



**PNX METALS LIMITED**  
**ACN 127 446 271**

## **NOTICE OF ANNUAL GENERAL MEETING**

**Notice is hereby given** that the Annual General Meeting of the members of PNX Metals Limited will be held:

- on **Wednesday 25<sup>th</sup> October 2017**
- at **10:30am (Adelaide time)**
- at **Level 3, 170 Frome Street, Adelaide SA 5000 (Grant Thornton)**

for the purpose of transacting the business set out in the following agenda.

**Please note** that the Company's 2017 Annual Report can be viewed at the Company's website at <http://www.pnxmetals.com.au/>

This is an important document. Please read it carefully.  
If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed with this document in accordance with the instructions set out on it.

# AGENDA

## GENERAL BUSINESS

### 2017 Financial Statements

To receive and consider the Company's Directors' Report, Financial Statements and Auditor's Report for the year ended 30 June 2017.

## ORDINARY BUSINESS

### RESOLUTION 1 Adoption of Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purpose of section 250R(2) of the Corporations Act 2001 (Cth), the Company adopts the Remuneration Report for the financial year ended 30 June 2017."*

Note: Pursuant to section 250R(3) of the Corporations Act 2001 (Cth) (**Corporations Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

### RESOLUTION 2 Re-election of Mr Paul Dowd as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That Mr Paul Dowd, a director retiring by rotation in accordance with clause 2.5 of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company".*

### RESOLUTIONS 3(a) - (c) Subsequent approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rules 7.1 and 7.1A

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

**3(a)** *"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the 1,600,000 Shares issued without Shareholder approval under ASX Listing Rule 7.1 on 15 March 2017 to S3 Consortium Pty Ltd, a supplier to the Company, as outlined in the Explanatory Notes accompanying this Notice of Meeting, be approved."*

**3(b)** *"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the 3,364,386 Shares issued without Shareholder approval under ASX Listing Rule 7.1 on 30 May 2017 to Marilei International Limited and Sochrastem SA, as outlined in the Explanatory Notes accompanying this Notice of Meeting, be approved."*

**3(c)** *"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the 179,830,000 Shares issued without Shareholder approval under ASX Listing Rule 7.1 and Listing Rule 7.1A on 14 September 2017 to sophisticated and professional investors, as outlined in the Explanatory Notes accompanying this Notice of Meeting, be approved."*

### RESOLUTION 4 Approval of Issue of Options to Zenix Nominees Pty Ltd

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 20,000,000 unquoted Options to Zenix Nominees Pty Ltd on the terms and conditions specified in the Explanatory Notes accompanying this Notice of Meeting."*

## **RESOLUTION 5 Approval of Issue of Shares to Marilei International Limited**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 92,000,000 Shares to Marilei International Limited on the terms and conditions specified in the Explanatory Notes accompanying this Notice of Meeting.”*

## **RESOLUTION 6 Approval of Issue of Shares to Sochrastem SA**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 12,000,000 Shares to Sochrastem SA on the terms and conditions specified in the Explanatory Notes accompanying this Notice of Meeting.”*

## **SPECIAL BUSINESS**

### **RESOLUTION 7 Approval of 10% Placement Facility**

To consider and, if thought fit, pass the following resolution as a special resolution:

*“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve for the Company to have the additional capacity to issue Equity Securities under ASX Listing Rule 7.1A of up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

## **Voting Restrictions and Exclusions**

### Resolution 1

In accordance with the Corporations Act, a vote must not be cast (in any capacity), and the Company will disregard any votes cast, on Resolution 1 by or on behalf of any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the appointment of the Chair as proxy expressly authorises the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair. This authorisation is included in the proxy form enclosed.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1, a person who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies.

## Resolution 2

There are no voting exclusions in relation to Resolution 2.

## Resolutions 3 (a) – (c)

The Company will disregard any votes cast on Resolutions 3 (a) – (c) as follows:

- Resolution 3(a) – S3 Consortium Pty Ltd and any associates of that party.
- Resolution 3(b) – Marilei International Limited, Sochrastem SA, and any associates of those parties.
- Resolution 3(c) – the sophisticated and professional investors who participated in the 14 September 2017 placements, and any associates of those parties.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 4

The Company will disregard any votes cast on Resolution 4 by a person who may participate in the issue (being Zenix Nominees Pty Ltd) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 5

The Company will disregard any votes cast on Resolution 5 by a person who may participate in the issue (being Marilei International Limited) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 5 is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## Resolution 6

The Company will disregard any votes cast on Resolution 6 by a person who may participate in the issue (being Sochrastem SA) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 6 is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or

- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### Resolution 7

The Company will disregard any votes cast on Resolution 7 by a person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed, and any associates of those persons. As at the date of this Notice of Meeting, the Company has no specific intention to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential (if any) issue of Equity Securities under ASX Listing Rule 7.1A.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Proxies**

In accordance with section 249L of the Corporations Act and clause 16.2(3)(d) of the Company's constitution, members are advised that:

- (a) a member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

To record a valid vote other than by voting in person at the meeting, Shareholders will need to complete and lodge the Proxy Form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at the share register of the Company, Computershare Investor Services Pty Ltd. Please complete and forward the Proxy Form to Computershare Investor Services:

by post at the following address:

**Computershare Investor Services Pty Limited  
GPO Box 242  
MELBOURNE VIC 3001**

OR

by facsimile on **1800 783 447** (within Australia) or **+61 3 9473 2555** (outside Australia);

or for **Intermediary Online subscribers only** (custodians), cast the shareholder's vote online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com)

Shareholders can also cast their proxy votes online, including by smartphone, at [www.investorvote.com.au](http://www.investorvote.com.au). To use this facility you will need your holder number (SRN or HIN), postcode and the control number shown on your proxy form.

Proxy votes must be received by no later than **10.30 am (Adelaide time)** on **Monday 23 October 2017**.

#### **Voting Entitlements**

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that the Shareholding of each Shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears in the share register of the Company at 7:00pm Adelaide time on **Monday 23 October 2017**.

## **Corporate Representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's representative. A form of certificate of appointment can be obtained from the Company's share registry, Computershare Investor Services Pty Limited, by phoning 1300 305 232 (within Australia) or +61 3 9415 4657. The certificate or letter may be sent to the Company or the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 in advance of the Meeting or handed in at the Meeting when the appointed representative registers as a corporate representative.

## **Explanatory Notes**

The Explanatory Notes accompanying this Notice of Meeting are incorporated in, comprise part of and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes, which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Notes.

By order of the Board

A handwritten signature in blue ink, appearing to read 'Tim Moran', with a stylized flourish extending to the right.

Tim Moran  
*Company Secretary*  
Dated: 22 September 2017

## **EXPLANATORY NOTES**

### **Important Notice**

These Explanatory Notes contain an explanation of, and information about, the resolutions to be considered at the Annual General Meeting of Shareholders to be held at Level 3, 170 Frome St, Adelaide SA on **Wednesday 25 October 2017 at 10:30am** (Adelaide time). They are given to Shareholders to help them determine how to vote on the resolutions set out in the Notice of Meeting.

These Explanatory Notes form part of the Notice of Meeting and should be read in conjunction with the Notice of Meeting. Shareholders should read these Explanatory Notes in full before making any decision in relation to the resolutions, because individual sections may not give a comprehensive review of the proposals contemplated in them.

Capitalised terms in these Explanatory Notes are defined in the Glossary at the end of these Explanatory Notes.

If you are in doubt about what to do in relation to the resolutions set out in the Notice of Meeting you should consult your financial or other professional adviser.

### **GENERAL BUSINESS**

#### **Receiving financial statements and reports**

The financial report of the Company for the year ended 30 June 2017 (including the financial statements, directors' report and auditors' report) was included in the 2017 annual report of the Company, a copy of which may accompany this Notice but, in any event, is available on the Company's website at [www.pnxmetals.com.au](http://www.pnxmetals.com.au).

The Corporations Act requires that Shareholders consider the annual consolidated financial statements and reports of the directors and auditor every year. There is no requirement for Shareholders to approve these reports. However, Shareholders attending the Meeting will be given a reasonable opportunity:

1. to ask question about, or make comments on, the management of the Company; and
2. to ask the Company's auditor or the auditor's representative questions relevant to:
  - a. the conduct of the audit;
  - b. the preparation and content of the auditor's report;
  - c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - d. the independence of the auditor in relation to the conduct of the audit.

A Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the auditor if the question is relevant to:

1. the content of the auditor's report to be considered at the annual general meeting; or
2. the conduct of the audit of the annual financial report to be considered at the annual general meeting.

A written question may be submitted by giving the question to the Company no later than **18 October 2017**, being five business days before the day on which the Meeting is to be held, and the Company will then, as soon as practicable after the question has been received, pass the question on to the auditor. At the Meeting, the Company will allow a reasonable opportunity for the auditor or the auditor's representative to answer written questions submitted to the auditor.

The Company will make copies of the question list reasonably available to Shareholders attending the Meeting.

