

Appendix 3B

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

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

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

Name of entity

AUSMEX MINING GROUP LIMITED

ABN

62 148 860 299

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | a) Issue of convertible notes
b) Issue of unquoted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 15 convertible notes with a subscription value of \$100,000 per note. The number of ordinary shares that could potentially be issued on conversion of the convertible notes is 26,885,735 shares, subject to conditions noted below
b) 11,250,000 (7,500,000 + 3,750,000) unlisted options |

+ See chapter 19 for defined terms.

- 3 Principal terms of the ⁺securities (e.g. if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)

Convertible Note terms as follows:

- i. Term: 24 months
- ii. The Subscription amount is \$1,500,000 with Face Value of AU\$1,800,000.
- iii. In addition to any other consideration, 11,250,000 options (as recorded in this Appendix 3B) over shares in the capital of the Company to the Subscribers.
- iv. The Conversion Price will be the lesser of (i) 90% of the average of 5 daily VWAPs chosen by the Investor from the daily VWAPs for the 20 Trading Days immediately prior to the Conversion Notice Date and (ii) \$0.06695 (the Floor Price).
- v. There are limitations on conversion of the Convertible Notes where no conversions may occur in the first 3 months, in the period between 3 months and 12 months from the issue date the conversion is limited to the lesser of (AU\$100,000 for the Noteholder that subscribed for AU\$1,000,000 and AU\$50,000 for the Noteholder that subscribed for AU\$500,000) and the Amount Outstanding, unless the Company's market cap exceeds AU\$30,000,000 or reduces below AU\$10,000,000. There is no limit in the period between 12 months and 24 months from issue date.
- vi. Where a Noteholder gives a Conversion Notice and the Conversion Price is less than the Floor Price, the Company may (at its option), in lieu of issuing the relevant Conversion Shares to the Noteholders, pay the Noteholders in immediately available funds 104.1667% of the Conversion Amount (being 125% of that part of the issue price referable to the relevant Conversion Notice. If the company allows conversion below the Floor Price instead of exercising its option to buy back the relevant convertible notes, notwithstanding the reference to the maximum number of shares in item 2 above, this number may increase.
- vii. At any time, the Company may, in its sole discretion, buy-back any part of the outstanding balance of the Convertible Notes on 10 Business Days' notice to the respective Noteholders.
- viii. The Noteholders will receive a total of 11,250,000 unlisted options exercisable for 48 months with an exercise price of \$0.06695 per option.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>a) No in relation to convertible notes. The convertible notes issued for \$1,500,000 with a face value of \$1,800,000. Yes, in relation to the shares that may be issued upon any conversion of the convertible notes. These will be fully paid and rank equally with existing ordinary shares.</p> <p>b) No in relation to the unquoted options. However, the options may convert to fully paid ordinary shares and will rank equally with existing fully paid shares.</p>
5	Issue price or consideration	<p>a) Convertible Notes: \$1,500,000</p> <p>b) Options: exercise price \$0.06695 per option</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>a) Working capital, drilling and development</p> <p>b) Part of the convertible note deal transaction</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	24 November 2017
6c	Number of +securities issued without security holder approval under rule 7.1	26,885,735 ordinary shares
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1.	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	16 November 2018	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		236,556,672	Ordinary shares

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<p>167,855,727 Fully paid ordinary shares escrow 24 months from the date of reinstatement to official quotation (*Reinstatement).</p> <p>20,000,000 Options expiring 3 years from issue @ \$0.12 exercisable on or before 9/5/2020. Escrowed 24 months from Reinstatement.</p> <p>30,000,000 Options exercisable 3 years from issue @ \$0.14. Exercisable on or before 9/5/2020. Escrowed 24 months from Reinstatement.</p> <p>10,000,000 Options expiring 3 years from issue at 9/5/2020 @ \$0.12 escrowed 24 months from Reinstatement.</p> <p>10,000,000 Options expiring 31/12/2018 @ \$0.045 escrowed 24 months from Reinstatement.</p> <p>2,000,000 Options expiring 3 years from issue @ \$0.045 escrowed 24 months from Reinstatement.</p> <p>500,000 Options expiring 9/5/2020 @ \$0.045 each.</p> <p>6,250,000 Options expiring 31/5/2020 @ \$0.12 each.</p> <p>3,529,412 Options expiring 16/11/2020 @ \$0.09 each.</p> <p>500,000 Options expiring 27/06/2021 @ \$0.10 each.</p> <p>250,000 Options expiring 27/09/2021 @ \$0.10 each.</p> <p>15 Convertible notes issued on 16 November 2018 and expiring 24 Months on 16 November 2020</p> <p>11,250,000 Options expiring 16/11/2022 @ \$0.06695 each</p> <p>*Reinstatement or date of reinstatement to official quotation of the Company is 30/5/2017.</p>
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Pro rata issue

11	Is security holder approval required?	
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+ See chapter 19 for defined terms.

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

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

Part 3 - Quotation of securities

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

34 Type of +securities
(*tick one*)

(a) ☐ +Securities described in Part 1

(b) ☐ All other +securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

+ See chapter 19 for defined terms.

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

- 38 Number of ⁺securities for which ⁺quotation is sought
- 39 ⁺Class of ⁺securities for which quotation is sought
- 40 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?
- If the additional ⁺securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

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

Number	⁺ Class

Quotation agreement

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

2 We warrant the following to ASX.

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

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

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

⁺ See chapter 19 for defined terms.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Company secretary)

Date: 16/11/ 2018

Print name: Mientze Tang
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Appendix 3B – Annexure 1

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

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	404,412,399
Add the following: <ul style="list-style-type: none">• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval• Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none">• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i>• <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	0
“A”	404,412,399

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	60,661,860
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	26,885,735 shares (from 15 Convertible Notes)
"C"	26,885,735
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 <i>Note: number must be same as shown in Step 2</i>	60,661,860
Subtract "C" <i>Note: number must be same as shown in Step 3</i>	26,885,735
Total ["A" x 0.15] – "C"	33,776,125 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	404,412,399
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	40,441,239
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	40,441,239
“E”	0

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	40,441,239
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	40,441,239 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.