Note – any funds raising under the Capital Raising over and above \$6,000,000 minimum subscription will be applied by the Company to accelerate activities at Koongie Park.

On completion of the Capital Raising and the formation of the Joint Venture, the Company has budgeted a program to expend up to \$2.25 million on the Koongie Park Project over the next two years. Notwithstanding the allocations set out above, in the event that circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to Shareholders. Further details on the use of funds are set out in the Prospectus issued in relation to the Capital Raising.

6.4 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 3.

7. Resolution 4 - Approval to issue Attaching Options under the Prospectus

7.1 General

Resolution 4 seeks Shareholder approval for the Company to issue a minimum of 15,000,000 Attaching Options, on the basis of one (1) Attaching Option for every two (2) Offer Shares issued under the Capital Raising. Provision will be made to issue up to a further 2,500,000 Attaching Options if oversubscriptions are accepted. Shareholder approval is required pursuant to Listing Rule 7.1 before the Company can issue the Attaching Options, which is the subject of Resolution 4.

The specific details of the Capital Raising are described in the Prospectus. However, it is noted that the Capital Raising will not be undertaken if the Conditional Resolutions are not all passed and that no Attaching Options will be issued if the ASX does not approve the Company for re-admission to the official list.

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7.2 Re-Compliance with Chapters 1 and 2

As previously identified, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, pending approval of the Resolutions by Shareholders. In re-complying with Chapters 1 and 2 of the ASX Listing Rules, Listing Rule 1.1 Condition 3 requires a company to issue and lodge a prospectus with ASIC. The Prospectus issued by the Company is therefore a re-compliance Prospectus for the purposes of Chapters 1 and 2 of the Listing Rules.

Condition 12 of Listing Rule 1.1 provides that any options on issue must be exercisable for at least 20 cents.

7.3 Listing Rule 7.1

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Attaching Options as part of the Capital Raising for the purposes of re-complying with Chapters 1 and 2 of the ASX Listing Rules and meeting its obligations in respect of the Koongie Park Earn-in. In addition, the issue of the Attaching Options will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Attaching Options and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in.

To this end, Resolution 4 seeks shareholder approval for the issue of the Attaching Options under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the issue of the Attaching Options (and any shares issued upon exercise of the Attaching Options) can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following additional information is provided for the purposes of Resolution 4:

- (a) a minimum 15,000,000 Attaching Options will be issued and allotted pursuant to the Prospectus, with provision to issue up to a further 2,500,000 Attaching Options if oversubscriptions are accepted
- (b) the Attaching Options will be issued and allotted on completion of the Capital Raising, but in any event no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules);
- (c) the Attaching Options will be free-attaching options issued on the basis of 1 Attaching Option for every two (2) Offer Share issued. Accordingly, no funds will be raised by the issue of the Attaching Options;
- (d) the allottees will be subscribers to the Capital Raising and the identity of the allottees is not known at this point in time;
- (e) the Attaching Options will be exercisable at 25c on or before 30 June 2023;
- (f) the voting exclusions set out in respect of Resolution 4 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution; and
- (g) the full terms of the Attaching Options are set out in Schedule 3.

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7.4 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 4.

8. Resolution 5 - Approval to issue Shares to JCHX Group in satisfaction of repayment of loan facility

8.1 General

On 30 October 2017, the Company entered into a loan agreement with JCHX Group, an entity associated with the Company's major shareholder and board nominees Dr Peng and Mr Wang, making provision for working capital funds to be provided to the Company by way of loan (**JCHX Loan**). The principal terms of the JCHX Loan were as follows:

- Principal loan amount - \$1M;
- Interest payable at 8% per annum, in arrears; and
- Loan and accrued interest would be repaid as part of an intended capital raising during 2018.

The terms of the JCHX Loan have since been amended making provision for the following amendments to the original terms:

- Principal loan amount - \$1.5M; and
- Loan and accrued interest would be repaid on or before 30 April 2021.

As at 28 February 2021 the total amount of loan and accrued interest that is repayable to JCHX Group is in excess of \$1.5 million. JCHX Group has agreed to have the JCHX Loan and all accrued interest to be repaid by the Company by way of the issue of 7,500,000 Shares at an issue price of \$0.20 per Share (the same issue price as the Capital Raising).

Resolution 5 seeks Shareholder approval for the Company to issue a total of 7,500,000 Shares to Bienitial International Industrial Co., Ltd (an entity associated with JCHX Group) at an issue price of \$0.20 per Share (the same price as the Capital Raising) in full and final satisfaction of the Company's obligation to repay of all principal and accrued interest that is repayable in respect of the JCHX Loan. JCHX Group has also agreed to voluntarily restrict these shares from trading on the ASX for a period of 2 years from the Re-Admission Date.

8.2 Chapter 2E of the Corporations Act

As previously identified in Section 3.7 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

The proposed issue of Shares to JCHX Group will result in the giving of a financial benefit by the Company. The Company considers that JCHX Group is a Related Party by virtue of their shareholding interest in the Company and board nominees (by JCHX's associated entity Bienitial International Industrial Co., Ltd – the Company is unaware of the total percentage of shares held by JCHX Group in this entity but are aware that JCHX Group is the controlling shareholder). For completeness, the Board notes that the provision of the JCHX Loan was considered to be on arm's length terms and accordingly, shareholder approval was not obtained pursuant to Chapter 2E. Similarly, the Board considers that the issue of Shares upon conversion of the JCHX Loan on the same terms as the Capital Raising would be on

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arm's length terms, however given that the Company is putting a number of Resolutions to the Shareholders at the Meeting, the Board has resolved to obtain a Chapter 2E approval in this regard.

8.3 Information required under Chapter 2E of the Corporations Act

The following information is provided for the purposes of Chapter 2E of the Corporations Act:

(a) **The related parties to whom Resolution 5 would permit the financial benefit to be given**

JCHX Group or its nominee. The Company considers JCHX Group to be a related party having regard to the directors nominated by JCHX Group to the Board and the current circumstances of the Company.

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the issue of 7,500,000 Shares to Bienitial International Industrial Co., Ltd in full and final satisfaction of the amount owing by the Company to JCHX Group pursuant to the JCHX Loan. Details of the JCHX Loan were originally announced by the Company to the market on 31 October 2017.

(c) **Director recommendations**

With respect to Resolution 5, Mr Williams and Mr Yang recommend that Shareholders vote in favour of these Resolutions. The reasons for their recommendation include:

- (1) the issue of the Shares in full and final satisfaction of all funds owing by the Company to JCHX Group under the JCHX Loan will reserve cash raised by the Company under the Capital Raising for the operations of the Company;
- (2) JCHX Group has agreed to round the total amount owing of loan principal and interest to \$1.5 million, notwithstanding that the total owing is in excess of this amount; and
- (3) JCHX Group has voluntarily agreed to restrict these shares from trading on the ASX for a 2 year period from the Re-Admission Date, thereby ensuring these shares will not be offered for sale on the market – keeping a significant parcel of shares from being traded on the ASX.

Dr Peng and Mr Wang have an interest in the outcome of Resolution 5, as each of Dr Peng and Mr Wang have been nominated to the Board by JCHX Group. As Dr Peng and Mr Wang are interested in the outcome of Resolution 5, they accordingly make no recommendation to Shareholders in respect of those Resolutions.

(d) **JCHX's interest**

Excluding the Shares proposed to be issued under the Resolutions, JCHX Group currently holds or has an interest in 37.42% of the total Shares in the Company. Under the Resolutions (which include the share consolidation under Resolution 2), it is proposed that JCHX Group will have an interest in 16.72% of the total Shares in the Company.

If all of the new Shares proposed to be issued pursuant to the Conditional Resolutions are issued, the effect on the holdings of JCHX Group are set out in Schedule 1.

(e) **Valuation**

The Shares to be issued under Resolution 5 will have an issue price of \$0.20 each, being the issue price under the Capital Raising.

On that basis, the respective value of the Shares to be issued pursuant to Resolution 5 is as follows:

Related Party	Total Value of Shares
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JCHX Group	\$1,500,000
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(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its directors save and except as follows:

Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little trading history in the Company's shares against which to reference the issue price of the Shares under Resolution 5.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to JCHX Group is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company in preserving cash in respect of repayment of the JCHX Loan.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

It is difficult to estimate the dilutionary effect on the Company and its Shareholders from the issue of these shares to JCHX Group as they will only be issued if the share consolidation (Resolution 2) and the Capital Raising (among other issues of Shares) are completed. The overall effect is that JCHX Group's total holding of Shares in the Company will dilute from 37.42% to 16.72%. The overall dilutionary effect on the Company and its Shareholders from the issue of the Shares is summarised in the table in Schedule 1.

8.4 Listing Rule 10.11

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to those persons set out in section 3.4 of this Explanatory Memorandum unless an exception in ASX Listing 10.12 applies. JCHX Group is a Related Party for the purposes of Listing Rule 10.11 by virtue of them being a substantial shareholder in the Company.

As the proposed issue of Shares to JCHX Group involves the issue of Shares to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

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Resolution 5 therefore seeks the required shareholder approval for the issue of Shares to JCHX Group under and for the purposes of Listing Rule 10.11.

If Resolution 5 is passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to JCHX Group and the moneys owed to JCHX Group will be repaid.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Shares to JCHX and the Company will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to repay the JCHX Loan in cash in accordance with its terms.

8.5 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolution 5:

- (a) the Shares are to be issued to JCHX Group (or its nominee);
- (b) JCHX Group (by its associated entity Bienitial International Industrial Co., Ltd) is a substantial holder in the entity having a holding of greater than 30% and approval for the issue of the Shares pursuant to Resolution 4 is required pursuant to Listing Rule 10.11.2;
- (c) the maximum number of Shares to be issued is 7,500,000;
- (d) JCHX Group has voluntarily agreed to restrict the shares from trading on the ASX for a period of 2 years from the Re-Admission Date;
- (e) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) the notional issue price for the Shares is \$0.20, being the same as all other Shares to be issued under the Capital Raising;
- (g) the Shares will be issued to JCHX Group (or its nominee) in full and final satisfaction of all moneys owing by the Company to JCHX Group under the JCHX Loan;
- (h) at the date of the Meeting, the percentage holding of Shares held by JCHX Group (by its associated entity Bienitial International Industrial Co., Ltd) in the Company was 37.42% of the total Shares on issue. After approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of JCHX Group (including the Shares to be issued under this Resolution 5) in the Company will be reduced to 16.72%;
- (i) the Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (j) the voting exclusions set out in respect of Resolution 5 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares under Resolution 5 as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to JCHX Group (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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8.6 Directors Recommendation

Mr Paul Williams and Mr Robert Yang (being Directors without any material personal interest in Resolution 5) recommend that Shareholders vote in favour of Resolution 5.

9. Resolutions 6 and 7 - Approval to issue Shares to Directors in satisfaction of unpaid Directors' Fees

9.1 General

As a result of the Company's tight cashflow over the past two years, with the agreement of the non-executive directors, the non-executive Director fees have not been paid to Dr Huaisheng Pang and Mr Qinghai Wang. As at 31 July 2020, the extent of those unpaid fees were:

- Dr Peng - \$84,000; and
- Mr Wang - \$70,000.

Resolutions 6 and 7 seek Shareholder approval for the Company to issue a total of 420,000 Shares to Dr Peng and 350,000 Shares to Mr Wang (respectively) at an issue price of \$0.20 per Share (the same price as the Capital Raising) in satisfaction of all the unpaid non-executive Director fees up to the Re-Admission Date.

9.2 Chapter 2E of the Corporations Act

As previously identified in Section 3.7 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

The proposed issue of Shares to Dr Peng and Mr Wang will result in the giving of a financial benefit by the Company. Dr Peng and Mr Wang are Related Parties by virtue of them being Directors of the Company. Accordingly, the Company seeks shareholder approval pursuant to Chapter 2E of the Corporations Act.

9.3 Information required under Chapter 2E of the Corporations Act

The following information is provided for the purposes of Chapter 2E of the Corporations Act:

(a) **The related parties to whom Resolutions 6 and 7 would permit the financial benefit to be given**

Dr Peng and Mr Wang, who are Directors of the Company.

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is:

- (1) the issue of 420,000 Shares to Dr Peng as referred to in Resolution 6; and
- (2) the issue of 350,000 Shares to Mr Wang as referred to in Resolution 7.

The Shares to be issued will be issued in satisfaction of unpaid non-executive director's fees up to the Re-Admission Date.

(c) **Director recommendations**

With respect to Resolutions 6 and 7, Mr Williams and Mr Yang recommend that Shareholders vote in favour of these Resolutions. The reasons for their recommendation include:

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- (1) the issue of the Shares in satisfaction of non-executive director fees will reserve cash raised by the Company under the Capital Raising for the operations of the Company;
- (2) both Dr Peng and Mr Wang have voluntarily agreed to restrict the Shares to be issued to them for a 2 year period from the Re-Admission Date;
- (3) additional director's fees have accrued to Dr Peng and Mr Wang since 31 July 2020, but they have agreed to waive these additional unpaid fees for the benefit of the Company.

As Dr Peng and Mr Wang are interested in the outcome of Resolutions 6 and 7, they accordingly make no recommendation to Shareholders in respect of those Resolutions.

(d) Director interests and other remuneration

Dr Peng

Dr Peng has a material personal interest in the outcome of Resolution 6, as it is proposed that Shares will be issued to him as set out in Resolution 6.

Excluding the Shares proposed to be issued under the Resolutions, Dr Peng holds no Shares in the Company. Dr Peng does have an indirect interest in 349,018,230 Shares in the Company held by JCHX Group. Please refer to the table in Schedule 1 which indicates the holdings of JCHX Group.

Other than the Shares to be issued to Dr Peng pursuant to Resolution 6, Dr Peng will receive no other remuneration for the current financial year (or previous years), from the Company for his role as non-executive chairman.

Mr Wang

Mr Wang has a material personal interest in the outcome of Resolution 7, as it is proposed that Shares be issued to him as set out in Resolution 7.

Excluding the Shares proposed to be issued under the Resolutions, Mr Wang holds no Shares in the Company. Mr Wang also has an indirect interest in 349,018,230 Shares in the Company held by JCHX Group. Please refer to the table in Schedule 1 which indicates the holdings of JCHX Group.

Other than the Shares to be issued to Mr Wang pursuant to Resolution 7, Mr Wang will receive no other remuneration for the current financial year (or previous years), from the Company for his role as non-executive director.

If all of the new proposed Shares to be issued pursuant to the Conditional Resolutions are issued, the effect on the holdings of Dr Peng and Mr Wang are set out in Schedule 1.

(e) Valuation

The Shares to be issued under Resolutions 6 and 7 will have an issue price of \$0.20 each, being the issue price under the Capital Raising.

On that basis, the respective value of the Shares to be issued pursuant to Resolutions 6 and 7 are as follows:

Related Party	Total Value of Shares
Dr Peng	\$84,000
Mr Wang	\$70,000

(f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its directors save and except as follows:

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Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little recent trading history in the Company's shares against which to reference the issue price of the Shares under Resolutions 6 and 7.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to Dr Peng and Mr Wang is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of shares will have little impact on the total number of Shares, if all the Conditional Resolutions are passed. Any dilutionary impact is more than offset by the advantages accruing from the Company in preserving cash in respect of the non-executive directors fees.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

It is difficult to estimate the dilutionary effect on the Company and its Shareholders from the issue of these shares to JCHX Group as they will only be issued if the share consolidation (Resolution 2) and the Capital Raising (among other issues of Shares) are completed.

9.4 Listing Rule 10.11

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to those persons set out in section 3.4 of this Explanatory Memorandum unless an exception in ASX Listing 10.12 applies.

The proposed issue of Shares to Dr Peng and Mr Wang involve the issue of Shares to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Resolutions 6 and 7 therefore seek the required shareholder approval for the issue of Shares to Dr Peng and Mr Wang under and for the purposes of Listing Rule 10.11.

If Resolutions 6 and 7 are passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to Dr Peng and Mr Wang and the fees owed to Dr Peng and Mr Wang will be repaid.

If Resolutions 6 and 7 are not passed, the Company will not be able to proceed with the issue of the Shares to Dr Peng and Mr Wang and the Company will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to pay director fees to Dr Peng and Mr Wang in cash.