No resolution is required to be moved in respect of this item of General Business.

## **ORDINARY BUSINESS**

### **RESOLUTION 1      Adoption of Remuneration Report**

The Remuneration Report for the financial year ended 30 June 2017 is set out in the Directors' Report in the Annual Report, which may accompany this Notice but, in any event, is available on the Company's website [www.pnxmetals.com.au](http://www.pnxmetals.com.au). Section 300A of the Corporations Act requires the Directors to include a Remuneration Report in their Directors' Report for the financial year. The Remuneration Report outlines the remuneration arrangements in place for Key Management Personnel of the Company, including the Directors.

Section 250R(2) of the Corporations Act requires listed companies to put to vote at the annual general meeting a resolution that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Directors or the Company.

If more than 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the remuneration report for two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must stand for re-election.

At the 2016 AGM, the Company's remuneration report for the year ended 30 June 2016 did not receive a 'no' vote of 25% or more, with 98.9% of the votes having been cast in favour of adoption of the remuneration report.

A voting exclusion statement is set out in the Notice of Meeting.

The Chairman intends to vote undirected proxies in favour of Resolution 1.

### **RESOLUTION 2      Re-election of Mr Paul Dowd as a Director**

Paul Dowd has over 50 years' experience in the mining industry in Australia and many overseas countries. In April 2012 he retired as Managing Director of PNX, a position he assumed in September 2008. Mr Dowd's experience includes executive management roles including Vice President of Newmont Mining Corporation's Australian and New Zealand Operations and Managing Director of Newmont Australia Limited, and as a senior public servant – head of the resources and petroleum department in the Kennett Government of Victoria.

In May 2017 he retired as a non-executive director of Oz Minerals Limited after 8 years on the Board. In 2015, he retired as Chairman of the SA Mineral Resources & Heavy Engineering Skills Centre but remains on the Board.

He is a non-executive director of Energy Resources of Australia Limited (ERA), a board member of the Sustainable Minerals Institute (University of Queensland) and Chairman of the Mineral Resources Sector Advisory Council of the CSIRO.

Mr Dowd has a relevant interest in 6,168,077 Shares.

To enable compliance with clause 2.5 of the Company's constitution, Mr Dowd voluntarily retires at the close of the Meeting. Being eligible, Mr Dowd has offered himself for re-election in accordance with clause 2.5(5) of the Company's constitution.

Accordingly, Resolution 2 provides for the re-election of Mr Dowd as a director of the Company.

The Directors (other than Mr Dowd) recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote undirected proxies in favour of Resolution 2.



## **RESOLUTIONS 3 (a) – (c) Subsequent approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rules 7.1 and 7.1A**

ASX Listing Rule 7.1 provides that a listed company may only issue or agree to issue up to 15% of the company's ordinary issued capital in any 12 month period, unless shareholder approval is obtained (subject to certain exceptions).

ASX Listing Rule 7.1A enables certain eligible entities to seek shareholder approval to have the additional capacity to issue equity securities of up to 10% of its issued share capital over a 12 month period after the annual general meeting at which a resolution regarding Listing Rule 7.1A is passed by special resolution. At the Company's last AGM on 10 November 2016, the Company obtained approval from Shareholders to issue equity securities under Listing Rule 7.1A.

ASX Listing Rule 7.4 allows a listed company in a general meeting to subsequently approve an issue of securities for the purpose of ASX Listing Rule 7.1, provided the company did not breach ASX Listing Rule 7.1, and also subsequently approve an issue of securities for the purpose of ASX Listing Rule 7.1A, provided the company did not breach ASX Listing Rule 7.1A.

At a General Meeting of Shareholders held on 15 February 2017, Shareholders subsequently approved under Listing Rule 7.4 all Shares that had been issued under Listing Rules 7.1 (total 72,991,382 Shares) and 7.1A (60,250,000 Shares) in the period from the date of the Notice of the 10 November 2016 Annual General Meeting (being 7 October 2016) to the date of the Notice of the 15 February 2017 General Meeting (being 13 January 2017).

