

6 November 2018

MARKET RELEASE

\$2.5 MILLION CONVERTIBLE NOTES

Ausmex Mining Group Ltd (ASX: AMG) (“Ausmex” or “The Company”) is pleased to inform shareholders the Company has successfully obtained offers for \$2.5 million dollars in Convertible Notes from sophisticated investors including interests associated with long term shareholders committed to supporting the Company.

The funding will be used for additional working capital and development and drilling to further advance the highly prospective gold, copper, and cobalt projects located both in Cloncurry, QLD and Burra, SA.

The Company has received \$1.5m in cash from two subscribers for the Convertible Note offer (Subscribers), with an additional \$1.0 million offer in the form of a non-binding term sheet from a third subscriber (Third Subscriber) and subject to final due diligence and final documentation (Agreement).

The key terms of the Convertible Notes are:

- a) The term of the Convertible Notes is 24 months;
- b) The Convertible Notes will rank senior, unsecured with exception of the Company raising any debt other than the other convertible securities issued on or about the same day;
- c) The Company has the option of buying back the Convertible Notes and if exercised, the Subscribers have the option of converting up to 25% of the face value at the conversion price (“Conversion Price”) as defined in d) below. Face value is a 20% premium of the respective convertible note value.
- d) The Convertible Note will be converted into ordinary shares, in minimum increments of AUD\$25,000 (for the Subscriber of AU\$0.5M) and AUD\$50,000 (for the Subscriber of AU\$1M) on the Subscribers giving notice of conversion to the Company. The Conversion Price will be the lesser of (i) 90% of the average five daily VWAPs, chosen by Noteholders, during the 20 trading days prior to conversion (provided this is at least the amount calculated under ASX Listing Rules) or (ii) equal to 130% of the 20-day VWAP immediately prior to execution of the Agreement, therefore being 130% of \$0.0515 per share.
- e) There are limitations on conversion of the Convertible Notes for the first three months of the Agreement, unless the Company’s market cap exceeds AUD30,000,000 or reduces below AUD10,000,000; market cap:

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Months 1 to 3:	No conversion
Months 4 to 12:	up to AU\$100,000 per month
Months 13 to 24	No conversion limits

- f) The floor price will be equal to 130% of the 20-day VWAP immediately prior to the execution of Agreement ("Floor Price") being \$0.06695 per share. If the Conversion Price is less than the Floor Price in any such month, the Company may refuse to issue that month's shares, or the shares provided the Company repays the conversion amount with a 5% premium. The Company can repay the face value at any time at the Company's election.
- g) The Subscribers will receive a total of 18,750,000 options exercisable for 48 months with an exercise price equal to 130% of the 20 day, being \$0.06695 per option.

The maximum number of shares that could be issued if the options are fully exercised is 18,750,000. 44,809,559 is the maximum number of shares that could be issued on conversion of the Convertible Notes. The total and maximum number of shares that could be issued from the conversion notes and exercise of the options could be 63,559,559 shares.

On conversion of the Convertible Notes and exercise of the options, the Company will utilise the placement capacity available under ASX Listing Rule 7.1 and 7.1A. The new shares will be issued on the same terms as, and will rank equally in all respects with, the existing fully paid ordinary shares in the Company.

None of the parties to the term sheets with Ausmex are related parties of Ausmex, or their associates.

The Company aims to complete the Agreement with the Third Subscriber in the next 2 to 4 weeks. Further details will be released upon completion.

Regards



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