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9.5 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolutions 6 and 7:

- (a) the Shares are to be issued to Dr Peng and Mr Wang (or their nominees);
- (b) each of Dr Peng and Mr Wang are directors of the Company and approval for the issue of the Shares pursuant to Resolutions 6 and 7 is required pursuant to Listing Rule 10.11.1;
- (c) the maximum number of Shares to be issued is:
 - (1) 420,000 Shares to Dr Peng; and
 - (2) 350,000 Shares to Mr Wang;
- (d) both Dr Peng and Mr Wang have voluntarily agreed to restrict the shares from trading on the ASX for a period of 2 years from the Re-Admission Date;
- (e) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) the notional issue price for the Shares is \$0.20, being the same as all other Shares to be issued under the Capital Raising and will be in satisfaction of all moneys owing by the Company to these persons in respect of unpaid non-executive Directors' fees payable by the Company up to the Re-Admission Date;
- (g) under the Company's existing remuneration terms, Dr Peng is entitled to be paid \$36,000 per annum as non-executive chairman and Mr Wang is entitled to \$30,000 per annum as a non-executive director;
- (h) additional director's fees have accrued to Dr Peng and Mr Wang since 31 July 2020, but they have agreed to waive these additional unpaid fees for the benefit of the Company;
- (i) at the date of the Meeting, the percentage holding of Shares held by Dr Peng and Mr Wang (including their indirect interests in Shares held by JCHX Group) and after approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of Dr Peng and Mr Wang in the Company are set out below:

Related Party	Current holding	%	Holding upon Completion	%
Dr Peng	349,018,230	37.42%	9,665,092	17.48%
Mr Wang	349,018,230	37.42%	9,595,092	17.35%

- (j) the Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, save for the voluntary restriction terms that have been agreed with the Company; and
- (k) the voting exclusions set out in respect of Resolutions 6 and 7 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

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Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares under Resolutions 6 or 7 as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to Dr Peng and Mr Wang (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

9.6 Directors Recommendation

Mr Paul Williams and Mr Robert Yang (being Directors without any material personal interest in Resolutions 6 or 7) recommend that Shareholders vote in favour of Resolutions 6 and 7.

10. Resolutions 8 and 9 - Approval to issue Shares to Executive Directors in satisfaction of unpaid salary entitlements

10.1 General

As a result of the Company's tight cashflow over the past two years, the senior management of the Company (Mr Paul Williams, Managing Director and Mr Robert Yang, Executive Director) voluntarily agreed to reduce their total remuneration entitlements by 25% as from 1 January 2018 on the agreed understanding that when the Company undertook a significant transaction and capital raising, that the shortfall could, subject to shareholder approval, be satisfied in the form of Shares. As at 31 July 2020, the extent of the salary shortfall was:

- Mr Williams - \$222,889; and
- Mr Yang - \$127,097.

Resolutions 8 and 9 seek Shareholder approval for the Company to issue a total of 1,114,445 Shares to Mr Williams and 635,485 Shares to Mr Yang at an issue price of \$0.20 per Share (the same price as the Capital Raising) in full and final satisfaction of the shortfall on their salary entitlements up to the Re-Admission Date.

10.2 Chapter 2E of the Corporations Act

As previously identified in Section 3.7 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

The proposed issue of Shares to Mr Williams and Mr Yang will result in the giving of a financial benefit by the Company. Mr Williams and Mr Yang are Related Parties by virtue of them being Directors of the Company. Accordingly, the Company seeks shareholder approval pursuant to Chapter 2E of the Corporations Act.

The following information is provided for the purposes of Chapter 2E of the Corporations Act:

(a) **The related parties to whom Resolutions 8 and 9 would permit the financial benefit to be given**

Mr Williams and Mr Yang, who are Directors of the Company.

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is:

- (1) the issue of 1,114,445 Shares to Mr Williams as referred to in Resolution 8; and
- (2) the issue of 635,485 Shares to Mr Yang as referred to in Resolution 9.

The Shares to be issued will be issued in satisfaction of unpaid salaries.

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(c) Director recommendations

With respect to Resolutions 8 and 9, Dr Peng and Mr Wang recommend that Shareholders vote in favour of these Resolutions. The reasons for their recommendation include:

- (1) the issue of the Shares in satisfaction of unpaid salaries will reserve cash raised by the Company under the Capital Raising for the operations of the Company;
- (2) both Mr Williams and Mr Yang have voluntarily agreed to restrict the Shares to be issued to them for a 2 year period from the Re-Admission Date; and
- (3) additional remuneration has accrued to Mr Williams and Mr Yang since 31 July 2020, but have agreed to waive these additional unpaid amounts for the benefit of the Company.

As Mr Williams and Mr Yang are interested in the outcome of Resolutions 8 and 9, they accordingly make no recommendation to Shareholders in respect of those Resolutions.

(d) Director interests and other remuneration

Mr Williams

Mr Williams has a material personal interest in the outcome of Resolution 8, as it is proposed that Shares will be issued to him as set out in Resolution 8.

Excluding the Shares proposed to be issued under the Resolutions, Mr Williams holds or has an indirect interest in 10,707,173 Shares in the Company (which following the Consolidation will become 53,536 Shares). It is proposed that Mr Williams (through a related entity) will be issued a further 500,000 Shares in the Company upon conversion of convertible notes under Resolution 13. Please refer to the table in Schedule 1 which indicates the holdings of Mr Williams.

Other than the Shares to be issued to Mr Williams pursuant to Resolutions 8 and 13, Mr Williams is entitled to receive total remuneration of \$304,420 for the financial year ended 31 December 2020 (and previous years) from the Company for his role as managing director. This was due to the annual remuneration being adjusted to \$225,000 (from 1 January 2019) due to the Company's tight cashflow position. The extent of remuneration that has not been paid will not be reimbursed to him. After the Re-Admission Date Mr Williams will be entitled to receive an annual remuneration of \$300,000 but not before that time.

Mr Yang

Mr Yang has a material personal interest in the outcome of Resolution 9, as it is proposed that be Shares issued to him as set out in Resolution 9.

Excluding the Shares proposed to be issued under the Resolutions, Mr Yang does not hold or have an indirect interest in any Shares in the Company.

Other than the Shares to be issued to Mr Yang pursuant to Resolution 9, Mr Yang is entitled to receive remuneration of \$105,000 per annum for the period up to the Re-Admission Date, from the Company for his role as executive director but due to the Company's tight cashflow, this remuneration has not been paid and will not be reimbursed to him.

If all of the new Shares proposed to be issued pursuant to the Conditional Resolutions are issued, the effect on the holdings of Mr Williams and Mr Yang are set out in Schedule 6.

(e) Valuation

The Shares to be issued under Resolutions 8 and 9 will have an issue price of \$0.20 each, being the issue price under the Capital Raising.

On that basis, the respective value of the Shares to be issued pursuant to Resolutions 8 and 9 are as follows:

Related Party	Total Value of Shares
Mr Williams	\$222,889

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Mr Yang	\$127,097
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(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its directors save and except as follows:

Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little recent trading history in the Company's shares against which to reference the issue price of the Shares under Resolutions 8 and 9.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to Mr Williams and Mr Yang is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of Shares to these persons will have little impact on the total number of Shares, if all the Conditional Resolutions are passed. Any dilutionary impact is more than offset by the advantages accruing from the Company in preserving cash in respect of the executive directors' remuneration.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

It is difficult to estimate the dilutionary effect on the Company and its Shareholders from the issue of these shares to Mr Williams and Mr Yang as they will only be issued if the share consolidation (Resolution 2) and the Capital Raising (among other issues of Shares) are completed.

10.3 Listing Rule 10.11

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to those persons set out in section 3.4 of this Explanatory Memorandum unless an exception in ASX Listing 10.12 applies.

The proposed issue of Shares to Mr Williams and Mr Yang involve the issue of Shares to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Resolutions 8 and 9 therefore seek the required shareholder approval for the issue of Shares to Mr Williams and Mr Yang under and for the purposes of Listing Rule 10.11.

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If Resolutions 8 and 9 are passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to Mr Williams and Mr Wang and the moneys owed to Mr Williams and Mr Wang will be repaid.

If Resolutions 8 and 9 are not passed, the Company will not be able to proceed with the issue of the Shares to Mr Williams and Mr Yang and the Company will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to pay the fees owed to Mr Williams and Mr Yang in cash.

10.4 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolutions 8 and 9:

- (a) the Shares are to be issued to Mr Williams and Mr Yang (or their nominees);
- (b) each of Mr Williams and Mr Yang are directors of the Company and approval for the issue of the Shares pursuant to Resolutions 8 and 9 is required pursuant to Listing Rule 10.11.1;
- (c) the maximum number of Shares to be issued is:
 - (1) 1,114,445 Shares to Mr Williams;
 - (2) 635,485 Shares to Mr Yang;
- (d) both Mr Williams and Mr Yang have voluntarily agreed to restrict their shares from trading on the ASX for a period of 2 years from the Re-Admission Date;
- (e) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) the notional issue price for the Shares is \$0.20, being the same as all other Shares to be issued under the Capital Raising and will be in full and final satisfaction of all moneys owing by the Company to these persons in respect of any shortfall on payment of remuneration payable up to the Re-Admission Date;
- (g) Mr Williams is entitled to receive remuneration of \$225,000 per annum for the current financial year, from the Company for his role as managing director and Mr Yang is entitled to receive remuneration of \$105,000 for the current financial year, from the Company for his role as executive director;
- (h) at the date of the Meeting, the percentage holding of Shares held by Mr Williams and Mr Yang (including indirect interests) and after approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of Mr Williams and Mr Yang and in the Company are set out below:

Related Party	Current holding	%	Holding upon Completion	%
Mr Williams	10,707,173	1.15%	1,667,891	3.02%
Mr Yang	Nil	0%	688,818	1.25%

- (i) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, save for the 2 year

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voluntary restriction in respect of their Shares that both Mr Williams and Mr Yang have entered into with the Company; and

- (j) the voting exclusions set out in respect of Resolutions 8 and 9 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

10.5 Directors Recommendation

Dr Huaisheng Peng and Mr Qinghai Wang (being Directors without any material personal interest in Resolutions 8 and 9) recommend that Shareholders vote in favour of Resolutions 8 and 9.

11. Resolution 10 - Approval to issue Shares to other AKN employees in lieu of unpaid salary entitlements

11.1 General

As a result of the Company's tight cashflow over the past two years, employees of the Company (Mr Paul Marshall (CFO, Company Secretary), Mr Michael Harvey (Finance Manager) and Ms Audrey Guo (Translation services)) voluntarily agreed to reduce their total remuneration entitlements by 25% as from 1 January 2018 on the agreed understanding that when the Company undertook a significant transaction and capital raising, that the shortfall could be made up in the form of Shares. As at 31 July 2020, the extent of the salary shortfall was

- Mr Marshall - \$52,430;
- Mr Harvey - \$37,818; and
- Ms Guo - \$32,890.

11.2 Listing Rule 7.1

If Resolution 10 is passed, the Company will be able to proceed with the issue of the Shares to Mr Marshall, Mr Harvey and Ms Guo in repayment of salary entitlements. In addition, the issue of the Shares to Mr Marshall, Mr Harvey and Ms Guo will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the Shares to Mr Marshall, Mr Harvey and Ms Guo and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in. In addition, the Company will be remain liable to pay the remuneration owed to Mr Marshall, Mr Harvey and Ms Guo in cash.

To this end, Resolution 10 seeks Shareholder approval to the issue of the Shares to Mr Marshall, Mr Harvey and Ms Guo under and for the purposes of Listing Rule 7.1.

If Resolution 10 is passed, the issue of the Shares to Mr Marshall, Mr Harvey and Ms Guo can proceed without using up any of the Company's 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

In accordance with Listing Rule 7.1, the following additional information is provided for the purposes of Resolution 10:

- (a) the Shares are to be issued to Mr Marshall, Mr Harvey and Ms Guo (or their nominees);
- (b) the maximum number of Shares to be issued is:

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- (1) 262,170 Shares to Mr Marshall;
 - (2) 189,090 Shares to Mr Harvey; and
 - (3) 164,460 Shares to Ms Guo;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the notional issue price for the Shares is \$0.20, being the same as all other Shares to be issued under the Capital Raising and will be issued in full and final satisfaction of all moneys owing by the Company to these persons in respect of any shortfall on payment of salary entitlements up to and including the Re-Admission Date; and
- (e) the Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the voting exclusions set out in respect of Resolution 10 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

11.3 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 10.

12. Resolution 11 – Approval of the issue of Shares to Saralau Pty Ltd ATF The S&L Greenhalgh Superannuation Fund

12.1 Background

On 26 September 2019, the Company announced to the ASX that it had issued 300,000 convertible notes with a face value of \$1.00 each to a private investor (Saralau Pty Ltd ATF The S&L Greenhalgh Superannuation Fund) (**Saralau**) giving rise to a total issue of 300,000 convertible notes.

With effect from 1 March 2021, the Company redeemed 200,000 of the Saralau Notes in full, leaving a total 100,000 convertible notes being held by Saralau (**the Saralau Notes**). Saralau has since issued a notice of its intention to convert the Saralau Notes at the same time as completion of the Capital Raising. As a result, Resolution 11 seeks Shareholder approval to approve the issue of Shares to Saralau Pty Ltd pursuant to the conversion of the Saralau Notes into Shares.

12.2 Listing Rules 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of securities on issue at the commencement of that 12 month period without shareholder approval. The conversion right attaching to the Saralau Notes is subject to the Company obtaining shareholder approval. Accordingly, approval for the purposes of Listing Rule 7.1 for the issue of shares on conversion is being sought.

Saralau has elected to convert the Saralau Notes into Shares, at an issue price of \$0.15 per Share. This issue price represents a 25% discount which applied under the terms of issue of the Saralau Notes and based on the \$0.20 issue price under the Public Offer. On this basis, a total of 666,666 Shares would be issued to Saralau, representing 1.21% of the Company's total issued Shares at the Re-Admission Date.

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If Resolution 11 is passed, the Company will be able to proceed with the issue of the Shares to Saralau on conversion of the Convertible Notes and the Shares excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 11 is not passed, the Company will not proceed with the issue of the Shares upon conversion of the Saralau Convertible Notes and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to redeem the Saralau Notes in cash in accordance with their terms.

To this end, Resolution 11 seeks shareholder approval for the issue of the Shares upon conversion of the Saralau Notes under and for the purposes of Listing Rule 7.1.

If Resolution 11 is passed, the issue of the Shares upon conversion of the Saralau Notes can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

For the purposes of Listing Rules 7.3, details of the issue of the Shares upon conversion of the Saralau Notes is as follows:

- (a) a total of 300,000 convertible notes were originally issued to Saralau Pty Ltd at a face value issue price of \$1.00 per note, raising a total of \$300,000 for the Company;
- (b) Saralau agreed to extend the maturity date for the Saralau Notes until 30 April 2021 or completion of the Capital Raising, whichever is the first to occur;
- (c) interest at the rate of 10% per annum applied to the Saralau Notes, with the interest payable quarterly, in arrears – interest has been paid up to 31 December 2020 with the balance payable out of the proceeds of the Capital Raising;
- (d) with effect from 1 March 2021, the Company redeemed 200,000 of the Saralau Notes in full, leaving a total 100,000 convertible notes being held by Saralau. Saralau has since issued a notice of its intention to convert the Saralau Notes at the same time as completion of the Capital Raising;
- (e) having elected to convert the Saralau Notes, based on the Capital Raising issue price of \$0.20 per Share and the 25% discount formula under the convertible note terms, a maximum of 666,666 Shares will be issued to Saralau at an issue price of \$0.15 per Share;
- (f) the Saralau Notes were issued at the time to raise additional working capital for the Company;
- (g) on issue, the Shares issued to Saralau will rank equally with all Shares on issue at that time;
- (h) the Shares to be issued upon conversion of the Saralau Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (i) Saralau is a sophisticated investor and is not a Related Party of the Company; and
- (j) the voting exclusions set out in respect of Resolution 11 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

12.3 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 11.

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13. Resolution 12 – Approval of the issue of Shares to Greenhalgh Nominees Pty Ltd ATF The N&M Greenhalgh Super Fund

13.1 Background

On 26 September 2019, the Company announced to the ASX that it had issued 300,000 convertible notes with a face value of \$1.00 each to a private investor (Saralau Pty Ltd) (**Saralau**) giving rise to a total issue of 300,000 convertible notes.