Resolutions 3(a)-(c) seek subsequent shareholder approval of the securities issued during the 12 month period since 25 October 2016 that have not been approved by Shareholders, as described below, pursuant to ASX Listing Rule 7.4. These securities were issued without Shareholder approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.1A. If such approval is given, the Company will be entitled under ASX Listing Rule 7.1 to issue up to 15% of its ordinary issued capital, if required, in the next 12 months without shareholder approval. In addition, the approval of Resolutions 3(a)-(c) would fully reinstate the Company's placement capacity under Listing Rule 7.1A.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- a) **15 March 2017** – 1,600,000 Shares (ranking equally with all existing Shares) were issued at 2.5 cents per Share to S3 Consortium Pty Ltd under the terms of a contract for investor relations/digital marketing services. No funds were raised by the issue however the Company's obligation for the up-front payment of \$40,000 required under the contract was fully satisfied.
- b) **30 May 2017** – 3,364,386 Shares (ranking equally with all existing Shares) were issued at a deemed price of 1.8 cents (30 day VWAP), as follows:
  - o 2,464,244 Shares were issued to lender Marilei International Limited in lieu of payment of \$45,000 cash to settle 6 monthly interest payable on a \$1.2 million loan. Further detail on the loan is contained in Note 1 to Appendix A. No funds were raised by the issue but the Company's liability in respect of 6 monthly interest payable on the loan was fully satisfied; and
  - o 900,142 Shares were issued to convertible note holders Marilei International Limited and Sochrastem SA in lieu of payment of \$15,000 cash to settle 6 monthly interest payable on convertible notes. Further detail on the convertible notes is contained in Note 2 to Appendix A. No funds were raised by the issue but the Company's liability in respect of 6 monthly interest payable on the notes was fully satisfied.
- c) **14 September 2017** – a total of 179,830,000 Shares (ranking equally with all existing Shares) were issued at 1.05 cents per Share to sophisticated and professional investors under a share placement. The Company intends to use funds raised of \$1,888,215 (before costs) for mineral exploration, the continued advancement of the Hayes Creek Project in the Northern Territory and for working capital purposes. Note that 73,918,115 of these Shares were issued under Listing Rule 7.1A, with the remainder under Listing Rule 7.1. This was the only issue of Shares under Listing Rule 7.1A since the General Meeting of Shareholders held on 15 February 2017.

A voting exclusion statement is set out in the Notice of Meeting.

The Directors unanimously recommend that shareholders vote in favour of each of Resolutions 3(a)-(c).

The Chairman intends to vote available undirected proxies in favour of each of Resolutions 3(a)-(c).

#### **RESOLUTION 4 Approval of Issue of Options to Zenix Nominees Pty Ltd**

Under an engagement letter executed with Hartleys Limited (**Hartleys**), a component of the fee arrangements require the issue of 20,000,000 Options to Hartleys' wholly owned subsidiary Zenix Nominees Pty Ltd, on the following terms:

- The Options will not be quoted;
- 10,000,000 options will vest upon the completion of a capital raise, managed by Hartleys, of \$2 million or more;
- 10,000,000 options will vest upon the completion, in aggregate, of a capital raise managed by Hartleys of \$6 million or more;
- Exercise price is 140% of the issue price of the capital raising under which the first 10,000,000 Options vest;
- Expiry Date – 3 years after the date of issue;
- All Options will vest if there is a change in control (in accordance with the Corporation Act) of PNX.
- Other terms as described below under '**Other terms of the Options**'

As announced to the ASX on 7 September 2017, Hartleys acted as Lead Manager for the Company in a capital raising consisting of a share placement and Share Purchase Plan (**SPP**) that in aggregate is anticipated to raise more than \$2 million. As such, it is expected that 10,000,000 options will vest once the SPP is completed and the exercise price for all the options will be established as 1.47 cents, being 140% of the placement and SPP issue price of 1.05 cents per Share.

ASX Listing Rule 7.1 prohibits an entity from issuing equity securities in any 12 month period which amount to more than 15% of its issued capital. An issue in excess of the 15% limit can be made with approval of holders of ordinary shares.

The Company does not have the capacity under Listing Rules 7.1 and 7.1A to issue the Options without shareholder approval and is therefore seeking shareholder approval under ASX Listing Rule 7.1 to issue the Options to Zenix Nominees Pty Ltd.

The Options will be issued without a disclosure document under Section 708 of the Corporations Act under the 'sophisticated investor' exemption category. The Options are expected to be issued within one month of the Meeting and will be issued no later than three months after the Meeting.

The issue of the Options will not raise any funds initially as the issue price is nil. However, if any of the Options are exercised, funds raised (the maximum would be \$294,000) are intended to be used for mineral exploration, advancement of the Hayes Creek Project and for working capital purposes.

#### **Other terms of the Options**

- The Options are exercisable in writing by notice from Zenix Nominees Pty Ltd to the Company delivered to the registered address of the Company accompanied by full payment of the exercise price in cleared funds.
- The Options can be exercised at any one time or times prior to the expiry date. Options not exercised before the expiry date will lapse.
- Some or all of the Options may be exercised at any one time or times prior to the expiry date provided that no less than 100,000 Options are exercised at any one time (or if the number held is less than 100,000 Options, all Options are exercised).
- Each Option will not be transferable, unless the Board provides prior written consent to the transfer.

- Shares issued pursuant to the exercise of any of the Options will rank in all respects on equal terms with the existing Shares. The Company will make application for new Shares allotted on the exercise of the Options to be admitted to the official list of ASX.
- The Options will not entitle the holder to participate in any new issue of securities by the Company unless the Option has been duly exercised prior to the relevant record date. The Company will ensure that for the purposes of determining entitlements to participate in any new issues of securities to holders of Shares (other than a share purchase plan), that prior notice of any new issue is provided before the record date.
- If there is a bonus issue to the holders of Shares, the number of Shares over which each of those Options are exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- If, prior to the expiry date of the Options, the issued capital of the Company is reorganised, the rights of the holders of the Options may be varied to comply with the ASX Listing Rules which apply to the reorganisation.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of Options will be reduced in accordance with the following formula:

$$\text{Reduced Option Exercise Price} = O - \frac{E(P - (S + D))}{(N + 1)}$$

Where:

- O = the old exercise price of the Option;
- E = the number of underlying Shares into which one Option is exercisable;
- P = the volume weighted average price per Share recorded on the stock market of ASX during the 5 Trading Days immediately preceding the ex rights date or ex-entitlements date;
- S = the subscription price for a Share under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

Resolution 4 therefore seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of 20,000,000 Options to Zenix Nominees Pty Ltd on the terms described above.

A voting exclusion statement is set out in the Notice of Meeting.

The Directors unanimously recommend that shareholders vote in favour of Resolution 4.

The Chairman intends to vote available undirected proxies in favour of Resolution 4.

## **RESOLUTIONS 5 & 6 Approval of Issue of Shares to Marilei International Limited and to Sochrastem SA**

### *Background*

Marilei International Limited (**Marilei**) provided a \$1,200,000 unsecured loan (**Loan**) to the Company in November 2013. The Loan matures on 6 November 2019 and bears interest at a 7.5% annual rate, payable semi-annually in cash or Shares of the Company, at the option of the Company. The terms of the Loan require the Loan principal to be repaid via the remittance of the net proceeds from the sale of any of the shares in Avalon Minerals Limited (now Sunstone Metals Limited) acquired using the Loan proceeds, up to the \$1.2m loan principal. If the cash proceeds available to the Company through the sale of Sunstone shares are insufficient to repay the Loan principal amount by the maturity date, any shortfall may be repaid via the issue of shares in the Company, at the Company's 30 day VWAP on the ASX preceding the maturity date. If the shares in Sunstone have not been disposed of by the maturity date, the Loan is repayable in cash.

Marilei and Sochrastem SA (**Sochrastem**) each hold 300,000 convertible notes (**Notes**) with a face value of \$1 per note (\$600,000 in total). The Notes mature on 22 May 2019 and bear interest at a 5% annual rate, with interest payable semi-annually in either cash or Shares at the election of the Company. Under the terms of the Convertible Note Subscription Agreements, the Notes can be converted to Shares, at the election of either the Company or the holder, at a conversion rate of 20 Shares per Note (5.0 cents per Share), and if not converted by 22 May 2019 will automatically convert on that date.

Marilei and Sochrastem are also Shareholders of the Company and have been for a number of years.

### *September 2017 Agreement*

As announced to the ASX on 7 September 2017, in conjunction with a share placement to sophisticated and professional investors and an SPP, the Company agreed with Marilei and Sochrastem to convert the Loan and Notes (subject to any regulatory approvals that may be required, including the Foreign Investment Review Board), as follows:

- Convertible notes: 24,000,000 Shares at 2.5 cents per share (12,000,000 Shares to be issued to each of Marilei and Sochrastem)
- Loan: 80,000,000 Shares to be issued to Marilei at 1.5 cents per share.

In total, the conversion of the Loan and Notes would be at an average price of 1.73 cent per share, which represents a 65% premium to the 1.05 cent issue price of the placement shares and SPP.

The key benefits for the Company of the agreement with Marilei are that it provides for the extinguishment of the Loan at a premium to the Company's current share price (the Company's 5 day VWAP on 7 September 2017 was 1.2 cents), removes the ongoing obligation to pay 7.5% annual interest, and allows the Company to retain its 12.9 million share investment in Sunstone Metals Limited. As part of the negotiations on the Loan conversion price, it was agreed to convert the Notes held by Marilei at 2.5 cent per Share, rather than the 5.0 cents per Share stipulated in the Convertible Note Subscription Agreement.