With effect from 1 March 2021, the Company redeemed 200,000 of the Saralau Notes in full. At the same time, the Company issued further convertible notes to Greenhalgh Nominees Pty Ltd ATF The N&M Greenhalgh Super Fund (**NG**) with a face value of \$1.00 each, giving rise to a total issue of 200,000 convertible notes (**NG Notes**). NG has since issued a notice of its intention to convert the NG Notes at the same time as completion of the Capital Raising. This information has not previously been disclosed to ASX due to the relationship between Saralau and NG and the overall number of notes did not change. NG and Saralau are entities controlled by Noel Greenhalgh. As a result, Resolution 12 seeks Shareholder approval to approve the issue of Shares to NG pursuant to the conversion of the NG Notes into Shares.

13.2 Listing Rules 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of securities on issue at the commencement of that 12 month period without shareholder approval. The issue of shares on conversion of the NG Notes is subject to Listing Rule 7.1. The conversion right attaching to the convertible notes is subject to the Company obtaining shareholder approval. Accordingly, approval for the purposes of Listing Rule 7.1 for the issue of shares on conversion is being sought.

NG has elected to convert the NG Notes into Shares, at an issue price of \$0.15 per note. This issue price represents a 25% discount which applied under the terms of issue of the NG Notes and based on the \$0.20 issue price under the Public Offer. On this basis, a total of 1,333,334 Shares would be issued to NG, representing 2.41% of the Company's total issued Shares at the Re-Admission Date.

If Resolution 12 is passed, the Company will proceed with the issue of Shares upon conversion of the NG Notes. In addition, neither the NG Notes nor the Shares upon conversion of the NG Notes will be included in the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 12 is not passed, the Company will not proceed with the issue of the Shares upon conversion of the NG Notes and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to redeem the NG Notes in cash in accordance with their terms.

To this end, Resolution 12 seeks shareholder approval for the issue of the Shares upon conversion of the NG Notes for the purposes of Listing Rule 7.1.

If Resolution 12 is passed, the issue of the Shares upon conversion of the NG Notes can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

For the purposes of Listing Rules 7.3, a summary of the NG Notes terms and conditions is as follows:

- (a) a total of 200,000 convertible notes were issued to NG on 1 March 2021 at a face value issue price of \$1.00 per note, raising a total of \$200,000 for the Company;

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- (b) NG agreed to extend the maturity date for the NG Notes until 30 April 2021 or completion of the Capital Raising, whichever is the first to occur;
- (c) interest at the rate of 10% per annum applied to the NG Notes, with the interest payable quarterly, in arrears – these funds will be paid out of the proceeds of the Capital Raising;
- (d) NG has since issued a notice of its intention to convert the NG Notes at the same time as completion of the Capital Raising;
- (e) having elected to convert the NG Notes, based on the Capital Raising issue price of \$0.20 per Share and the 25% discount formula under the convertible note terms, a maximum of 1,333,334 Shares will be issued to NG Entity at an issue price of \$0.15 per Share;
- (f) the NG Notes were issued at the time to raise additional working capital for the Company;
- (g) on issue, the Shares issued to NG will rank equally with all Shares on issue at that time;
- (h) the Shares to be issued upon conversion of the NG Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (i) NG is a sophisticated investor and is not a Related Party of the Company; and
- (j) the voting exclusions set out in respect of Resolution 12 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

13.3 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 12.

14. Resolution 13 – Approval for issue of Shares to P Williams and J Strachan ATF The Paul R Williams Super Fund upon conversion of Convertible Notes

14.1 Background

On 19 September 2019, the Company announced to the ASX that it had issued 75,000 convertible notes (**the Williams Notes**) with a face value of \$1.00 each to an entity associated with Managing Director, Paul Williams (P Williams and J Strachan ATF T Paul R Williams Super Fund) (**the Williams Fund**).

The Company has agreed with the Williams Fund to extend the maturity date of the Williams Notes until 30 April 2021, on the basis that the Williams Notes will, subject to Shareholder approval being obtained for the purposes of the Corporations Act and the Listing Rules, convert into Shares in the Company on completion of the Capital Raising. Resolution 13 seeks Shareholder approval for the issue of Shares to the Williams Fund upon conversion of the Williams Notes into Shares in satisfaction of the Company's obligation to redeem the Williams Notes at maturity.

14.2 Chapter 2E of the Corporations Act

As previously identified in Section 4.9 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its

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shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

The proposed issue of Shares to the Williams Fund will result in the giving of a financial benefit by the Company. Mr Williams is Related Parties by virtue of him being a Director of the Company. For completeness, the Board notes that the issue of the Williams Notes was considered to be on arm's length terms and accordingly, shareholder approval was not obtained pursuant to Chapter 2E. Similarly, the Board considers that the issue of Shares upon conversion of the Williams Notes to be on arm's length terms having regard to the other convertible Notes the Company has on issue, however given that the Company is putting a number of Resolutions to the Shareholders at the Meeting, the Board has resolved to obtain a Chapter 2E approval in this regard. Accordingly, the Company seeks shareholder approval pursuant to Chapter 2E of the Corporations Act.

(a) **The related parties to whom Resolution 13 would permit the financial benefit to be given**

The Williams Fund, an entity controlled by Mr Williams, a Director of the Company.

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the issue of 500,000 Shares to the Williams Fund as referred to in Resolution 13; and

The Shares to be issued will be issued in satisfaction of the Company's obligation to redeem the Williams Notes.

(c) **Director recommendations**

With respect to Resolution 13, Dr Peng, Mr Wang and Mr Yang recommend that Shareholders vote in favour of the Resolution. The reasons for their recommendation include:

- (1) the issue of the Shares in satisfaction of the redemption of the Williams Notes will reserve cash raised by the Company under the Capital Raising for the operations of the Company; and
- (2) on Completion of the Capital Raising, the Company's obligations in respect of the Williams Notes will be fully discharged.

As Mr Williams is interested in the outcome of Resolution 13, he makes no recommendation to Shareholders in respect of that Resolution.

(d) **Director interests and other remuneration**

Mr Williams has a material personal interest in the outcome of Resolution 13, as it is proposed that Shares be issued to the Williams Fund as set out in Resolution 13.

Excluding the Shares proposed to be issued under the Resolutions, Mr Williams holds or has an indirect interest in 10,707,173 Shares in the Company. It is proposed that Mr Williams (through a related entity) will be issued a further 1,114,445 Shares in the Company in satisfaction of unpaid remuneration. Please refer to the table in Schedule 6 which indicates the holdings of Mr Williams.

Other than the Shares to be issued to Mr Williams pursuant to Resolution 13, Mr Williams is entitled to receive remuneration of \$225,000 per annum for the current financial year, from the Company for his role as managing director but due to the Company's tight cashflow, most of this remuneration has not been paid and will not be reimbursed to him. After the Re-Admission Date Mr Williams will be entitled to receive an annual remuneration of \$300,000 but not before that time.

(e) **Valuation**

The Shares to be issued under Resolution 13 will have an issue price of \$0.15 each, representing a 25% discount to the issue price under the Capital Raising. This discount is consistent with the original terms on which the Williams Notes were issued.

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On that basis, the respective value of the Shares to be issued pursuant to Resolution 13 are as follows:

Related Party	Total Value of Shares
Mr Williams	\$100,000

(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its directors save and except as follows:

Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little recent trading history in the Company's shares against which to reference the issue price of the Shares under Resolution 13.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to the Williams Fund is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of Shares to the Williams Fund will have little impact on the total number of Shares, if all the Conditional Resolutions are passed. Any dilutionary impact is more than offset by the advantages accruing from the Company in preserving cash in respect of having to redeem the Williams Notes if they are not converted.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

The dilutionary effect on the Company and its Shareholders from the issue of the Shares is summarised in the table in Schedule 2.

14.3 Listing Rule 10.11

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party unless an exception in ASX Listing 10.12 applies.

As the proposed issue of Shares to the Williams Fund involves the issue of Equity Securities to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

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Resolution 13 therefore seeks the required shareholder approval for the issue of Shares to the Williams Fund under and for the purposes of Listing Rule 10.11.

If Resolution 13 is passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to the Williams Fund upon conversion of the Williams Notes.

If Resolution 13 is not passed, the Company will not be able to proceed with the issue of the Shares to the Williams Fund and the Company will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to redeem the Williams Notes in cash in accordance with their terms.

14.4 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolution 13:

- (a) a total of 75,000 convertible notes were issued to the Williams Fund at a face value issue price of \$1.00 per note, raising a total of \$75,000 for the Company;
- (b) the Williams Notes have a maturity date of 30 April 2021;
- (c) interest at the rate of 10% per annum applied to the Williams Notes, with the interest payable quarterly, in arrears – interest has been paid up to 31 December 2020 with the balance payable out of the proceeds of the Capital Raising;
- (d) having elected to convert the Williams Notes, based on the Capital Raising issue price of \$0.20 per Share and the 25% discount formula under the convertible note terms, a maximum of 500,000 Shares will be issued to the Williams Fund at an issue price of \$0.15 per Share;
- (e) the Shares to be issued upon conversion of the Williams Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) the Williams Notes raised additional working capital for the Company and no further funds will be raised by the issue of the Shares upon conversion of the Williams Notes, however the obligation of the Company to redeem the Williams Notes will be satisfied in full by the issue of the Shares; and
- (g) at the date of the Meeting, the percentage holding of Shares held by Mr Williams (including indirect interests) and after approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of Mr Williams in the Company are set out below:

Related Party	Current holding	%	Holding upon Completion	%
Mr Williams	10,707,173	1.15%	1,667,891	3.02%

- (h) on issue, the Shares issued to the Williams Fund will rank equally with all Shares on issue at that time;
- (i) the Williams Fund is related to Paul Williams, a Related Party of the Company and accordingly approval is required pursuant to Listing Rule 10.11.1; and
- (j) the voting exclusions set out in respect of Resolution 13 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

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14.5 Directors Recommendation

Dr Huaisheng Peng, Mr Robert Yang and Mr Qinghai Wang (being Directors without any material personal interest in Resolution 13) recommend that Shareholders vote in favour of Resolution 13.

15. Resolution 14 – Approval for the issue of Shares to P&P Tighe ATF The Peter Tighe Super Fund

15.1 Background

On 6 July 2020, the Company announced to the ASX that it had issued 150,000 convertible notes (**the Tighe Notes**) with a face value of \$1.00 each to an entity associated with proposed Director, Peter Tighe (P&P Tighe ATF The Peter Tighe Super Fund) (**the Tighe Fund**).

The Company has agreed with the Tighe Fund to extend the maturity date of the Tighe Notes until 30 April 2021, on the basis that the Tighe Notes will, subject to Shareholder approval being obtained for the purposes of the Corporations Act and the Listing Rules, convert into Shares in the Company on completion of the Capital Raising. Resolution 14 seeks Shareholder approval for the issue of Shares to the Tighe Fund upon conversion of the Tighe Notes into Shares in satisfaction of the Company's obligation to redeem the Tighe Notes at maturity.

15.2 Chapter 2E of the Corporations Act

As previously identified in Section 4.9 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

At the time of issue of the Tighe Notes, Peter Tighe was not a Related Party of the Company. The proposed issue of Shares to the Tighe Fund will result in the giving of a financial benefit by the Company. Mr Tighe is now a Related Party by virtue of him being a proposed Director of the Company. For completeness, the Board considers that the issue of Shares upon conversion of the Tighe Notes to be on arm's length terms having regard to the other convertible notes the Company has on issue, however given that the Company is putting a number of Resolutions to the Shareholders at the Meeting, the Board has resolved to obtain a Chapter 2E approval in this regard. Accordingly, the Company seeks shareholder approval pursuant to Chapter 2E of the Corporations Act.

(g) **The related parties to whom Resolution 14 would permit the financial benefit to be given**

The Tighe Fund, an entity controlled by Mr Tighe, a proposed Director of the Company.

(h) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the issue of 1,000,000 Shares to the Tighe Fund as referred to in Resolution 14.

The Shares to be issued will be issued in satisfaction of the Company's obligation to redeem the Tighe Notes.

(i) **Director recommendations**

With respect to Resolution 14, each of the Directors recommend that Shareholders vote in favour of the Resolution. The reasons for their recommendation include:

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- (1) the issue of the Shares in satisfaction of the redemption of the Tighe Notes will reserve cash raised by the Company under the Capital Raising for the operations of the Company;
- (2) on Completion of the Capital Raising, the Company's obligations in respect of the Tighe Notes will be fully discharged.

(j) **Proposed Director interests and other remuneration**

Excluding the Shares proposed to be issued under the Resolutions, Mr Tighe holds or has an indirect interest in 10,033,333 Shares in the Company (which upon Consolidation will be 50,167 Shares). Please refer to the table in Schedule 6 which indicates the holdings of Mr Tighe.

Other than the Shares to be issued to Mr Tighe pursuant to Resolution 14 and 17, upon his appointment as a non-executive director (after the Re-Admission Date), Mr Tighe shall receive remuneration of \$35,000 per annum for the current financial year.

(k) **Valuation**

The Shares to be issued under Resolution 14 will have an issue price of \$0.15 each, being a 25% discount to the issue price under the Capital Raising. This discount is consistent with the original terms on which the Tighe Notes were issued.

On that basis, the respective value of the Shares to be issued pursuant to Resolution 14 are as follows:

Related Party	Total Value of Shares
Mr Tighe	\$200,000

(l) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its directors save and except as follows:

Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little recent trading history in the Company's shares against which to reference the issue price of the Shares under Resolution 14.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to the Tighe Fund is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of Shares to the Tighe Fund will have little impact on the total number of Shares, if all the Conditional Resolutions are passed. Any dilutionary impact is more than offset by the advantages accruing from the Company in preserving cash in respect of having to redeem the Tighe Notes if they are not converted.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this

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amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

The dilutionary effect on the Company and its Shareholders from the issue of the Shares is summarised in the table in Schedule 1.

15.3 Listing Rule 10.1

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party unless an exception in ASX Listing 10.12 applies.

As the proposed issue of Shares to the Tighe Fund involves the issue of Equity Securities to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Resolution 14 therefore seeks the required shareholder approval for the issue of Shares to the Tighe Fund under and for the purposes of Listing Rule 10.11.

If Resolution 14 is passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to the Tighe Fund upon conversion of the Tighe Notes.

If Resolution 14 is not passed, the Company will not be able to proceed with the issue of the Shares to the Tighe Fund and the Company will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to redeem the Tighe Notes in cash in accordance with their terms.

15.4 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolution 14:

- (a) a total of 150,000 convertible notes were issued to the Tighe Fund at a face value issue price of \$1.00 per note, raising a total of \$150,000 for the Company;
- (b) the Tighe Notes have a maturity date of 30 April 2021;
- (c) interest at the rate of 10% per annum applied to the Tighe Notes, with the interest payable quarterly, in arrears – interest has been paid up to 31 December 2020 with the balance payable out of the proceeds of the Capital Raising;;
- (d) the Shares to be issued upon conversion of the Tighe Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) having elected to convert the Tighe Notes, based on the Capital Raising issue price of \$0.20 per Share and the 25% discount formula under the convertible note terms, a maximum of 1,000,000 Shares will be issued to the Tighe Fund at an issue price of \$0.15 per Share;
- (f) the Tighe Notes raised additional working capital for the Company and no further funds will be raised by the issue of the Shares upon conversion of the Tighe Notes,

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however the obligation of the Company to redeem the Tighe Notes will be satisfied in full by the issue of the Shares; and

- (g) at the date of the Meeting, the percentage holding of Shares held by Mr Tighe (including indirect interests) and after approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of Mr Tighe in the Company is set out below:

Related Party	Current holding	%	Holding upon Completion	%
Mr Tighe	10,033,333	1.07%	1,050,167	3.41%

- (h) on issue, the Shares issued to the Tighe Fund will rank equally with all Shares on issue at that time;
- (i) the Tighe Fund is related to Peter Tighe, a Related Party of the Company and accordingly approval is required pursuant to Listing Rule 10.11.1; and
- (j) the voting exclusions set out in respect of Resolution 14 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

15.5 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 14.

16. Resolution 15 – Approval for issue of Shares to R Yang ATF The Yang Family Trust upon conversion of Convertible Notes

16.1 Background

On 4 August 2020, the Company issued 8,000 convertible notes (**the Yang Notes**) with a face value of \$1.00 each to an entity associated with Director, Robert Yang (R Yang ATF The Yang Family Trust) (**the Yang Trust**). Details of this issue of the Yang Notes were announced to ASX on 26 March 2021.