Given the arrangements agreed to with Marilei, and to treat each Noteholder equally, PNX offered to convert the Notes held by Sochrastem at 2.5 cents per Share, which was accepted by Sochrastem.

ASX Listing Rule 7.1 prohibits an entity from issuing equity securities in any 12 month period which amount to more than 15% of its issued capital. An issue in excess of the 15% limit can be made with approval of holders of ordinary shares.

The Company does not have the capacity under Listing Rules 7.1 and 7.1A to issue the Shares contemplated by Resolutions 5 and 6 without shareholder approval and is therefore seeking shareholder approval under ASX Listing Rule 7.1 to issue these Shares.

Shares will be issued without a disclosure document under Section 708 of the Corporations Act under the 'sophisticated investor' exemption category. Shares will be issued no later than three months after the Meeting, and will rank equally with the Company's existing fully paid ordinary shares.

The issue of the Shares will not raise any funds, but will result in the Company being debt free.

Resolution 5 therefore seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of 92,000,000 Shares to Marilei in order to extinguish the Loan and Convertible Notes held by Marilei.

Resolution 6 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of 12,000,000 Shares to Sochrastem in order to extinguish the Convertible Notes held by Sochrastem.

Voting exclusion statements for Resolutions 5 and 6 are set out in the Notice of Meeting.

The Directors unanimously recommend that shareholders vote in favour of Resolutions 5 and 6.

The Chairman intends to vote available undirected proxies in favour of Resolutions 5 and 6.

## **SPECIAL BUSINESS**

### **RESOLUTION 7      Approval of 10% Placement Facility**

Under Listing Rule 7.1A, an Eligible Entity can seek shareholder approval by special resolution at an annual general meeting to issue additional Equity Securities equivalent to 10% of its issued share capital through placements over a 12 month period after the meeting at which approval is obtained, in accordance with the terms set out below (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1 and allows the Company to issue up to 25% of its total issued capital.

An 'Eligible Entity' for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity. The Company will need to remain compliant with the requirements of ASX Listing Rule 7.1A in order for the Company to utilise the additional capacity under the 10% Placement Facility.

At the Company's 2016 Annual General Meeting (**2016 AGM**) Shareholder approval was obtained regarding the availability of the 10% Placement Facility for the 12 months period ending 10 November 2017. A total of 134,168,115 Equity Securities were issued under Listing Rule 7.1A in the 12 month period since the 2016 AGM.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility for a further 12 months. As a special resolution, Resolution 7 requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that could be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section (b) below).

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 7.

No Director or Related Party will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of ASX Listing Rule 10.11.

#### Description of Listing Rule 7.1A

##### **(a) Class of Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of

this Notice of Meeting, has one quoted class of Equity Securities on issue, being Shares. As such, as at the date of this Notice of Meeting, the only class of Equity Securities that the Company may issue under ASX listing Rule 7.1A is Shares.

**(b) Formula for calculating the 10% Placement Facility**

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where: **A** is the number of shares on issue 12 months before the date of issue or date of agreement to issue:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 or ASX Listing Rule 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or date of agreement to issue that are *not* issued with the approval of shareholders under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

**(c) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 923,975,537 Shares and therefore has a capacity to issue:

- (i) 138,596,330 Equity Securities under ASX Listing Rule 7.1 (assuming Resolutions 3(a)-(c) are passed); and
- (ii) subject to Shareholder approval being sought under this Resolution 7, 92,397,554 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities or date of agreement to issue in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section (c) above).

**(d) Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

## 1. Minimum Issue Price

For the purpose of ASX Listing Rule 7.3A.1, the Equity Securities, if issued, will be issued at a price of not less than 75% of the VWAP of the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as non-cash consideration, in which case, the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

## 2. Risk of economic and voting dilution

If this Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to the risk of both economic and voting power dilution from that issue. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting at which approval under rule 7.1A is obtained;
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date for the Equity Securities; and
- (iii) the Equity Securities may be issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the potential dilution of existing Shareholders on the basis of the market price of Shares of 1.1 cents as of 14 September 2017 and the number of ordinary securities on issue as of the date of this Notice used for variable "A".