The Company has agreed with the Yang Trust to extend the maturity date of the Yang Notes until 30 April 2021, on the basis that the Yang Notes will convert, subject to Shareholder approval being obtained for the purposes of the Corporations Act and Listing Rules, into Shares in the Company on completion of the Capital Raising. Resolution 15 seeks Shareholder approval for the issue of Shares to the Yang Trust upon conversion of the Yang Notes into Shares in satisfaction of the Company's obligation to redeem the Yang Notes at maturity.

16.2 Chapter 2E of the Corporations Act

As previously identified in Section 4.9 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

The proposed issue of Shares to the Yang Trust will result in the giving of a financial benefit by the Company. Mr Yang is a Related Party by virtue of him being a Director of the Company. For completeness, the Board notes that the issue of the Yang Notes was considered to be on arm's length terms and accordingly, shareholder approval was not obtained pursuant to Chapter 2E. Similarly, the Board considers that the issue of Shares upon conversion of the

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Yang Notes to be on arm's length terms having regard to the other convertible notes the Company has on issue, however given that the Company is putting a number of Resolutions to the Shareholders at the Meeting, the Board has resolved to obtain a Chapter 2E approval in this regard. Accordingly, the Company seeks shareholder approval pursuant to Chapter 2E of the Corporations Act.

(g) **The related parties to whom Resolution 15 would permit the financial benefit to be given**

The Yang Trust, an entity controlled by Mr Yang, a Director of the Company.

(h) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the issue of 53,333 Shares to the Yang Trust as referred to in Resolution 15; and

The Shares to be issued will be issued in satisfaction of the Company's obligation to redeem the Yang Notes.

(i) **Director recommendations**

With respect to Resolution 15, Dr Peng, Mr Wang and Mr Williams recommend that Shareholders vote in favour of the Resolution. The reasons for their recommendation include:

- (1) the issue of the Shares in satisfaction of the redemption of the Yang Notes will reserve cash raised by the Company under the Capital Raising for the operations of the Company; and
- (2) on Completion of the Capital Raising, the Company's obligations in respect of the Yang Notes will be fully discharged.

As Mr Yang is interested in the outcome of Resolution 15, he accordingly makes no recommendation to Shareholders in respect of that Resolution.

(j) **Director interests and other remuneration**

Mr Yang has a material personal interest in the outcome of Resolution 15, as it is proposed that Shares be issued to him as set out in Resolution 15.

Excluding the Shares proposed to be issued under the Resolutions, Mr Yang holds or has an indirect interest in zero (0) Shares in the Company. It is proposed that Mr Yang (through a related entity) will be issued a further 635,485 Shares in the Company in satisfaction of unpaid remuneration. Please refer to the table in Schedule 6 which indicates the holdings of Mr Yang.

Other than the Shares to be issued to Mr Yang pursuant to Resolution 15, Mr Yang is entitled to receive remuneration of \$105,000 per annum until the Re-Admission Date, from the Company for his role as executive director but due to the Company's tight cashflow, this remuneration has not been paid and will not be reimbursed to him.

(k) **Valuation**

The Shares to be issued under Resolution 15 will have an issue price of \$0.15 each, being the issue price under the Capital Raising. This discount is consistent with the original terms on which the Yang Notes were issued.

On that basis, the respective value of the Shares to be issued pursuant to Resolution 15 are as follows:

Related Party	Total Value of Shares
Mr Yang	\$10,666

(l) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

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There is no other information known to the Company or any of its directors save and except as follows:

Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little recent trading history in the Company's shares against which to reference the issue price of the Shares under Resolution 15.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to the Yang Trust is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of Shares to the Yang Trust will have little impact on the total number of Shares, if all the Conditional Resolutions are passed. Any dilutionary impact is more than offset by the advantages accruing from the Company in preserving cash in respect of having to redeem the Yang Notes if they are not converted.

Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

The dilutionary effect on the Company and its Shareholders from the issue of the Shares is summarised in the table in Schedule 2.

16.3 Listing Rule 10.11

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party unless an exception in ASX Listing 10.12 applies.

The proposed issue of Shares to the Yang Trust involve the issue of Equity Securities to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Resolution 15 therefore seeks the required shareholder approval for the issue of Shares to the Yang Trust under and for the purposes of Listing Rule 10.11.

If Resolution 15 is passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to the Yang Trust upon conversion of the Yang Notes.

If Resolution 15 is not passed, the Company will not be able to proceed with the issue of the Shares to the Yang Trust Fund and the Company will not proceed with the Koongie Park Earn-

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in. In addition, the Company will be remain liable to redeem the Yang Notes in cash in accordance with their terms.

16.4 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolution 15:

- (a) a total of 8,000 convertible notes were issued to the Yang Trust at a face value issue price of \$1.00 per note, raising a total of \$8,000 for the Company;
- (b) the Yang Notes have a maturity date of 30 April 2021;
- (c) interest at the rate of 10% per annum applied to the Yang Notes, with the interest payable quarterly, in arrears – interest has been paid up to 31 December 2020 with the balance payable out of the proceeds of the Capital Raising;
- (d) the Shares to be issued upon conversion of the Yang Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) having elected to convert the Yang Notes, based on the Capital Raising issue price of \$0.20 per Share and the 25% discount formula under the convertible note terms, a maximum of 53,333 Shares will be issued to the Yang Trust at an issue price of \$0.15 per Share;
- (f) the Yang Notes raised additional working capital for the Company and no further funds will be raised by the issue of the Shares upon conversion of the Yang Notes, however the obligation of the Company to redeem the Yang Notes will be satisfied in full by the issue of the Shares; and
- (g) at the date of the Meeting, the percentage holding of Shares held by Mr Yang (including indirect interests) and after approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of Mr Yang in the Company are set out below:

Related Party	Current holding	%	Holding upon Completion	%
Mr Yang	Nil	0%	688,818	1.25%

- (h) on issue, the Shares issued to the Yang Trust will rank equally with all Shares on issue at that time;
- (i) the Yang Trust is related to Robert Yang, a Related Party of the Company and accordingly approval is required pursuant to Listing Rule 10.11.1; and
- (j) the voting exclusions set out in respect of Resolution 15 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution.

16.5 Directors Recommendation

Dr Huaisheng Peng, Mr Paul Williams and Mr Qinghai Wang (being Directors without any material personal interest in Resolution 15) recommend that Shareholders vote in favour of Resolution 15.

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17. Resolution 16 – Approval to issue Shares to various Investors

17.1 Background

In early March 2021, the Company announced to the ASX that it had issued 650,000 short-term convertible notes with a face value of \$1.00 each to a small number of clients of Novus Capital Limited and private investors (listed below) (**Investors**) giving rise to a total issue of 650,000 convertible notes with an expiry date of 31 December 2021 (**Investor Notes**). The specific purpose of this issue was to raise additional funding for the Company in order for it to meet all costs associated with the Prospectus, the Capital Raising, the General Meeting and all activities associated with re-quotations of the Company's Shares on ASX.

In issuing the Investor Notes, the Company raised \$650,000 of which \$500,000 was raised by Novus Capital. For raising the \$500,000, the Company was required to pay to Novus Capital a 7% fee on the \$500,000.

One of the terms of these short-term convertible notes is that they automatically convert into Shares upon the proposed re-admission of the Company to ASX subject to shareholder approval. As a result, Resolution 16 seeks Shareholder approval to issue Share to the Investors pursuant to the conversion of the Investor Notes into Shares.

17.2 Listing Rules 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of securities on issue at the commencement of that 12 month period without shareholder approval. The issue of shares on conversion of the Investor Notes is subject to Listing Rule 7.1. The conversion right attaching to the convertible notes is subject to the Company obtaining shareholder approval. Accordingly, approval for the purposes of Listing Rule 7.1 for the issue of shares on conversion is being sought.

Details of the Investors are set out in the table below:

Name of Investor	Number of Notes Issued	Number of Shares to be received on conversion
Blue Lake Partners Pty Ltd	100,000	833,333
Simman Investments Pty Ltd (The Cameron S/F A/C)	40,000	333,333
Anthony Clay and Carol Clay (Clay Super Fund A/C)	20,000	166,667
Rimoyne Pty Ltd	40,000	333,333
CS Third Nominees Pty Ltd (Regal Funds Management Pty Ltd A/C)	250,000	2,083,334
Wilabenson Pty Ltd	20,000	166,666
Dingjo Pty Ltd	50,000	416,667
Arnold Bros Pty Ltd (AB Super Fund A/C)	50,000	416,667
Arnold Bros Pty Ltd (TA Super Fund A/C)	25,000	208,333
Christopher Paul Arnold and Leanne Estelle Arnold (DECA Superannuation Fund A/C)	25,000	208,333

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Burton Holdings (Qld) Pty Ltd (The CB A/C)	30,000	250,000
TOTAL	650,000	5,416,666

The Investor Notes will convert into Shares, at an issue price of \$0.12 per note. This issue price represents a 40% discount which applied under the terms of issue of the Investor Notes and based on the \$0.20 issue price under the Public Offer. On this basis, a total of 5,416,666 Shares would be issued to the Investors, representing 11.30% of the Company's total issued Shares at the Re-Admission Date.

If Resolution 16 is passed, the Company will proceed with the issue of Shares upon conversion of the Investor Notes. In addition, neither the Investor Notes nor the Shares upon conversion of the Investor Notes will be included in the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 16 is not passed, the Company will not proceed with the issue of the Shares upon conversion of the Investor Notes and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to redeem the Investor Notes in cash in accordance with their terms by 31 December 2021.

To this end, Resolution 16 seeks shareholder approval for the issue of the Shares upon conversion of the Investor Notes for the purposes of Listing Rule 7.1.

If Resolution 16 is passed, the issue of the Shares upon conversion of the Investor Notes can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

For the purposes of Listing Rules 7.3, a summary of the Investor Notes terms and conditions is as follows:

- (a) a total of 650,000 convertible notes were issued to the persons listed in the table above at a face value issue price of \$1.00 per note, raising a total of \$650,000 (before brokerage costs) for the Company;
- (b) one of the terms of issue of the Investor Notes is that they automatically converted into Shares upon completion of the Capital Raising;
- (c) interest at the rate of 10% per annum applied to the Investor Notes, with the interest payable quarterly, in arrears and in the event of completion of the Capital Raising, interest will be paid out of the proceeds raised;
- (d) based on the Capital Raising issue price of \$0.20 per Share and the 40% discount formula under the Investor Note terms, a maximum of 5,416,666 Shares will be issued to the Investors at an issue price of \$0.12 per Share;
- (e) the Investor Notes were issued at the time to raise additional working capital for the Company to meet costs associated with the Prospectus, Capital Raising, General Meeting and associated activities;
- (f) on issue, the Shares issued to the Investors will rank equally with all Shares on issue at that time;
- (g) the Shares to be issued upon conversion of the Investor Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);

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- (h) all of the Investors applied pursuant to s708 of the Corporations Act and are not a Related Party of the Company; and
- (i) the voting exclusions set out in respect of Resolution 16 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

17.3 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 16.

18. Resolution 17 – Approval for the issue of Shares to P&P Tighe ATF The Peter Tighe Super Fund

18.1 Background

As part of the announced short-term convertible notes the subject of Resolution 16, the Company issued 100,000 notes on the same terms as the short-term convertible notes to the Tighe Fund (**Tighe Short Term Notes**). The conversion rights attaching to the notes are subject to shareholder approval being obtained.

The specific purpose of this issue was to raise additional funding for the Company in order for it to meet all costs associated with the Prospectus, the Capital Raising, the General Meeting and all activities associated with re-quotations of the Company's Shares on ASX.

Subject to shareholder approval being obtained, the Tighe Short Term Notes automatically convert into Shares upon the proposed re-admission of the Company to ASX.

Resolution 17 seeks Shareholder approval to issue of Shares to the Tighe Fund pursuant to the conversion of the Tighe Short Term Notes into Shares.

18.2 Chapter 2E of the Corporations Act

As previously identified in Section 4.9 of this Explanatory Memorandum, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

The proposed issue of Shares to the Tighe Fund will result in the giving of a financial benefit by the Company. Mr Tighe is a Related Party by virtue of him being a proposed Director of the Company. For completeness, the Board notes that the issue of the Tighe Short Term Notes was considered to be on arm's length terms and accordingly, shareholder approval was not obtained pursuant to Chapter 2E. Similarly, the Board considers that the issue of Shares upon conversion of the Tighe Short Term Notes to be on arm's length terms having regard to the other convertible notes the Company has on issue, however given that the Company is putting a number of Resolutions to the Shareholders at the Meeting, the Board has resolved to obtain a Chapter 2E approval in this regard. Accordingly, the Company seeks shareholder approval pursuant to Chapter 2E of the Corporations Act.

- (a) **The related parties to whom Resolution 17 would permit the financial benefit to be given**

The Tighe Fund, an entity controlled by Mr Tighe, a proposed Director of the Company.

- (b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the issue of 833,333 Shares to the Tighe Fund as referred to in Resolution 17.

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The Shares to be issued will be issued in satisfaction of the Company's obligation to redeem the Tighe Short Term Notes.

(c) Director recommendations

With respect to Resolution 17, each of the Directors recommend that Shareholders vote in favour of the Resolution. The reasons for their recommendation include:

- (1) the issue of the Shares in satisfaction of the redemption of the Tighe Short Term Notes will reserve cash raised by the Company under the Capital Raising for the operations of the Company;
- (2) on Completion of the Capital Raising, the Company's obligations in respect of the Tighe Short Term Notes will be fully discharged.

(d) Proposed Director interests and other remuneration

Excluding the Shares proposed to be issued under the Resolutions, Mr Tighe holds or has an indirect interest in 10,033,333 Shares in the Company (which upon Consolidation will be 50,167 Shares). Please refer to the table in Schedule 6 which indicates the holdings of Mr Tighe.

Other than the Shares to be issued to Mr Tighe pursuant to Resolution 14 and 17, upon his appointment as a non-executive director (after the Re-Admission Date), Mr Tighe shall receive remuneration of \$35,000 per annum for the current financial year.

(e) Valuation

The Shares to be issued under Resolution 17 will have an issue price of \$0.12 each, being a 40% discount to the issue price under the Capital Raising.

On that basis, the respective value of the Shares to be issued pursuant to Resolution 17 are as follows:

Related Party	Total Value of Shares
Mr Tighe	\$166,667

(f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its directors save and except as follows:

Market Price movements

The issue price of the Shares is based on the issue price under the Capital Raising.

There is a possibility that the market price of the Shares on the date of re-admission of the Company to ASX will be different to this.

Trading History of the Shares

The Company's shares have been suspended since September 2019. Accordingly, there is little recent trading history in the Company's shares against which to reference the issue price of the Shares under Resolution 17.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Shares to the Tighe Fund is the dilutionary impact on the issued share capital of the Company. The dilutionary impact caused with the issue of Shares to the Tighe Fund will have little impact on the total number of Shares, if all the Conditional Resolutions are passed. Any dilutionary impact is more than offset by the advantages accruing from the Company in preserving cash in respect of having to redeem the Tighe Notes if they are not converted.

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Taxation Consequences

No stamp duty will be payable in respect of the issue of the Shares. No GST will be payable by the Company in respect of the issue of the Shares (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

The dilutionary effect on the Company and its Shareholders from the issue of the Shares is summarised in the table in Schedule 1.

18.3 Listing Rule 10.1

As Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party unless an exception in ASX Listing 10.12 applies.

As the proposed issue of Shares to the Tighe Fund involves the issue of Equity Securities to a Related Party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Resolution 17 therefore seeks the required shareholder approval for the issue of Shares to the Tighe Fund under and for the purposes of Listing Rule 10.11.

If Resolution 17 is passed, and all other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the Shares to the Tighe Fund upon conversion of the Tighe Short Term Notes.

If Resolution 17 is not passed, the Company will not be able to proceed with the issue of the Shares to the Tighe Fund and the Company will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to redeem the Tighe Short Term Notes in cash in accordance with their terms.

18.4 Information required under ASX Listing Rule 10.13

In accordance with Listing Rule 10.13, the following additional information is provided for the purposes of Resolution 17:

- (a) a total of 100,000 convertible notes were issued to the Tighe Fund at a face value issue price of \$1.00 per note, raising a total of \$100,000 for the Company. The conversion rights attaching to the Tighe Short Term Notes are subject to shareholder approval being obtained;
- (b) the Tighe Short Term Notes have a maturity date of 31 December 2021;
- (c) interest at the rate of 10% per annum applied to the Tighe Short Term Notes, with the interest payable quarterly, in arrears and in the event of completion of the Capital Raising, interest will be paid out of the proceeds raised;
- (d) based on the Capital Raising issue price of \$0.20 per Share and the 40% discount formula under the Tighe Short Term Note terms, a maximum of 833,333 Shares will be issued to the Tighe Fund at an issue price of \$0.12 per Share;

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- (e) the Tighe Short Term Notes were issued at the time to raise additional working capital for the Company to meet costs associated with the Prospectus, Capital Raising, General Meeting and associated activities;
- (f) the Shares to be issued upon conversion of the Tighe Short Term Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules); and
- (g) at the date of the Meeting, the percentage holding of Shares held by Mr Tighe (including indirect interests) and after approval of all of the Resolutions and successful completion of the Capital Raising, the overall total percentage holding of Mr Tighe in the Company is set out below:

Related Party	Current holding	%	Holding upon Completion	%
Mr Tighe	10,033,333	1.07%	1,833,500	3.41%

- (h) on issue, the Shares issued to the Tighe Fund will rank equally with all Shares on issue at that time;
- (i) the Tighe Fund is related to Peter Tighe, a Related Party of the Company and accordingly approval is required pursuant to Listing Rule 10.11.1; and
- (j) the voting exclusions set out in respect of Resolution 17 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution

18.5 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 17.

19. Resolution 18 – Approval of issue of Shares to Novus Capital Limited

19.1 Details

On 15 September 2020, the Company announced the appointment of Novus Capital Limited (**Novus**) as the Lead Manager to the Capital Raising (**Lead Manager Mandate**). As part of the terms of the agreed mandate with Novus, the Company agreed to certain success-based fees payable to Novus in the event of successful completion of the Capital Raising and re-admission of the Company's Shares on ASX, the Company would issue a total of 187,500 Shares at a notional issue price of \$0.20 per Share (the same price as is offered for the Public Offer).

Pursuant to the Lead Manager Mandate, Novus has been appointed as lead manager to the Capital Raising and will assist the Company in undertaking the Capital Raising.

The total fees the Lead Manager will receive in respect of this role is as follows:

- (a) Initial engagement fee of \$15,000;
- (b) Monthly advisory fee of \$10,500;
- (c) Sponsoring Broker Fee of \$30,000;
- (d) Management fee of 1% of the amount raised under the Capital Raising;
- (e) Brokerage fee of 6% of the amount raised under the Capital Raising, subject to an 80% rebate in respect of funds raised by the Company and

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- (f) Success/completion fee of \$75,000 payable as to 50% cash and 50% Shares (being the shares the subject of Resolution 18).

The term of the Lead Manager Mandate is a period of a minimum of nine (9) months after completion of the Koongie Park Earn-in, unless terminated earlier in accordance with the terms of the mandate, as follows:

- (after the 9 month period) – at any time with 90 days' notice to the Lead Manager; and
- (after completion of the Koongie Park Earn-in but before expiry of the 9 month period) – by giving a minimum 60 days' notice in writing, paying all fees owing at the time and further, by paying a break fee equal to 2% of the value of the Capital Raising, up to a proposed value of \$5 million and a 1.25% break fee for any proposed value of the Capital Raising greater than \$5 million.

A monthly advisory fee of \$6,250 is also payable to the Lead Manager after completion of the Koongie Park Earn-in and up until termination.

Novus Capital may terminate the Lead Manager Mandate if any of the prescribed events occur (**Termination Events**) and it will be entitled to be paid fees and expenses that have accrued to the date of termination. The following events are the key Termination Events:

- (a) the Australian equity capital markets are such that they are not, in the bona fide reasonable judgement of Novus Capital, conducive to the successful completion of the Lead Manager Mandate or other events beyond the control of Novus Capital or the Company are so material and adverse to make it impracticable or inadvisable to proceed with the Public Offer;
- (b) there is a material adverse change or disruption in the existing financial markets, political or economic conditions of Australia and abroad that can be shown to have an effect in Australia or the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions with the effect that it is impracticable to market the Public Offer or enforce any contract to issue or allot the Offer Shares;
- (c) there is an announcement of a new law to be introduced to a State or the Federal Parliament or the RBA or any federal or state authority of Australia adopts or announces a proposal to adopt a new policy that is likely to prohibit or regulate financial institutions;
- (d) there is a material adverse change in the financial position or prospects of the Company as disclosed to Novus Capital;
- (e) default by the Company of any material term of the Lead Manager Mandate that is not rectified; and
- (f) the Chairman or Chief Executive Officer of the Company vacates office, which, in the opinion of Novus Capital, adversely affects the viability of the Company to attract investors.

The Company has agreed that it shall make no claims against Novus Capital (and its associates) to recover any loss or damage that the Company may suffer resulting from the Public Offer contemplated by the Lead Manager Mandate. The Company also indemnifies Novus Capital against losses and claims and other damage that Novus Capital may suffer

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resulting from any activity Novus Capital becomes involved in in connection with the matters contemplated under the Lead Manager Mandate.

19.2 Listing Rule 7.1

If Resolution 18 is passed, the Company will be able to proceed with the issue of the Shares to Novus. In addition, the issue of the Shares to Novus will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under Listing Rule 7.1.

If Resolution 18 is not passed, the Company will not be able to proceed with the issue of the Shares to Novus and due to the conditionality of all Conditional Resolutions, will not proceed with the Koongie Park Earn-in. In addition, the Company will remain liable to pay any fees payable to Novus in cash.

To this end, Resolution 18 seeks shareholder approval for the issue of the Shares to Novus under and for the purposes of Listing Rule 7.1.

If Resolution 18 is passed, the issue of the Shares to Novus can proceed without using up any of the Company's 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

In accordance with Listing Rule 7.1, the following additional information is provided for the purposes of Resolution 18:

- (a) the Shares are to be issued to Novus Capital Limited (or its nominee);
- (b) the maximum number of Shares to be issued is 187,500;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the deemed issue price for the Shares is \$0.20, being the same as all other Shares to be issued under the Capital Raising and in accordance with the terms of the lead broker mandate entered into between the Company and Novus;
- (e) the Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the voting exclusions set out in respect of Resolution 18 in the table on pages 14 to 27 of the Notice of Meeting will apply to the Resolution.

19.3 Directors Recommendation

All of the Directors recommend that Shareholders vote in favour of Resolution 18.

20. Resolution 19 – Approve Changes to Constitution

20.1 Background

This Resolution 19 is a Special Resolution and seeks Shareholder approval to repeal the current constitution of the Company (**Existing Constitution**) and replace it with a new constitution for the Company (**New Constitution**). The Existing Constitution has not been comprehensively updated for many years. In light of various changes to the applicable regulatory requirements (including the Corporations Act and ASX Listing Rules), as well as developments in corporate governance practices for ASX listed companies, your directors believe that it is appropriate to revise and update the Constitution in various ways. The

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proposed changes affect a range of provisions in the Constitution, details of which are summarised in Schedule 5.

The proposed New Constitution will be available on the Company's website at www.aukingmining.com under the "About Us" section heading.

As a special resolution, Resolution 19 requires at least 75% of the total votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the Resolution.

20.2 Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 19.

21. Resolutions 20- 23 – Appointment of directors

As part of the Transaction and application for re-admission, it is proposed that the Board will be restructured.

Dr Peng, Mr Wang and Mr Yang will resign as directors. Mr Williams will move from the Managing Director role to Chief Executive Officer.

It is proposed that each of Dr Mark Elliott, Mr Peter Tighe, Mr Ian Hodgkinson and Mr Shizhou Yin will be appointed as directors of the Company with effect from Completion.

If Resolutions 20 to 23 are approved, the appointments of the new directors will commence immediately on Completion.

Shareholder approval for the election of the Proposed Directors is being sought under Resolutions 20 to 23 of this Notice of Meeting for the purposes of clause 36.3(b) of the Company's Constitution. Shareholder approval of Resolutions 20 to 23 is subject to receipt of approval for each of the Conditional Resolutions.

An overview of each Proposed Director's educations, experiences and memberships are set out in section 4.11 of this Explanatory Memorandum.

The Company has undertaken the appropriate background checks on the proposed directors and other individuals prior to their appointment as directors in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Directors recommend that Shareholders vote in favour of Resolutions 20 to 23.

22. Resolution 24 – Approval of non-executive director fees

Resolution 24 seeks Shareholder approval for the purposes of clauses 39.5 of the Company's Constitution to set the Directors' aggregate maximum fee pool at \$250,000 per annum.

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of the holders of its ordinary securities. The Directors understand that the current aggregate maximum fee pool is \$250,000 – this is based on disclosure in the Company's original IPO prospectus dated 27 August 2007. Out of an abundance of caution, the Directors have determined that they will have this aggregate maximum pool ratified and approved by the Shareholders at the general meeting.

Approval for the payment set out in Resolution 24 is sought in accordance with clause 39.5 of the Company's Constitution and Listing Rule 10.17.

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For the purposes of Listing Rule 10.17, the following information is provided:

- (a) the Directors do not believe that there is any increase being sought in the maximum fee pool and approval of this Resolution is being sought out of an abundance of caution;
- (b) the maximum aggregate amount of directors' fees that may be paid to all of the Company's non-executive directors is AUD\$250,000 per annum;
- (c) the Company has not issued any Shares to non-executive directors under Listing Rule 10.11 or 10.14 with the approval of the holders of the Company's ordinary securities within the preceding three (3) years, however it is noted that this Notice of Meeting contemplates the issue of Shares to non-executive directors under Resolutions 6 and 7, as well as a proposed non-executive director under Resolutions 14 and 17 ; and
- (d) a voting exclusion statement has been set out in this Notice of Meeting.

23. Voting entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm (Brisbane Time) on 19 May 2021.

Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

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24. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

15% Capacity has the meaning given to that term in section 3.2.

AAR means Anglo Australian Resources NL.

Accudo means Accudo Metals Pty Ltd ACN 612 323 832.

AKN or the **Company** means AuKing Mining Limited ACN 070 859 522.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited.

Attaching Options means the free-attaching options exercisable at \$0.25 on or before 30 June 2023 to be issued on the basis of one option for each two Offer Shares applied for.

Board means the board of Directors of the Company from time to time.

Capital Raising means the public Offer under the Prospectus to raise a minimum \$6,000,000 through the issue of 30,000,000 Offer Shares at an issue price of \$0.20 per Share, with provision to accept over-subscriptions of up to a further 5,000,000 Offer Shares to raise a further \$1,000,000.

Closely Related Party or **CRP** (as defined in section 9 of the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party.

Company means AuKing Mining Limited ACN 070 859 522.

Completion means completion of acquisition of the initial 25% interest by the Company in the Joint Venture.

Conditional Approval means a conditional approval letter from the ASX to the Company confirming that, subject to Completion of the Transaction and any additional conditions and requirements imposed by ASX, the equity securities of the Company will be re-admitted to quotation on the Official List of ASX.

Conditional Resolutions means each of Resolutions 1 to 24 (inclusive).

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Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time.

Directors means the directors of the Company from time to time.

Equity Securities has the meaning given to that term in the Listing Rules.

Existing Constitution means the constitution of the Company as at the date of this Notice.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

IP Services Agreement means the agreement between the Company and Accudo pursuant to which Accudo has agreed to provide technical services to the Company.

JCHX Group means JCHX Group, a Chinese incorporated company, and includes its associated entity Bienitial International Industrial Co., Limited (**Bienitial**), the largest existing shareholder in the Company – the Company is unaware of the total percentage of shares held by JCHX Group in Bienitial but are aware that JCHX Group is the controlling shareholder.

Joint Venture means the joint venture described in section 4.8(a) of the Explanatory Memorandum.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Koongie Park Earn-in means the agreement by which AKN may secure up to a 75% interest in the Koongie Park Project, in northern Western Australia, the material terms of which are summarised in Section 4.8.

Koongie Park Project means the Koongie Park copper/zinc project, situated in northern Western Australia, 100% owned by AAR.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Long Term Convertible Notes means the convertible notes that are the subject of Resolutions 11 to 15 inclusive.

Market Price means the closing market price as that term is defined in the Listing Rules.

Meeting means the General Meeting of Shareholders to be held on 21 May 2021 as convened by the accompanying Notice of Meeting.

New Constitution means the new constitution proposed to be adopted by the Company pursuant to Resolution 19.

NG Notes means the 200,000 convertible notes issued to Greenhalgh Nominees Pty Ltd ATF The N&M Greenhalgh Super Fund.

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Offer Shares means the new Shares being offered under the Prospectus (being 30,000,000 Shares) at a subscription price of \$0.20 per Share, with provision to accept over-subscriptions of up to a further 5,000,000 Shares.

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Official List means the official list of ASX.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

Prospectus means a full form prospectus in accordance with section 710 of the Corporations Act with respect to the Capital Raising dated 9 March 2021 and including a Supplementary Prospectus dated 19 March 2021.

Public Offer means the offer of Offer Shares and Attaching Options under the Prospectus.

Re-admission Date means the date on which the Company's Equity Securities are re-admitted to quotation on the Official List of ASX.

Related Party has the meaning given to that term in section 228 of the Corporations Act.

Resolutions means the resolutions set out in the Notice of Meeting.

securities has the meaning in section 92(1) of the Corporations Act.

Shares means fully paid ordinary shares in the Company from time to time.

Shareholder means a shareholder of the Company.

Short Term Convertible Notes means the short term convertible notes issued to specified investors.

Special Resolution means a resolution:

- (g) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (h) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Subsidiary has the meaning given to that term in the Corporations Act.

Trading Day has the meaning given to that term in the Listing Rules.

Transaction means the formation of the Joint Venture in respect of the Koongie Park Project.

Voting Power has the meaning given to that term in the Corporations Act.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Paul Marshall (Company Secretary):

Telephone: 0433 019 836 or by email to p.marshall@aukingmining.com

Competent Persons Statement

The Koongie Park resource information contained in this Explanatory Memorandum is extracted from the report entitled Independent Technical Assessment Report by CSA Global Pty Ltd created on 25 February 2021 and included in the Company's Prospectus dated 9 March 2021, which was lodged with ASIC on that date and is available to view on www.aukingmining.com.

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The Independent Technical Assessment Report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement (included in the Company's Prospectus dated 9 March 2021 and lodged with ASIC on 9 March 2021) and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Independent Technical Assessment Report is based on, and fairly reflects information compiled by the following persons:

- Principal author – Mr Neal Leggo (Principal Consultant Geologist – CSA Global, Perth, WA) was responsible for all sections of the report.
- Author – Mr David Williams (Principal Consultant Geologist – CSA Global, Brisbane, QLD) was responsible for Sections 2.6 and 2.7 of the report.

Each of these individuals, by virtue of their education, experience and professional association, are considered Competent Persons, as defined in the JORC Code (2012), for this Report. The Competent Persons' individual areas of responsibility are presented below.

Neal Leggo is a geologist with over 35 years' experience including management, mineral exploration, consulting, resource geology, underground operations and open pit mining. He has worked in a variety of Australian geological terranes and specialises in copper, gold, silver-lead-zinc and iron ore for which he has the experience required for code-compliant reporting. Mr Leggo also has experience with uranium, vanadium, manganese, tin, tungsten, nickel, lithium, niobium, gemstones, mineral sands and industrial minerals. He provides a range of consulting services including code-compliant (JORC, NI 43-101, VALMIN) reporting and valuation, technical studies, reviews and management of exploration projects. Mr Leggo has completed numerous independent technical reports (ITAR, CPR, QPR). Mr Leggo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Leggo consented to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appeared.

David Williams is a resource geologist with over 25 years' experience in mine geology and Mineral Resource estimation. He is a competent person for the JORC reporting of Mineral Resource estimates and is similarly a qualified person for Canadian NI43-101 Mineral Resource estimate reports. David's commodity expertise is extensive, and it has been developed from working on mining and resource estimation projects in Australia, Africa, Asia and Europe. David is also a specialist on due diligence studies, and he has provided professional opinion for Independent Geologist Reports. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams consented to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appeared.

Virtual Attendance at the General Meeting

Due to health concerns and the potential of further government-imposed restrictions on public gatherings arising from the COVID-19 pandemic, Shareholder attendance at the Meeting in person may be limited and Shareholders are encouraged to participate in the Meeting online and by appointing a proxy.