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.0055 50% decrease in Issue Price	\$0.011 Issue Price	\$0.022 100% increase in Issue Price
Current variable "A" <b>923,975,537</b> Shares	<b>10% Voting Dilution</b>	92,397,554 Shares	92,397,554 Shares	92,397,554 Shares
	<b>Funds Raised</b>	\$508,187	\$1,016,373	\$2,032,746
<b>50% increase in current variable "A"</b>	<b>10% Voting Dilution</b>	138,596,331 Shares	138,596,331 Shares	138,596,331 Shares

<b>1,385,963,305</b> Shares	<b>Funds Raised</b>	\$762,280	\$1,524,560	\$3,049,119
<b>100% increase in current variable "A"</b>	<b>10% Voting Dilution</b>	184,795,107 Shares	184,795,107 Shares	184,795,107 Shares
<b>1,847,951,074</b> Shares	<b>Funds Raised</b>	\$1,016,373	\$2,032,746	\$4,065,492

The table presents theoretical examples only, and has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) None of the convertible notes or options that the Company currently has on issue are converted or exercised before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue, assuming variable A is equal to the total issued share capital. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes ASX Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) A market price of \$0.011, being the closing price of the Shares on ASX on 14 September 2017.

### 3. **Timing**

The date by which the Equity Securities may be issued is as determined under ASX Listing Rule 7.1A.1, being the earlier of:

- (i) the date that is 12 months after the date of the Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking)

#### **(10% Placement Period).**

The approval under Resolution 7 for the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

### 4. **Purposes for which Equity Securities may be issued**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets (including expenses associated with such acquisition(s)), continued exploration on the Company's current exploration licenses, continuation of the Company's Definitive Feasibility Study on its Hayes Creek zinc-gold-silver Project, and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the 10% Placement Facility.



## 5. **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors that include, but are not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing Shareholders and/or new investors who are not Related Parties of the Company or their associates.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If Resolution 7 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

## 6. **Equity Securities issued by the Company**

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 10 November 2016. **Appendix A contains detailed information required under Listing Rule 7.3A.6** regarding:

- (i) the total number of Equity Securities issued in the 12 month period prior to the date of the Meeting (25 October 2017) and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 month period; and
- (ii) details of all issues of Equity Securities by the Company during the 12 months preceding the date of the Meeting (25 October 2017).

## 7. **Voting Exclusion**

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice, the Company has not approached or invited any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting from voting on Resolution 7.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

The Chairman intends to vote undirected proxies in favour of Resolution 7.

## GLOSSARY

**"AGM"** means an Annual General Meeting of the Company;

**"ASIC"** means the Australian Securities and Investment Commission;

**"ASX"** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires;

**"ASX Listing Rules"** means the official listing rules of ASX;

**"Board"** means the board of Directors;

**"Closely Related Party"** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of 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 Company; or
- (e) a company the member controls;

**"Company"** means PNX Metals Limited (ACN 127 446 271);

**"Corporations Act"** means *Corporations Act 2001* (Cth);

**"Director"** means a director of the Company;

**"Eligible Entity"** means an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less;

**"Equity Securities"** has the meaning given to that term in the ASX Listing Rules;

**"Key Management Personnel"** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise);

**"Meeting"** means the Annual General Meeting of the Company to be held on Wednesday 25 October 2017 at 10:30am;

**"Notice of Meeting"** or **"Notice"** means the notice convening the annual general meeting of the Company to be held on 25 October 2017 and which these Explanatory Notes accompany;

**"Option"** means an option to subscribe for a Share;

**"Related Party"** has the meaning given to that term in the Corporations Act;

**"Share"** means a fully paid ordinary share in the capital of the Company;

**"Shareholder"** means a holder of a Share;

**"Shareholding"** means a holding of one or more Share(s);

**"Trading Day"** means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules;

**"VWAP"** means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code PNX.

## APPENDIX A – Information Required by Listing Rule 7.3A.6

Total Equity Securities on Issue 12 months prior to 25 October 2017 <sup>+</sup>	589,291,875
Total number of Equity Securities Issued in the 12 months prior to 25 October 2017	412,143,662*
Percentage Issued of the Total Equity Securities on Issue 12 months prior to 25 October 2017	69.9%

<sup>+</sup> includes Shares and convertible notes, no performance rights on issue 12 months prior

*\*includes 179,830,000 Shares issued on 15 September 2017 under a share placement announced to the ASX on 7 September 2017*

**Equity Securities issued in 12 months prior to 25 October 2017:**

[illegible]