The Federal Treasurer made a determination modifying, among other matters, the operation of provisions of the Corporations Act 2001 (Cth) and the Corporations Regulations (2001) (Cth) under Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 (**Determination**) to allow companies who are required or permitted to hold meetings to hold those meetings remotely as virtual meetings, instead of in person. The

Explanatory Memorandum

Determination, which temporarily removed impediments to the use of virtual technology to hold meetings and permitted the dispatch of notices of meeting by electronic means, ceased to have effect on 21 March 2021. The government has proposed to extend the measures in the Determination in the *Treasury Laws Amendment (2021 Measures No. 1) Bill 2021* (Bill). The Bill was passed by the House of Representatives on 17 March 2021 but is awaiting debate in the Senate.

On 29 March 2021, ASIC advised that it had adopted a 'no-action' position in relation to the convening and holding of virtual meetings. In order to provide the market with a degree of certainty during this time, ASIC's 'no-action' position:

- supports the holding of meetings using appropriate technology; and
- facilitates electronic notice of meetings including supplementary notices

ASIC has stated that the 'no-action' position is intended to facilitate businesses to hold their meetings effectively during the ongoing pandemic where there is still uncertainty around restrictions on gatherings and travel.

The Company will convene the Meeting pursuant to the Determination and the ASIC 'no-action' position and proposes to hold the Meeting in accordance with the proposed requirements in the *Treasury Laws Amendment (2021 Measures No. 1) Bill 2021*.

The Meeting will be held both virtually (online) via an online platform at <https://agmlive.link/AKN21> and in person at HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000.

To attend the meeting virtually, shareholders and proxyholders will need a desktop or mobile/tablet device with internet access to log onto the online platform on the morning of the Meeting and provide their details (including your Shareholder Reference Number (SRN) or Holder Identification Number (HIN)) to be verified as a shareholder or proxyholder.

Shareholders and proxyholders will be able to log in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions set out in the Notice of Meeting and the Online Meeting Guide (which is attached to this Notice of Meeting). We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting.

Once the Meeting commences at 9:30am (Brisbane time), shareholders and proxyholders will be able to listen to the Chairman of the Meeting talking live and in real time. Shareholders and proxyholders will have the ability to ask questions during the Meeting via the online platform and a telephone line, and to hear all of the discussion, subject to connectivity of their devices.

A detailed guide on how to participate virtually in the Meeting is set out in the Online Meeting Guide. The Online Meeting Guide explains how to ensure that the browser is compatible with the online platform, as well as a step-by-step guide to successfully log in and navigate the online platform. The Online Meeting Guide will be lodged with ASX and is attached to this Notice of Meeting.

In addition to the above, shareholder and proxyholder participation (as relevant) is possible by shareholders completing and lodging the Proxy Form electronically at the Company's share registry at www.linkmarketservices.com.au or, alternatively, returning it in the envelope provided or faxed to the Company's share registry on +61 2 9287 0309, so that it is received by 9:30am (Brisbane time) on 19 May 2021, in order to be valid.

Discussion will take place on all resolutions to be considered at the Meeting. Shareholders will have a reasonable opportunity to ask questions in respect of the resolutions put forward at the Meeting during the Meeting via the online platform.

In accordance with the Determination, each resolution considered at the Meeting will be decided on a poll.

Shareholders participating in the Meeting via the online platform will be able to vote directly at any time between the start of the Meeting at 9:30am (Brisbane time) and the closure of voting as announced by the Chairman during the Meeting.

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Schedule 1 - Issued Capital

Table 1 – Existing Issued Capital

Holder	Shares (Number)	Shares (%)	Convertible Notes	Listed Options	Unlisted Options
Existing Shareholders	932,584,461 ¹	100%	533,000 ² 650,000 ³	Nil	Nil
Total	932,584,461 ¹	100%	1,348,333	Nil	Nil

Notes:

1 This figure is as at the date of the Notice of Meeting and is prior to the proposed 200:1 share consolidation in accordance with Resolution 2.

2 These Convertible Notes mature on 30 April 2021, but each of the holders have agreed to convert into Shares upon completion of the Capital Raising and are subject to shareholder approval of Resolutions 11, 12, 13, 14 and 15 .

3 These short term Convertible Notes mature on 31 December 2021, but the terms of issue provide for automatic conversion upon completion of the Capital Raising and are subject to shareholder approval of Resolution 16 and 17.

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Table 2 – Issued Capital on completion of Transaction

	Minimum Subscription (\$6M)		Maximum Subscription (\$7M)		Fully Diluted Minimum Subscription ⁷ (\$6M)		Fully Diluted Maximum Subscription ⁷ (\$7M)	
JCHX Existing Shares ¹	1,745,092	3.16%	1,745,092	2.89%	1,745,092	2.48%	1,745,092	2.24%
Other Existing Shareholders ¹	2,917,831	5.28%	2,917,831	4.15%	2,917,831	4.15%	2,917,831	3.75%
JCHX Loan Conversion Shares ²	7,500,000	13.56%	7,500,000	12.44%	7,500,000	10.67%	7,500,000	9.64%
Convertible Note (Series I) Conversion Shares ³	3,553,333	6.43%	3,553,333	5.89%	3,553,333	5.06%	3,553,333	4.57%
Convertible Note (Series II Pre-IPO) Conversion Shares ⁴	6,250,000	11.30%	6,250,000	10.37%	6,250,000	8.89%	6,250,000	8.03%
Directors and Executive Conversion Shares ⁵	2,519,930	4.56%	2,519,930	4.18%	2,519,930	3.59%	2,519,930	3.24%
Employee Conversion Shares ⁶	615,690	1.11%	615,690	1.02%	615,690	0.88%	615,690	0.79%
Capital Raising ⁷	30,000,000	54.26%	35,000,000	58.05%	45,000,000 ⁷	64.02%	52,500,000 ⁷	67.49%
Broker Success Shares ⁸	187,500	0.34%	187,500	0.31%	187,500	0.27%	187,500	0.24%
Total	55,289,376	100.00%	60,289,376	100.00%	70,289,376	100.00%	77,789,376	100.00%

Notes:

- 1** This figure assumes the 200:1 share consolidation has been approved and that no Shares are subscribed for by existing shareholders in the Capital Raising.
- 2** This figure assumes Resolution 5 is approved but excludes the existing shareholding of JCHX Group on a post-Consolidation basis.
- 3** This figure assumes Resolutions 11, 12, 13, 14 and 15 are approved.
- 4** This figure assumes Resolution 16 and 17 are approved.
- 5** This figure assumes Resolutions 6, 7, 8 and 9 are approved.
- 6** This figure assumes Resolution 10 is approved.
- 7** This figure assumes that all Attaching Options issued under the Capital Raising are exercised and no other Shares are issued other than the Shares approved at the General Meeting.
- 8** This figure assumes Resolution 18 is passed.

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Schedule 2 - Timetable for Koongie Park Earn-in and AKN Capital Raising

Event	Date
Prospectus lodged with ASIC	9 March 2021
Prospectus lodged with ASX	10 March 2021
Prospectus Offer Opening Date	10 March 2021
Lodge application for listing with ASX	16 March 2021
Notice of Meeting available for Shareholders	23 April 2021
General Meeting	21 May 2021
Effective Date of Share Consolidation	21 May 2021
Record Date for Share Consolidation	26 May 2021
Update register for consolidation and send holding statements to existing shareholders	27 May 2021
Issue of Shares approved at General Meeting (other than Capital Raising Shares and Options)	28 May 2021
Prospectus Offer Closing Date	31 May 2021
Issue of Shares under Prospectus [<i>Subject to confirmation of ASX conditions of reinstatement</i>]	1 June 2021
Dispatch of Holding Statements	2 June 2021
Expected date for re-quotations of the Company's shares on the ASX (subject to satisfaction of Chapters 1 and 2 of ASX Listing Rules)	7 June 2021

This timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offers early or extending the close of the Offers, without notifying any recipients of the Prospectus or any Applicants subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Furthermore, dates are dependent upon Completion, and as such, satisfaction of all Conditions Precedent, which includes ASX providing the Conditional Approval. Accordingly, the proposed dates are merely indicative and subject to a number of factors outside the control of the Company.

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Schedule 3 – Terms and Conditions of the Attaching Options

The Attaching Options are issued on and subject to the following terms:

- (i) The Attaching Options shall be issued for no cash consideration and on the basis of one (1) Option for every two (2) Shares applied for under the Prospectus.
- (j) The exercise price of each Attaching Option is \$0.25 (**Exercise Price**).
- (k) The Attaching Options will expire on 30 June 2023 (**Expiry Date**) unless earlier exercised.
- (l) The Attaching Options are transferrable.
- (m) The Attaching Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise (**Exercise Notice**) together with payment for the Exercise Price per Attaching Option to the Company at any time on or after the date of issue of the Attaching Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods.
- (n) The number of Attaching Options that may be exercised at one time must be not less than 25,000, unless the holder of the Attaching Option (**Option Holder**) holds less than 25,000 Attaching Options in which case all Attaching Options must be exercised at one time.
- (o) The Company will, within timeframes that comply with the Listing Rules (and in any event within 20 Business Days after the valid exercise of the Attaching Options):
 - (1) allot and issue the number of fully paid ordinary Shares ranking pari passu with the then issued Shares as required under these terms and conditions in respect of the number of Attaching Options specified in the Exercise Notice and for which cleared funds have been received by the Company; and
 - (2) if admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Attaching Options.
- (p) Option Holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where and only to the extent required pursuant to the Listing Rules, provide Option Holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Attaching Options, in accordance with the requirements of the Listing Rules.
- (q) Option Holders do not participate in any dividends unless the Attaching Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
- (r) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (1) the number of Attaching Options, the Exercise Price of the Attaching Options, or both will be reorganised (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the Option Holders are not conferred on Shareholders; and
 - (2) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Attaching Options will remain unchanged.

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- (s) If there is a pro rata issue (except a bonus issue), the Exercise Price of Attaching Option may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Attaching Option;
- O = the old exercise price of the Attaching Option;
- E = the number of underlying securities into which one Attaching Option is exercisable;
- P = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex-right date or the ex-entitlements date;
- S = the subscription price for a security under the pro rata issue;
- D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- (t) If there is a bonus issue to the Shareholders of the Company, the number of Shares over which the Attaching Option is exercisable may be increased by the number of Shares which the Option Holder would have received if the Attaching Option had been exercised before the record date for the bonus issue.
- (u) The terms of the Attaching Options shall only be changed if Shareholders (whose votes are not to be disregarded) of in the Company approve of such a change. However, unless all necessary waivers of the Listing Rules are obtained, the terms of the new Options shall not be changed to reduce the Exercise Price, increase the number of Attaching Options or change any period for exercise of the Attaching Options.
- (v) The Company intends to apply for listing of the Attaching Options on the ASX.

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Schedule 4 Historical and Pro-forma Financial Information

4.1 Introduction

This Section sets out the historical and pro-forma financial information. The basis for preparation and presentation of this information is also set out below.

The historical and pro-forma financial information has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards and the accounting policies as described below.

The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

4.2 Historical Financial Information

The historical financial information set out below comprises the audited consolidated Balance Sheet as at 31 December 2020.

4.3 Pro-Forma Financial Information

The pro-forma financial information set out below comprises the audited Pro-Forma consolidated Balance Sheet as at 31 December 2020 showing the impact of the proposed Public Offer and Koongie Park KP Transaction.

4.4 Pro-forma Balance Sheet

The Pro-Forma Balance Sheet have been derived from the audited consolidated Balance Sheet as at 31 December 2020 adjusted for the following transactions as if they had occurred at 31 December 2020 (pro-forma transactions):

- (a) the consolidation of the Company's existing 932,584,461 shares on a 200:1 basis down to 4,662,923.
- (b) the issue of 30,000,000 Ordinary Shares at an issue price of \$0.20 per share through the Public Offer.
- (c) estimated costs of the Offer of \$1,000,000, which includes the issue of 187,500 Broker Success fee Shares at an issue price of \$0.20 per share. Costs are allocated between the cost of raising additional share capital and the cost of re-quotation if the existing shares. As such, \$812,169 have been accounted for as capital raising costs through equity and \$187,831 have been expensed to profit or loss.
- (d) the issue of 7,500,000 Ordinary Shares to the JCHX Group at an issue price of \$0.20 per share in full and final satisfaction of all loan monies and accrued interest.
- (e) the issue of 2,519,930 Ordinary Shares to AKN Directors at an issue price of \$0.20 per share in full satisfaction unpaid directors' fees and salaries, and the issue of 615,690 Ordinary Shares to AKN Employees at an issue price of \$0.20 per share in full satisfaction of unpaid fees and salaries.
- (f) Material transactions occurring since 31 December 2020 which comprise:
 - the recognition of Convertible Note monies received after 31 December 2020;
 - the recognition of interest accruing on all Convertible Note and loan amounts since 31 December 2020 to the expected transaction date of 30 April 2020; the de-recognition of unpaid directors and AKN employee's fees and salaries in excess of the value of the 615,690 Ordinary Shares to be issued to AKN Employees at an issue price of \$0.20 per share in full satisfaction of unpaid fees and salaries.
- (g) the issue of 3,553,333 Ordinary Shares to the Long Term Convertible Note holders at an issue price of \$0.15 per share in full and final satisfaction of all Long Term Convertible Note principal

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amounts, and the issue of 6,250,000 Ordinary Shares to the Short Term Convertible Note holders at an issue price of \$0.12 per share in full and final satisfaction of all Short Term Convertible Note principal amounts.

- (h) the payment of accrued interest on all Convertible Note amounts and the Tighe Loan up to the expected transaction date of 30 April 2020.
- (i) The full repayment of the Tighe Loan principal amount of \$150,000.
- (j) Payment of \$1,000,000 to AAR for the Koongie Park KP Transaction.

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Historical and Pro-Forma Financial Information

		Historical Balance Sheet 31 December 2020	Material Transactions Subsequent to 31 December 2020	Public Offering Capital Raise	Repayment and Conversion of Liabilities	Koongie Park Initial Investment	Consolidated Pro- Forma Balance Sheet
	Notes	A	B	C	D	E	F
		\$	\$	\$	\$	\$	\$
CURRENT ASSETS							
Cash and cash equivalents	6	21,156	750,000	5,037,500	(272,566)	(900,000)	4,636,090
Trade and other receivables		9,155	-	-	-	-	9,155
TOTAL CURRENT ASSETS		30,311	750,000	5,037,500	(272,566)	(900,000)	4,645,245
NON-CURRENT ASSETS							
Other receivables		2,470	-	-	-	-	2,470
Exploration expenditure	2	-	-	-	-	1,000,000	1,000,000
Other non-current assets	2	100,000	-	-	-	(100,000)	-
Plant and equipment		385	-	-	-	-	385
TOTAL NON-CURRENT ASSETS		102,855	-	-	-	900,000	1,002,855
TOTAL ASSETS		133,166	750,000	5,037,500	(272,566)	-	5,648,100
CURRENT LIABILITIES							
Trade and other payables	3	1,104,235	(194,999)	(192,547)	(627,132)	-	89,557
Borrowings	4	2,424,319	728,122	-	(3,152,441)	-	-
Employee benefit provisions		71,626	-	-	-	-	71,626
TOTAL CURRENT LIABILITIES		3,600,180	533,123	(192,547)	(3,779,573)	-	161,183
TOTAL LIABILITIES		3,600,180	533,123	(192,547)	(3,779,573)	-	161,183
NET ASSETS		(3,467,014)	216,877	5,230,047	3,507,007	-	5,486,917
EQUITY							
Share capital	1	42,630,609	-	5,225,331	3,410,132	-	51,266,072
Accumulated losses		(46,097,623)	216,877	4,716	96,875	-	(45,779,155)
TOTAL EQUITY		(3,467,014)	216,877	5,230,047	3,507,007	-	5,486,917

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4.5 Notes to the Pro-forma Consolidated Balance Sheet

Note 1

Assumes the consolidation of the Ordinary Shares on issue at 31 December 2020 on a 200 to 1 basis.

Assumes the issue of 30,000,000 Ordinary Shares at an issue price of \$0.20 per share through the Public Offer.

Assumes estimated costs of the Offer and Acquisition of \$1,000,000, which includes the issue of 187,500 Broker Success fee Shares at an issue price of \$0.20 per share.

Assumes the issue of 7,500,000 Ordinary Shares to the JCHX Group at an issue price of \$0.20 per share in full and final satisfaction of all loan monies and accrued interest.

Assumes the issue of 2,519,930 Ordinary Shares to AKN Directors at an issue price of \$0.20 per share in full satisfaction unpaid directors' fees and salaries, and the issue of 615,690 Ordinary Shares to AKN Employees at an issue price of \$0.20 per share in full satisfaction unpaid fees and salaries.

Assumes the issue of 3,553,333 Ordinary Shares to the Long Term Convertible Note holders at an issue price of \$0.15 per share in full and final satisfaction of all Long Term Convertible Note principal amounts, and the issue of 6,250,000 Ordinary Shares to the Short Term Convertible Note holders at an issue price of \$0.12 per share in full and final satisfaction of all Short Term Convertible Note principal amounts.

Reconciliation of movements in Pro-forma Share Capital

	Number of shares	Share Capital
	#	\$
Audited Balance Sheet 31 December 2020 (A)	932,584,461	42,630,609
Share consolidation (200:1)	(927,921,538)	-
Issue of shares via the Public Offering (C)	30,000,000	6,000,000
Total costs expected to be incurred in connection with the offer (C) to be offset against share capital	-	(812,169)
Issue of Broker Success Fee Shares (C)	187,500	37,500
Conversion of JCHX Loan (D)	7,500,000	1,500,000
Conversion of unpaid directors and employee's unpaid fee and salaries (D)	3,135,620	627,132
Conversion of Long Term Convertible Note principal amounts (D)	3,553,333	533,000
Conversion of Short Term Convertible Note principal amounts (D)	6,250,000	750,000
Pro-forma Balance Sheet 31 December 2020	55,289,376	51,266,072

Note 2

The Company has entered into an Earn-in and Joint Venture Agreement with AAR with respect to the Koongie Park Project.

Under the agreement, the Company is required to make a total initial payment of \$1,000,000 to AAR, in the following tranches:

- \$100,000 as a non-refundable deposit within 5 business days of the parties signing the Agreement; and
- \$900,000 immediately after satisfaction of the KP Transaction Conditions.

Upon payment of the \$900,000 due on satisfaction of the KP Transaction Conditions, the Company will secure a 25% project joint venture interest in the Koongie Park Exploration Tenements.

The \$100,000 non-refundable deposit was recognised as non-current asset as at 31 December 2020. Upon final payment of the \$900,000 the Company will recognise the total initial payment of \$1,000,000 as Exploration expenditure on the balance sheet.

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Note 3

Reconciliation of movements in Pro-forma Trade and Other Payables

	Trade and other payables
	\$
Audited Balance Sheet 31 December 2020 (A)	1,104,235
Derecognition of unpaid directors and AKN employee's fees and salaries in excess of the value of Ordinary Shares to be issued to AKN employees (B)	(194,999)
Payment of costs related of the offer incurred at 31 December 2020 (C)	(192,547)
Conversion of unpaid directors and employee's unpaid fee and salaries (D)	(627,132)
Pro-forma Balance Sheet 31 December 2020 (F)	89,557

Note 4

Reconciliation of movements in Pro-forma Borrowings

	Borrowings
	\$
Audited Balance Sheet 31 December 2020 (A)	2,424,319
Recognition of interest accruing on all Convertible Note and loan amounts since 31 December 2020 to the expected transaction date of 30 April 2020 (B)	90,437
Recognition of Convertible Note monies received after 31 December 2020 (B)	750,000
Conversion of JCHX Loan (D)	(1,500,000)
Gain on adjustment to JCHX loan arising from final settlement amount being capped at 7,500,000 ordinary shares (deemed value of \$1,500,000) (B)	(112,314)
Conversion of Long Term Convertible Note principal amounts (D)	(533,000)
Conversion of Short Term Convertible Note principal amounts (D)	(750,000)
Fair value gain on reversal of derivative financial liability (D)	(133,250)
Repayment of Tighe Loan (D)	(150,000)
Repayment of accrued interest on Convertible Notes and Loans (D)	(86,192)
Pro-forma Balance Sheet 31 December 2020 (F)	-

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Note 5

Reconciliation of movements in Pro-forma Cash and Cash equivalents

	Cash and cash equivalents
	\$
Audited Balance Sheet 31 December 2020 (A)	21,156
Recognition of Convertible Note monies received after 31 December 2020 (B)	750,000
Issue of shares via the Public Offering (C)	6,000,000
Total cash settled costs expected to be incurred in connection with the offer (C)	(962,500)
Repayment of Tighe Loan (D)	(150,000)
Repayment of accrued interest on Convertible Notes and Loans (D)	(86,192)
Payment of superannuation applicable to employee share issued (D)	(36,374)
Koongie Park Project total initial payment (E)	(900,000)
Pro-forma Balance Sheet 31 December 2020 (F)	<u>4,636,090</u>

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Historical and Pro-forma Financial Information 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.

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.

Basis of preparation

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.

Accounting policies

(a) Going Concern

The Historical and Pro-forma Financial Information has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The ability of the Company to continue as a going concern is principally dependent upon the following conditions:

- the ability of the Company to successfully raise capital, as and when necessary; and
- the ability to complete successful exploration and subsequent exploitation of the areas of interest.

The directors believe that the going concern basis of preparation is appropriate due to the planned capital raising during which is planned to raise approximately \$6,000,000 before costs.

Should AuKing be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the Historical and Pro-forma Financial Information. The Historical and Pro-forma Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should AuKing be unable to continue as a going concern.

(b) Goods and Services Tax (GST)

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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

(c) Impairment of Non-Financial Assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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(d) Financial Instruments

(i) Financial assets

The Consolidated Entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The Consolidated Entity has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the group is as follows:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment

The Consolidated Entity assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Consolidated Entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial Liabilities

The Consolidated Entity's financial liabilities are measured at amortised cost. The group has trade payables as financial liabilities.

Fair Values

The fair values of Consolidated Entity's financial assets and financial liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

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(f) Exploration Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest.

Exploration costs are capitalised only when the Consolidated Entity has either a granted tenement in its name or an interest through a joint venture arrangement.

Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

(g) Trade and Other Payables

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Accrued expenses generally arise from normal transactions within the usual operating activities of the group and comprise items such as employee taxes, employee on costs, GST and other recurring items.

(h) Provisions

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on commercial bonds with terms to maturity that match the expected timing of cash flows.

(i) 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.

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. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(j) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, (except for a business combination) where there is no effect on accounting or taxable profit or loss.

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Schedule 5 - Key Practical Differences in the New Constitution

The key practical differences between the Existing Constitution and the New Constitution to be adopted are outlined below. Please note that this is not an exhaustive summary and focuses only on the material changes in the Constitution proposed to be adopted. Capitalised terms that are not defined within this Explanatory Memorandum are as defined in the New Constitution.

1. A new rule 22A has been inserted which provides that a general meeting of the Company may be held at two or more venues, provided the meeting is facilitated by technology that gives Shareholders as a whole a reasonable opportunity to participate in the meeting. In particular, if the Directors determine that a meeting shall not be held at a physical location and will instead be facilitated by instantaneous communication, the instantaneous communication device that is used must give the Shareholders as a whole a reasonable opportunity to participate in the Meeting and also enable the Shareholders to vote on a show of hands or on a poll.
2. Rules 40.6 and 40.7 have been amended to provide that any fees paid for professional or consulting services provided by non-executive directors shall not form part of the non-executive director fees for the purposes of the cap on aggregate director fees that can be paid to non-executive directors.
3. Rule 62 has been amended to permit the Board, in its absolute discretion, to adopt a dividend reinvestment plan under which the Board may decide that each holder of Ordinary Shares of the Company shall have the option to elect to forego their right to share in a cash dividend and instead receive an issue of Ordinary Shares, within the terms and conditions of the dividend reinvestment plan.
4. Rule 78 has been amended to prescribe when a notice of meeting and all associated documents provided by the Company to a Shareholder shall be deemed to have been given to that Shareholder. The time in which a notice of meeting and all associated documents shall be deemed to have been given to a Shareholder depends upon the method in which the notice of meeting and associated documents are delivered to the Shareholder.
5. Rule 81 has been amended so as to be compliant with Listing Rule 15.12 which states that an entity's constitution must provide for each of the provisions outlined in Listing Rule 15.12. The new Rule 81 contains restrictions around the dealing of Restricted Securities, in particular that a holder of Restricted Securities must not dispose of those securities during the escrow period applicable to them. Further, if Restricted Securities are in the same class as quoted securities of the Company, the holder will be taken to have agreed that their Restricted Securities be kept on the Company's issue sponsored sub-register and are to have a holding lock applied during the escrow period.

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Schedule 6 – Current Holdings of Related Parties and Holdings upon Completion

Director (including associated entities)	Current Share Holding	% of Total Share Capital	Share Capital Upon Completion (Minimum Subscription)	% of Total Share Capital	Share Capital Upon Completion (Maximum Subscription)	% of Total Share Capital
Dr Peng ^{1,2,3}	349,018,230	37.42%	9,655,092	17.48%	9,655,092	16.03%
Mr Wang ^{1,2,3}	349,018,230	37.42%	9,595,092	17.35%	9,595,092	15.92%
Mr Williams ^{3,4}	10,707,173	1.15%	1,667,891	3.02%	1,667,981	2.77%
Mr Yang ^{1,3,4}	Nil	0%	688,818	1.25%	688,818	1.14%
JCHX Group	349,018,230	37.42%	9,245,092	16.72%	9,245,092	15.33%
Yunnan Copper Group (Chinalco)	299,922,326	32.16%	1,499,612	2.71%	1,499,612	2.49%
Dr Elliott ³	7,150,000	0.77%	35,750	0.06%	35,750	0.06%
Mr Tighe ^{3,4}	10,033,333	1.08%	1,883,500	3.41%	1,883,500	3.12%
Mr Hodgkinson ³	Nil	0%	Nil	0.00%	Nil	0.00%
Mr Yin ²	349,018,230	37.42%	9,245,092	16.72%	9,245,092	15.33%

Notes:

1. Retiring as a Director on conclusion of the Transaction.
2. Associate of JCHX Group – deemed to have an interest in the shares held by JCHX Group
3. Assumes no Directors or proposed Directors subscribe for Shares under the Prospectus. The Post Transaction number reflects the 200:1 consolidation of all existing shares in AKN and assumes that all Resolutions are passed.
4. Associates of Paul Williams, Robert Yang and Peter Tighe hold 75,000, 8,000 and 250,000 convertible notes respectively which, subject to shareholder approval being obtained, will convert into 500,000, 53,333 and 1,833,333 Shares respectively.

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Schedule 7 – Risk factors

Specific risks to an investment in the Company

(a) **Completion Risk**

The Koongie Park Earn-in is subject to a number of Conditions. These include a condition that all necessary regulatory approvals pursuant to the Listing Rules are met.

If these conditions are not satisfied or waived by the relevant due date, the Koongie Park Earn-in may not proceed, in which case the Company will need to evaluate its future strategy.

(a) **Re-quotation of shares on ASX**

The Koongie Park Earn-in constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the official list of the ASX.

The Company applied to ASX for an in principle advice on the application of ASX's discretion under Listing Rules 1.1 Condition 1 and Listing Rule 1.19 on 22 September 2020. This application sought in-principle advice from ASX as to the suitability of the Company for re-admission to the Official List of ASX if it proceeds with the Koongie Park Earn-In and the IP Service Agreement (**In-Principle Application**). This application was subsequent to a previous application made by the Company (referred to in AKN release to ASX on 25 June 2020) to which ASX advised that based on that application, there was significant likelihood that ASX would exercise its discretion to decline AKN's application for re-admission to the official list. The Company's In-Principle Application was submitted in the belief that steps it had taken subsequent to the ASX determination should, in reasonable circumstances, address the specific concerns that were noted by ASX.

Listing Rule 1.19 provides that admission to the Official List of ASX is at ASX's absolute discretion. ASX must also be satisfied under Listing Rule 1.1 Condition 1 that the Company's structure and operations are appropriate for a listed entity. On 9 February 2021, ASX advised the Company that (subject to several matters advised by ASX and, based solely on the information provided and the facts known to ASX as at that time) ASX was not aware of any reasons that would cause AKN not to have a structure and operations suitable for a listed entity for the purposes of Listing Rule 1.1 condition 1 or that would cause ASX to exercise its discretion to refuse re-admission to the Official List under Listing Rule 1.19 (**ASX Advice**).

Notwithstanding the ASX Advice, ASX retains a discretion under Listing Rules 1.19 and 2.9 to decline the Company's application for re-admission to the Official List, without giving any reasons. While the Company considers that it can satisfy ASX's requirements for quotation and re-admission to the Official List, there is the risk that ASX will exercise its discretion to decline the Company's application for re-admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX, which would result in the investors' funds being returned, and the Transaction not being completed. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. It is a risk for existing shareholders in the Company who may be prevented from trading their existing shares should the Company be suspended until such time as it does re-comply with the Listing Rules. If the Company has not re-complied with Chapters 1 and 2 of the Listing Rules and obtained approval for its securities to be re-admitted to Official Quotation before 30 September 2021, the Company expects that ASX will remove the Company from the Official List.

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(b) **Dilution Risk**

The Company currently has 932,584,461 Shares on issue. In accordance with the proposed consolidation of the Company's existing Shares (on a 200:1 basis), the total number of existing Shares will reduce to 4,662,922. In addition, at Completion, the Company proposes to issue:

- (1) 3,135,620 Shares to the Existing Directors and AKN employees in lieu of unpaid fees and salaries;
- (2) 7,500,000 Shares to JCHX Group in satisfaction of an existing loan facility;
- (3) 7,886,667 Shares upon conversion of existing convertible notes on issue; and
- (4) a minimum 30,000,000 Offer Shares to raise \$6,000,000 under the Public Offer, with provision to accept oversubscriptions for a further 5,000,000 Offer Shares.

Upon establishment of the Joint Venture and assuming the Public Offer is subscribed to the minimum \$6,000,000 subscription:

- (1) the Existing Shareholders (but excluding any Offer Shares issued under the Capital Raising) will retain approximately 8.74% of the Company's issued Share capital; and
- (2) the investors under the Public Offer (excluding those Existing Shareholders) will hold approximately 56.21% of the Company's issued Share capital.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund future development activities of the Company.

(c) **Liquidity Risk**

On Completion, the Company proposes to issue the Shares to existing financiers, directors and employees and the Capital Raising Shares. The Directors understand that ASX will treat some of these securities as Restricted Securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of some of these Securities.

If a large number of the Company's Shares are classified as Restricted Securities, this would give rise to an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

The Shares issued under the Capital Raising will only be listed on ASX and presently will not be listed for trading on any other securities exchange in Australia or elsewhere. As such, there can be no guarantee that an active market will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. If illiquidity arises, there is a real risk that Shareholders will be unable to realise their investments in the Company.

In the event that ASX imposes mandatory escrow on the Company's securities, a proportion of Shares will be subject to escrow following completion of the Capital Raising. This would reduce liquidity in the market for the Shares and may affect the ability of a Shareholder to sell some or all of its Shares due to the effect less liquidity may have on demand. An illiquid market for the Shares is likely to have an adverse impact on the Share Price.

Following the end of any escrow periods, a significant number of Shares will become tradable on ASX. This may result in an increase in the number of Shares being offered for sale on market which may in turn put downward pressure on the Share price.

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(d) ***Earn-In Risk***

Under the terms of the Koongie Park Earn-in, the Company will have the right to acquire up to a 75% interest in the Koongie Park Project. The Company's ability to achieve its objectives is dependent on it and other parties complying with their obligations under the Koongie Park Earn-in. Any failure to comply with these obligations may result in the Company not obtaining its interests in the Koongie Park Project and being unable to achieve its commercial objectives, which may have a material adverse effect on the Company's operations and the performance and value of the Shares.

Further, as is the case with all joint venture agreements, there is a risk that joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture, which in either case would likely have an adverse effect on the interests and prospects of the Company.

(e) ***Access to Accudo's AmmLeach® Rights***

The IP Services Agreement between the Company and Accudo provides for the Company to have access to Accudo's rights to the AmmLeach® processing technology during the course of the conduct of the metallurgical testwork activities. In the event the testwork is successful and the Company seeks to proceed with further development at Koongie Park (using the AmmLeach® process), a further commercial agreement will need to be negotiated with Accudo. The Company believes that the development of a mining operation at Koongie Park (using the AmmLeach® processing technology) will be consistent with Accudo's commercial objectives. However, there remains a risk that the Company and Accudo may not be able to reach agreement on suitable commercial terms and in that case, the Company will not have access to the AmmLeach® processing technology.

(f) ***Protection of Accudo's AmmLeach® Rights***

The ongoing ability of Accudo to provide the AmmLeach® processing technology to the Company rests on the rights and obligations of Accudo to the Australian patents. The Company is presently unaware of any circumstances that would give rise to the rights of Accudo being materially affected in a way that could prejudice the Company's ability to access the AmmLeach® process. However, the Company has no control over the future administration of rights in respect of the Australian patents.

(g) ***AmmLeach® Commercialisation Risk***

- Development of the AmmLeach® processing technology on a commercial scale as part of a mining operation has yet to be established. The AmmLeach® process has been the subject of testwork across many ore bodies around the world. This work included the construction of a pilot-scale plant as part of a project feasibility study on the Leon project in Argentina in 2007 which established commercial-quality metallurgical results. This information is based on public announcements of Alexander Mining plc at the time and also as advised by Accudo. Accudo has also carried out laboratory testwork on certain project ore bodies in Australia (containing copper) and established commercial recovery rates utilising the AmmLeach® process. Accudo has formed the opinion that commercial recovery rates were established based on testwork conducted for Accudo by Perth-based Simulus Group. These rates were achieved on at least two Australian projects known to AKN – one in Western Australia and the other in NW Queensland. Accudo was unable to complete a commercial transaction with the WA project due to the current owner being the subject of a takeover offer from a third party. In the case of the NW Qld project, no commercial transaction was completed by Accudo due an inability to raise equity funds after purchase terms had been agreed. One of the focus areas of AKN's activities under the Koongie Park Earn-In will be to identify a suitable metallurgical process flowsheet for the Koongie Park oxide ores, using various metallurgical processes including

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AmmLeach®. However, while there exists a significant level of available reporting and testwork to suggest that AmmLeach® could be proven successful as a metallurgical solution for the Koongie Park oxide and transitional ores, there can be no guarantee that the Company's efforts here will be successful.

- A deep weathering profile is exhibited at Onedin, resulting in three weathering domains: an oxidised zone at surface, a primary zone at depth, and the transition zone in between. Each zone has very different mineral assemblages and consequently very different metallurgical properties. As noted above, the copper minerals present in each of the Leon, NW Qld and Onedin deposits are believed by AKN to be similar. However, while the relative percentages of each mineral in the oxide and transition zones is known for Leon and the NW Qld deposits, it is not well known for Onedin. This composition will only be defined and better understood following further drilling, sampling and mineralogy studies. Following these studies, the Company will have an indication as to whether the AmmLeach® process could potentially produce economic recoveries for the Onedin oxide and transition materials.
- In the case of the zinc mineralisation in the oxide and transition zones at Onedin, the process of extracting zinc by way of ammonium carbonate has been used for the commercial recovery of zinc for many years and dates back to the Schnabel process in the 1880's. Although it remains to be seen whether the AmmLeach® process can be successfully applied at Onedin, this historical background for zinc recovery provides at least a basis for a well-established process for zinc extraction.

(h) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. The Company will rely heavily on the experience and knowledge of Paul Williams, Ian Hodgkinson and Garry Johnston. In the event that any of these persons or any other key personnel that the Company subsequently recruits leaves the Company and the Company is unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these key management personnel cease their engagement with the Company and suitable replacements are not identified and engaged in a timely manner.

Although the key personnel of the Company have a considerable amount of experience and have been successful in their pursuits of acquiring, exploring and evaluation resources projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

(i) **Risk of High Volume of Share Sales**

If Completion occurs, the Company will have issued a significant number of new securities to various parties. It may be the case that the holders of some of these securities may not intend to continue to hold those securities and may wish to sell them on the ASX (subject to any applicable escrow period). There is a risk that an increase in the number of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, holders of Shares may, upon selling their securities, receive a market price for their securities that is less than the price of Shares offered pursuant to the Capital Raising.

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(j) **No history of production**

The Koongie Park Project is in the exploration stage. The Company has never had any direct material interest in mining producing properties. There is no assurance that commercial quantities of resources will be discovered at any of the tenements in which the Company will have an interest or any future tenements in which the Company may acquire an interest, nor is there any assurance that the exploration or development programs of the Company thereon will yield any positive results. Even if commercial quantities of resources are discovered, there can be no assurance that any property in which the Company has an interest will ever be brought to a stage where resources can profitably be produced. Factors which may limit the ability of the Company to produce resources from its tenements include, but are not limited to, commodity prices, availability of additional capital and financing and the nature of any deposits.

(k) **Material arrangements**

The Company is party to various contracts. While the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurances can be given that if a contracting party does not comply with any contractual provisions, that the Company will be successful in securing compliance.

Given there is currently no mining production at the Koongie Park Project, the Company does not currently have supply agreements in place with respect to product that may be extracted from the Koongie Park Project and may not be able to negotiate supply agreements on terms that permit the Company to finance and commence development on the Koongie Park Project.

(l) **Exploration and evaluation risk**

The future value of the Company will depend on its ability to find and develop resources that are economically recoverable within the tenements in which the Company has acquired an interest.

Mineral exploration and development is inherently highly speculative and involves a significant degree of risk. There is no guarantee that economic mineralisation will be found, and if found, that it will be economic to extract these resources or that there will be commercial opportunities available to monetise these resources. The circumstances in which a mineral deposit becomes or remains commercially viable depends on a number of factors. These include the particular attributes of the deposits, such as size, grade, metallurgy and proximity to infrastructure as well as external factors such as supply and demand. This, along with other factors such as maintaining title to tenements and consents, successfully designing construction, commissioning and operating of projects and processing facilities may result in projects not being developed, or operations becoming unprofitable.

Furthermore, the exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

While the Company has confidence in the Koongie Park Project, should that project prove unviable and the Company is unable to secure new exploration areas and resources, there could be a material adverse effect on the Company's prospects for minerals exploration and its success in the future.

(m) **Mining Tenements**

The Company's future exploration and development activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits

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and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required.

For several years, while generally kept in good standing, the statutory exploration commitments across the existing portfolio of tenements comprising the Koongie Park Project have, in many cases, not been met by the current holder. Even though the Company intends to commit significant exploration expenditure at Koongie Park there is significant risk associated with the Company's ongoing ability to retain the portfolio in its current form. Failure to observe these requirements could prejudice the right to maintain title to a given area and result in government action to forfeit a tenement or tenements.

There is no guarantee that current or future tenements applications or existing renewals will be granted, that they will be granted without undue delay, that new conditions will not be imposed in connection with any renewal or that the Company can economically comply with any conditions imposed on any granted exploration tenements. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(n) ***Failure to satisfy expenditure commitments and licence conditions***

Interests in tenements in Western Australia are governed by the mining acts and regulations that are current in Western Australia and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

All of the tenements within the Koongie Park Project have been consistently under-expended and various applications for exemption from expenditure conditions have been lodged. If the Company does not meet the minimum expenditure requirements for each tenement, each tenement is at risk of forfeiture from the Minister for Mines and Petroleum or a third party. If a tenement is forfeited there is no guarantee the Company will be able to regain title to the tenement and, if the Company loses a tenement, it will have a significant impact on the Company's ability to discover and develop mineral resources on that tenement.

(o) ***Title Risk***

The exploration and prospecting licences in which the Company has an interest in now, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any licences, applications or conversions in which the Company has a current or potential interest will be granted or ministerial approvals for the transfer of the relevant tenements will be obtained.

All of the projects in which the Company has an interest will be subject to application for licence renewal from time to time. Renewal of the term of each licence is subject to applicable legislation. If the licence is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that licence.

Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Title to resource properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or other stakeholder rights.

(p) ***Resource Estimation***

Mineral resource estimates and exploration targets are expressions of judgement based on knowledge, experience and industry practice. There are inherent risks associated with such

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estimates, including that ore eventually recovered may be of a different grade, tonnage or strip ratio from those adopted in the model used. These estimates also depend to some extent on interpretations and geological assumptions which may ultimately prove to be unreliable. As further information becomes available through additional drilling and analysis, the estimates are likely to change. Any adjustments to mineral resource estimates could affect the Company's exploration and development which may, in turn, affect the Company's performance.

Fluctuations in commodity prices, costs and other market factors may subsequently alter a resource estimation. Accordingly, adverse changes to the assumptions underpinning mineral resource estimates or exploration targets would likely negatively impact the value of the tenements and thereby the Company's prospects.

(q) ***Climate Change***

The operations and activities of the Company are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage and other possible restraints on industry that may further impact the Company. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences.

Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(r) ***Community and Environmental risks***

The Company welcomes the opportunity to consult with local communities, share information about the Company's activities with those communities and give them a reasonable opportunity to express their views about those activities. However, any community opposition to the Company's activities may have an adverse effect on those activities and may result in the Company incurring additional cost and experiencing delay in the timely progression of its projects.

The operations and proposed activities of the Company will be subject to environmental laws and regulations. These laws and regulations set standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. These laws and regulations also establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environment damage caused by previous owners or property acquired by the Company, or non-compliance with environmental laws or regulations. The Company will attempt to minimise these risks by conducting its activities to the highest standard of environmental obligation, including compliance with all environmental laws and where possible, by carrying appropriate insurance coverage.

There is also a risk that the environmental laws and regulations may become more onerous, making the Company's operations more expensive. Amendments to current laws, regulations, policies and permits governing operations and activities of mining and mineral resources companies, or more stringent implementation therefore, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or, in the event the Company develops its current or future projects to the production stage, cause

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increases in production costs or a reduction in level of producing properties or require abandonment or delays in development of new properties.

(s) **Native Title Risk**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there are areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(t) **Commodity Price Risk**

The Company's possible future revenues may be derived mainly from commodities and/or royalties gained from potential joint ventures or other arrangements.

Consequently, the Company's potential future earnings will likely be closely related to the prices of various commodities.

The prices of commodities fluctuate and are affected by numerous industry factors including demand for the commodity, forward selling by producers, production cost levels in major producing regions and macroeconomic factors such as inflation, interest rates currency exchange rates and global and regional demand for, and supply of, commodities. If the Company is producing commodities and the market price for those resources were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and may have to curtail or suspend some or all of its proposed activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

The Company gives no assurances that the fluctuations in commodity prices will not affect timing and viability of its projects.

(u) **Exchange rate risk**

The revenues, earnings, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuations. The Company's revenue may be denominated in Australian Dollars or a foreign currency, such as United States Dollars. As a result, fluctuations in exchange rates could result in unanticipated and material fluctuations in the financial results of the Company.

(v) **Industrial risk**

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect a tenement's development and profitability.

The operations of the Company are subject to strict health and safety laws and regulations. The Company may become liable for past and current conduct which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties.

Victims of workplace accidents may also commence civil proceedings against the Company. These events might not be insured by the Company or may be uninsurable. In addition, any changes in health and safety laws and regulations may increase compliance costs for the Company. Such an event would negatively impact the financial results of the Company.

(w) **Land Access Risk**

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which propriety knowledge or information

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is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

There are various restrictions operating to exclude, limit or impose conditions upon the Company's ability to conduct activities on parts of the tenements that the Company holds an interest in. These restrictions include:

- (1) exclusions from pursuing exploration activities on certain areas of Commonwealth land;
- (2) requirements arising from Native Title legislation and claims;
- (3) requirements arising from state legislation relating to Aboriginal heritage, culture and objects; and
- (4) access procedures and compensation requirements in relation to privately held land.

The Company will formulate its development plans and activities to accommodate and work within the access restrictions outlined, however the requirements can be complex and sometimes require approvals, consents or negotiations involving government or third parties. As such, there is a risk one or more of these access issues may prevent or delay the Company from implementing its intended activities which may thereby adversely affect the Company's financial position and prospects.

(x) ***Insurance arrangements***

The Company intends to ensure that insurance is maintained with ranges of coverage that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Moreover, insurance against risks such as environmental protection or other hazards as a result of exploration, development and production activities is not generally available to the Company or to other companies in the mineral resources industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(y) ***Financing Risk***

The Company has finite financial resources and no cash flow from producing assets and therefore will likely require additional financing in order to carry out its exploration and development activities.

The Company's ability to effectively implement its business strategy over time will depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. Failure to obtain appropriate financing on a timely basis could cause the Company to have an impaired ability to expend the capital necessary to undertake or complete drilling programs, forfeit its exploration interests in certain properties, and reduce or terminate its operations entirely. If the Company raises additional funds through the issue of equity securities, this may result in dilution to the existing shareholders and/or a change of control at the Company.

(z) ***Competition Risk***

The Company will compete with other companies, including major mineral resources companies. Some of these companies have greater financial and other resources than the

Explanatory Memorandum

Company and, as a result, may be in a better position to compete for business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(aa) **Operational Risk**

If the Company decides to progress into production in the future, the operations of the Company including exploration and processing may be affected by a range of factors. These include failure to achieve the predicted grade in exploration, processing technical difficulties encountered in commissioning and plant and equipment, mechanical failure, problems which affect extraction, rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(bb) **Mine Development Risks**

Possible future development of a mining operation at any of the Company's current or future projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company discovers an economically viable mineral deposit that it intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions, pandemics or accidents.

The risks outlined above mean that there can be no assurances as to the future development of a mining operation in relation to the Koongie Park Project (or other future projects) or that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(cc) **Foreign Investment Risk**

The Company's current largest shareholders are Bienitial International Industrial Co Ltd (an associate of JCHX) and Yunnan Copper Industry (Group) Co Limited, who respectively hold 37.42% and 32.16%. Bienitial International Industrial Co Ltd is a Chinese company and Yunnan Copper Industry (Group) Co Limited is a Chinese state-owned enterprise. It is expected that following the Capital Raising and the issue of Shares as contemplated by this Notice of Meeting, their respective holdings will be 16.72% and 2.71%.

Each stage of the Koongie Park Earn-in is subject to the Company obtaining any approvals from the Foreign Investment Review Board that may be required at that time. If a Foreign Investment Review Board approval is required, there is no guarantee that it will be granted and failure to obtain any required approvals may limit the Company's ability to increase its interest in the Koongie Park Project.

Explanatory Memorandum

(dd) **General**

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Shares offered under the Public Offer. The Shares issued under the Public Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. Potential investors should therefore consider an investment in the Company as speculative and should consult their professional advisers before deciding whether to apply for Shares under the Capital Raising.



ACN 070 859 522

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

AuKing Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **9:30am on Wednesday, 19 May 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted in favour of the Resolutions but only to the extent the proxy is permitted to vote on each Resolution, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X99999999999

Unique PIN:

(for telephone attendance)

Australia : 1800 572 288
 New Zealand: 0800 448 986
 Worldwide: +61 1800 572 288

PROXY FORM

I/We being a member(s) of AuKing Mining Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **9:30am on Friday, 21 May 2021** (the Meeting) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a hybrid meeting. You can attend the meeting at Level 7 Waterfront Place, 1 Eagle St, Brisbane or you can participate by logging in online at <https://agmlive.link/AKN21> (refer to details in the Online Guide).

Important for Resolutions 6, 7, 8, 9, 10 and 24: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 6, 7, 8, 9, 10 and 24, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 6, 7, 8, 9, 10 and 24 by marking the appropriate box in step 2 below.

Any undirected proxies that default to the Chairman of the Meeting will be voted in favour of the Resolutions but only to the extent the proxy is permitted to vote on each Resolution, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Approval of Koongie Park Earn-in: Change in Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval of issue of Shares to Paul R Williams Super Fund upon conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval of 200:1 consolidation of existing Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval of issue of Shares to Peter Tighe Super Fund upon conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue Offer Shares under the Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval of issue of Shares to the Yang Family Trust upon conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to issue Attaching Options under the Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Approval of issue of Shares to various entities upon conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval to issue Shares to JCHX Group in lieu of repayment of existing loan moneys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Approval of the issue of Shares to Peter Tighe Super Fund upon conversion of short term convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval to issue Shares to Dr Huaisheng Peng in lieu of unpaid directors fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Approval of issue of Shares to Novus Capital Limited as part payment of success fee on Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue Shares to Mr Qinghai Wang in lieu of unpaid directors fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval to issue Shares to Mr Paul Williams (a director) in lieu of unpaid salaries and entitlements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Appointment of Stanley Mark Elliott as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval to issue Shares to Mr Robert Yang (a director) in lieu of unpaid salaries and entitlements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Appointment of Peter Gerard Tighe as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval to issue Shares to other employees and agents of the Company in lieu of unpaid salaries and service fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Appointment of Ian Peter Hodgkinson as an executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Approval of issue of Shares to S&L Greenhalgh Superannuation Fund upon conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23 Appointment of Shizhou Yin as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Approval of issue of Shares to The N&M Greenhalgh Super Fund upon conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	24 Approval of non-executive director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
 Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