<b>Names of persons who received securities or basis on which those persons was determined</b>	Related party of PNX Managing Director		Marilei International Limited		Convertible note holders: Marilei International Limited and Sochrastem SA		Potezna Gromadka Limited		PNX Managing Director James Fox		Sophisticated and professional investors		PNX Managing Director James Fox (4.0 million), remainder to other PNX staff members		Sophisticated and institutional investors
<b>Price</b>	Refer below		\$0.026		\$0.023		\$0.019		N/A		\$0.02		N/A		N/A
<b>Discount to closing market price on issue date</b>	N/A		Nil		Nil		9.6%		N/A		23.1%		N/A		N/A
<b><i>For cash issues</i></b>															
<b>Total cash consideration received:</b>	Refer below		\$45,000		\$15,000		\$250,000		Nil		\$2,600,000		Nil		Nil
<b>Amount of cash consideration spent:</b>	Refer below		Refer below		Refer below		\$250,000		N/A		\$2,000,000 approx		N/A		N/A

[illegible]

Date of issue	15 Mar/17	30 May/17	4 Aug/17	15 Sept/17
Number of Equity Securities issued	1,600,000	3,364,386	3,090,000	179,830,000
Class/Type of Equity Security	Shares	Shares	Shares	Shares
		Notes 1 and 2	Note 3	
Summary of terms	Fully paid	Fully paid	Fully paid	Fully paid
Names of persons who received securities or basis on which those persons was determined	Supplier	Marilei International Limited (2,914,315) and Sochrastem SA (450,071)	PNX staff members	Sophisticated and professional investors
Price	\$0.025	\$0.018	Refer below	\$0.0105
Discount to closing market price on issue date	Nil	Nil	N/A	4.5%
<i>For cash issues</i>				
Total cash consideration received:	\$40,000	\$60,000	Nil	\$1,888,215
Amount of cash consideration spent:	Refer below	Refer below	N/A	Nil
Use of cash consideration:	Shares were issued to a supplier of digital marketing services under the terms of a service agreement	Shares were issued in lieu of cash payment of \$15,000 for interest on convertibles notes, and in lieu of \$45,000 for interest charges on a loan	Shares were issued to PNX staff members upon the vesting of an equivalent number of Performance Rights	N/A
Intended use for remaining amount of cash (if any):	N/A	N/A	N/A	Hayes Creek Project feasibility studies, mineral exploration in the NT and working capital
<i>For non-cash issues</i>	N/A	N/A	N/A	N/A

#### Notes

1. \$1,200,000 unsecured loan accrues interest at 7.5% per annum, payable semi-annually in cash or Shares at the option of the Company. If Shares are to be issued, the number will be determined as the interest payable divided by the Company's volume weighted average ASX closing price over the 30 days preceding the end of the interest period.
2. \$600,000 unsecured convertible notes accrue interest at 5% per annum, payable semi-annually in cash or Shares at the option of the Company. If Shares are to be issued, the number will be determined as the interest payable divided by the Company's volume weighted average ASX closing price over the 30 days preceding the end of the interest period.
3. Performance Rights issued under the PNX Metals Limited Employee Performance Rights Plan, under which securities can be issued for 3 years from 10 November 2016 as approved by shareholders at the 2016 AGM. Any Performance Rights issued to PNX's Managing Director under the Plan require a separate approval from PNX shareholders.



PNX Metals Limited  
ABN 67 127 446 271

## Lodge your vote:



**Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555



For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 305 232  
(outside Australia) +61 3 9415 4657

## Proxy Form

XX

 <b>Vote and view the annual report online</b> <ul style="list-style-type: none"><li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li><li>• Follow the instructions on the secure website to vote.</li></ul>	
<b>Your access information that you will need to vote:</b> <p><b>Control Number:</b></p> <p><b>SRN/HIN:</b></p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 10:30am (Adelaide time) on Monday 23 October 2017**

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of PNX Metals Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of PNX Metals Limited to be held at **Grant Thornton, Level 3, 170 Frome Street, Adelaide SA 5000 on Wednesday 25 October 2017 at 10:30am (Adelaide time)** and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 1** (except where I/we have indicated a different voting intention below) even though **Item 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**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 **Item 1** by marking the appropriate box in step 2 below.

### STEP 2

### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

#### ORDINARY BUSINESS

		For	Against	Abstain
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr Paul Dowd as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a)	Subsequent Approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rule 7.1 - 1,600,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b)	Subsequent Approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rule 7.1 - 3,364,386 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(c)	Subsequent Approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rules 7.1 and 7.1A - 179,830,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of Issue of Options to Zenix Nominees Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		For	Against	Abstain
5	Approval of Issue of Shares to Marlei International Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of Issue of Shares to Sochrastem SA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### SPECIAL BUSINESS

		For	Against	Abstain
7	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /