



PNX Metals Limited

ACN 127 446 271

30 November 2020

OFFER MEMORANDUM

For the offer of:

pro-rata non-renounceable one (1) for four (4) rights issue of up to approximately 730,238,702 New Shares at an issue price of \$0.006 per New Share, to raise up to approximately \$4.4 million.

CLOSING DATE: 5:00pm Adelaide time on 17 December 2020.

IMPORTANT NOTICE

This is an important document and requires immediate attention. It should be read in its entirety. If you do not understand it, or are in doubt as to how to act, you should consult your financial or other professional adviser.

CORPORATE DIRECTORY

Directors

Mr Graham Ascough (Non-Executive Chairman)
Mr James Fox (Managing Director)
Mr Paul J Dowd (Non-Executive Director)
Mr Peter J Watson (Non-Executive Director)
Mr Hans-Jörg Schmidt (Non-Executive Director)
Mr Hansjörg Plaggemars (Non-Executive Director)

Company Secretary

Mr Angelo Gaudio

Registered Office

Level 1, 135 Fullarton Road
Rose Park SA 5067
Telephone: +61 8 8364 3188
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Share Registry*

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000

Lawyers

Piper Alderman
Level 16
70 Franklin Street
Adelaide SA 5000

Website

www.pnxmetals.com.au

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IMPORTANT NOTICES

Reliance on Offer Memorandum

This Offer Memorandum has been prepared in accordance with section 708AA of the Corporations Act which relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. The level of disclosure in this Offer Memorandum is therefore considerably less than that required in a prospectus and this Offer Memorandum does not contain all of the information which an investor may require to make an informed investment decision.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of PNX Metals Limited, disclosures made by PNX Metals Limited to ASX (which are available on the ASX website at www.asx.com.au using the Company's code PNX) and the advice of your professional adviser.

Forward looking statements

This Offer Memorandum includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

Eligible Shareholders

The offer made by this Offer Memorandum will be made to all Shareholders on the register of members at the Record Date. As at the date of this Offer Memorandum, the Company has Shareholders in Australia, New Zealand, Germany, Singapore, United Kingdom, Hong Kong and Malaysia.

New Zealand

The New Shares being offered under this Offer Memorandum are being offered to Shareholders with registered addresses in New Zealand in reliance on the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Financial Markets Conduct (incidental offers) Exemption Notice 2016 (New Zealand)*. This Offer Memorandum is not an investment statement or prospectus under New Zealand law.

Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of New Shares in Germany is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- to any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a person, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such,

investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the Financial Services and Markets Act 2000 (FSMA). This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the FSMA (Financial Promotion) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of the rights of New Shares. The New Shares, pursuant to the entitlement offer, may not be offered or sold in Malaysia except to existing shareholders of the Company and the New Shares not taken up may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act 2007.

Switzerland

The New Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the New Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar communication pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on January 1, 2020) or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules (in their version enacted on January 1, 2020, and to be applied during the transitory period), and neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Representations and Warranties

No person is authorised to give any information or to make any representation or warranty in connection with the Offer which is not contained in this Offer Memorandum. Any information or representation or warranty not contained in this Offer Memorandum may not be relied on as having been authorised by the Company in connection with the Offer.

Defined terms

Expressions used in this Offer Memorandum with an upper-case initial letter have defined meanings which are set out at the end of this Offer Memorandum.

KEY DATES

The indicative timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of Rights Issue – Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with ASX	30 November 2020
Ex date – the date on which Shares commence trading without the entitlement to participate in the Offer	2 December 2020
Record Date – the date for determining entitlements of Shareholders to participate in the Offer (6:30pm Adelaide time)	3 December 2020
Offer Memorandum sent to Shareholders – despatch of Offer Memorandum and Acceptance Forms – Offer opens for acceptance	8 December 2020
Closing Date – the last day for receipt of Acceptance Forms (5.00pm Adelaide time)	17 December 2020
Deferred settlement trading commences – New Shares commence quotation on ASX on deferred settlement basis	18 December 2020
Shortfall notification date	22 December 2020
Allotment of New Shares. Deferred settlement trading ends	24 December 2020
Expected commencement of normal trading in New Shares on ASX	29 December 2020

This timetable is indicative only. Subject to the ASX Listing Rules, the Directors reserve the right to vary the dates for the Offer at their discretion. Should this occur, the variation will have a consequential effect on the anticipated date of issue and normal trading of the New Shares.

CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the directors of PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**"), I am pleased to present an opportunity to participate in a non-renounceable pro rata rights issue at an issue price of \$0.006 (0.6 cents) per New Share, to raise up to approximately \$4.4m (before costs and expenses). This offer presents an opportunity to acquire New Shares at the same price as a placement to eligible professional and sophisticated investors, including existing substantial shareholder DELPHI Unternehmensberatung Aktiengesellschaft ("**DELPHI**"), of 378,333,333 fully paid ordinary shares in the Company at an issue price of \$0.006 (0.6 cents) per share to raise approximately \$2.27 million before costs as outlined in the ASX Announcement on 30 November 2020.

The rights issue offers you the right to take up one (1) New Shares for every four (4) Shares you hold as at 6.30pm Adelaide time on 3 December at an issue price of \$0.006 (0.6 cents) per New Share.

The rights issue provides all shareholders with an opportunity to increase their investment in PNX at an attractive price and to contribute to the funds required to undertake significant activity at PNX's 100% owned Fountain Head gold and Hayes Creek zinc-gold-silver Projects including:

- feasibility and Government and Environmental approvals submission;
- near mine and regional exploration;
- project assessments and potential acquisitions; and
- general corporate costs and costs associate with the Offer.

The issue price of the New Shares represents a discount of approximately 30.69% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 26 November 2020, and a discount of 25% to the last close of \$0.008 (0.8 cents).

This non-renounceable rights issue is not underwritten.

You are encouraged to read this Offer Memorandum and the accompanying Acceptance Form fully. If you have any questions about the Offer, you should consult your stockbroker or other professional adviser.

On behalf of the Directors, I thank you for your ongoing support.

Yours sincerely,



Graham Ascough

Chairman

1. DETAILS OF THE OFFER

PNX offers Shareholders the opportunity to subscribe for New Shares under a pro-rata non-renounceable rights issue. Each Shareholder is entitled to subscribe for one (1) New Share for every four (4) Shares held by that Shareholder as at the Record Date at an issue price of \$0.006 (0.6 cents) per New Share.

The issue price of the New Shares represents a discount of approximately 30.69% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 26 November 2020, and a discount of approximately 25% to the last traded price of PNX shares on 25 November 2020 of \$0.008 (0.8 cents).

This offer presents an opportunity for eligible shareholders to acquire New Shares at the same price as the placement to eligible professional and sophisticated investors, including existing substantial shareholder DELPHI, of 378,333,333 fully paid ordinary shares in the Company at an issue price of \$0.006 (0.6 cents) per share as outlined in the ASX Announcement on 30 November 2020 (**Placement**). The Placement shares are expected to be allotted and issued on 1 December 2020 and accordingly these shares will have an entitlement to subscribe for New Shares under the Offer.

The New Shares will be fully paid and will rank equally in all respects with the Company's existing Shares on issue.

PNX has applied to the ASX for quotation of the New Shares.

If a Shareholder becomes entitled to a fraction of a Share, the entitlement will be rounded up to the nearest whole number.

1.1 What is my Entitlement?

The number of New Shares to which you are entitled to subscribe under the Offer (**Entitlement**) is shown in the accompanying Acceptance Form.

You may:

- (a) subscribe for all or part of your Entitlement, and for a nominated number of New Shares in excess of your Entitlement as part of any Shortfall;
- (b) allow all or part of your Entitlement to lapse; or
- (c) do any combination of the above.

If you choose not to accept all of your Entitlement under the Offer, your shareholding in PNX will be diluted.

Detailed instructions on how to accept all or part of your Entitlement are set out in section 3. All applications, once received, are irrevocable.

1.2 Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Acceptance Form accompanying this Offer Memorandum and also fill in the number of Shortfall Shares you wish to apply for in the space provided on that Acceptance Form. You must pay the appropriate application monies (at \$0.006 (0.6 cents) per New Share subscribed) as provided in paragraph 3.4 below.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. If PNX receives applications for Shortfall Shares that would result in the Offer being oversubscribed, then the Company will not accept such oversubscriptions and will reject or scale back applications at its absolute discretion.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable after the close of the Offer (only where the amount is \$2.00 or greater). No interest will be paid on application monies held and returned.

PNX will not issue Shortfall Shares where the Company is aware that to do so would result in a breach of the Corporations Act or the ASX Listing Rules. Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act or the ASX Listing Rules having regard to their own circumstances (including the existence of any associates).

Directors and related parties of the Company will not be issued any Shortfall Shares without the prior approval of Shareholders.

1.3 Opening and closing dates

The Offer opens for receipt of acceptances on 8 December 2020. The closing date and time for acceptances and payments is 5:00pm Adelaide time on 17 December 2020, subject to any variation of the closing date by the Directors in accordance with the ASX Listing Rules.

The Directors may at any time decide to withdraw this Offer Memorandum and the Offer in which case the Company will return all Application monies (without interest) within 28 days of giving notice of withdrawal or such earlier time required by the Corporations Act.

1.4 Who is entitled to participate in the Offer?

Each Shareholder who is registered as the holder of Shares at 6:30pm Adelaide time on 3 December 2020 is entitled to participate in the Offer in respect of the number of Shares for which that Shareholder is then registered as the holder.

Existing Option holders may only participate in the Offer in respect of the Shares to be issued on exercise of the Options held by them if they exercise their Options prior to the Record Date and are registered as the holder of the underlying Shares on the Record Date.

1.5 Foreign jurisdictions

As at the date of this Offer Memorandum, the Company has Shareholders with registered addresses in Australia, New Zealand, Germany, Singapore, Hong Kong, United Kingdom and Malaysia and these Shareholders will be entitled to participate if they are a registered holder on the Record Date.

2. FURTHER INFORMATION IN RELATION TO THE OFFER

2.1 Use of funds raised from the Offer

After payment of the costs and expenses of the Offer, and assuming the Rights Issue raises the maximum of approximately \$4.4million, the Company intends to apply the funds raised from the Offer and Placement funds of \$2.27 million (refer ASX Announcement dated 30 November 2020) as follows:

(a)	undertake significant activity at PNX's 100% owned Fountain Head Gold and at the Hayes Creek zinc-gold-silver Projects including, but not limited to:	
(i)	all works related to applying for, and receiving environmental and government approvals;	\$0.6 million
(ii)	project feasibility and management, metallurgical testwork, process plant engineering and design	\$0.7 million
(iii)	technical studies and assessments related to geology, mineral resources and mining including geotechnical analysis	\$0.5 million
(b)	gold project assessments and potential acquisition of 'bolt-on' assets	\$1.3 million
(c)	project holding and management costs including tenement rentals, environmental and statutory reporting;	\$0.3 million
(d)	near-mine and regional exploration activities including airborne magnetic surveying,	\$2.1 million
(e)	general expenses and working capital; and	\$1.0 million
(f)	costs associated with the Offer	\$0.1 million
	<u>Total</u>	<u>\$6.6 million</u>

Note: the above assumes 100% take-up of the Rights Issue, if lower then activities will be scaled back.

2.2 Issue of New Shares

The Company has applied to ASX for quotation of the New Shares being offered pursuant to this Offer Memorandum and expects that New Shares will be issued and allotted by no later than 24 December 2020. The issue of New Shares will only be made after permission for quotation on ASX has been granted.

If you apply for Shortfall Shares then, subject to the Company's discretion to scale back your allocation of Shortfall Shares (in whole or in part), it is expected you will be issued

those Shortfall Shares by 24 December 2020 and in any case, no later than 3 months after the Closing Date.

2.3 20% voting power threshold

Shareholders will be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act in relation to an application for their Entitlements.

However, this exception does not extend to applications for Shortfall by Shareholders. Accordingly, Shareholders must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold), when applying for Shortfall Shares. The Company reserves the right to reject or scale back any application for Shortfall Shares which it considers may result in breach of section 606. The Company expressly disclaims any responsibility for monitoring such applications or ensuring that individual Shareholders do not breach section 606 as a result of participation in the Offer.

Investors that may be at risk of exceeding the 20% voting power threshold in section 606 or increasing their voting power from a position above 20% as a result of application for Shortfall Shares should seek professional advice before applying for Shortfall Shares.

2.4 Non-Renounceable Offer

The Offer is non-renounceable. This means that your right to subscribe for New Shares under the Offer is not transferable. Any Entitlements not taken up by Shareholders will be dealt with in accordance with section 4 of this Offer Memorandum.

2.5 Market Prices of Existing Shares on ASX

The highest and lowest market sale price of the Shares during the three months immediately preceding the lodgment of this Offer Memorandum, and the last market sale price on the date before the lodgment date of this Offer Memorandum, are set out below.

	3 month high	3 month low	Last market sale
Share Prices	\$0.013 on 31 August 2020	\$0.008 on 25 November 2020	\$0.008 on 25 November 2020

2.6 Broker handling fees and commissions

No broker handling fees are payable by the Company in connection with Shareholders that accept the Offer.

2.7 Brokerage fee

No brokerage fee is payable by Shareholders who apply for New Shares.

2.8 Determinations

The Directors may make determinations in any manner they think fit in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer whether generally or in relation to any Shareholder. Any

determinations by the Directors will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

3. HOW TO ACCEPT THE OFFER

3.1 How to take up all or part of your Entitlement

To subscribe for all or part of your Entitlement, please:

- (a) complete the accompanying Acceptance Form in respect of that part of your Entitlement you wish to accept according to the instructions on that form; and
- (b) forward the completed form together with payment of the appropriate application monies (at \$0.006 (0.6 cents) per New Share subscribed for) to the Company's Share Registry in the manner provided in section 3.4 **by no later than 5.00pm Adelaide time on 17 December 2020** (or such later date as the Directors advise).

Alternatively, if you wish to apply via BPAY®, you do not need to return the Acceptance Form, you simply need to make payment in accordance with the instructions on the accompanying Acceptance Form, for the number of New Shares you wish to apply for, multiplied by the issue price of \$0.006 (0.6 cents).

Acceptances will not be valid if they are received after the Closing Date.

Please note that all applications, once received, are irrevocable, except as permitted by law.

3.2 How to apply for Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Acceptance Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Acceptance Form. You must make payment of the appropriate amount as set out in section 3.4.

There is no limit on the number of Shortfall Shares that may be applied for by Shareholders in excess of their Entitlement. However, Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

Please refer to section 1.2 for further details in relation to the issue of Shortfall Shares.

3.3 Lapse of Entitlement

If you decide not to accept all or part of your Entitlement, or fail to do so by the Closing Date, your Entitlement will lapse and will form part of the Shortfall.

3.4 Payment

Payment must be made with your acceptance **by 5.00pm Adelaide time on 17 December 2020**, or such later date as the Directors advise, and must be in Australian currency and made by:

- (a) bank draft drawn on and payable at any Australian bank;
- (b) money order drawn in Australian currency; or
- (c) BPAY®.

Your Acceptance Forms, together with your bank draft or money order for the amount required (at \$0.006 (0.6 cents) per New Share, including any Shortfall Shares, subscribed for) must be sent to the Company's Share Registry, Computershare Investor Services Pty Limited:

By Post:

PNX Metals Limited

Computershare Investor Services Pty Limited

GPO Box 505

Melbourne VIC 3001

so that they reach the registry **by no later than 5.00pm Adelaide time on 17 December 2020**, or such later date as the Directors advise.

Alternatively, if you wish to pay by BPAY®, you do not need to return the Acceptance Form, you simply need to follow the instructions on the Acceptance Form. Different financial institutions may implement earlier cut off times with regards to electronic payment, so please take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® are received by the Closing Date.

Acceptances will not be valid if they are received after the Closing Date.

Your bank draft or money order must be made payable to 'PNX Metals Limited' and crossed 'Not Negotiable'. Cash or personal cheque payments will not be accepted and receipts for payment will not be provided.

PNX Metals will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale-back the Directors may determine to implement in respect of Shortfall Shares. Amounts received by PNX Metals in excess of your Entitlement may be treated as an application to apply for as many Shortfall Shares as that excess amount will pay for in full.

3.5 Representations, warranties and acknowledgements

By completing and returning your Acceptance Form or making a payment by BPAY®, you will be deemed to have:

- (a) acknowledged that you have fully read and understood both this Offer Memorandum and the Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Memorandum and the Acceptance Form;
- (b) agreed to be bound by the terms of the Offer, the provisions of the Offer Memorandum and the Company's constitution;
- (c) authorised the Company to register you as the holder of the New Shares allotted to you;
- (d) declared that all of the details and statements in the Acceptance Form are complete and accurate;
- (e) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Acceptance Form;

- (f) acknowledged that once the Company receives your Acceptance Form or any payment of application monies via BPAY® you may not withdraw your application or funds provided except as allowed by law;
- (g) agreed to apply for and be issued up to the number of New Shares specified in the Acceptance Form, or for which the monies submitted via BPAY® are sufficient to pay, at the issue price of \$0.006 (0.6 cents) per New Share;
- (h) authorised the Company, its Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including in the case of the Company and its officers or agents to act on instructions of the Share Registry upon using the contact details set out in your Acceptance Form;
- (i) declared that you were a registered holder(s) at the Record Date of the Shares indicated in the Acceptance Form as being held by you on the Record Date;
- (j) acknowledged that the information contained in this Offer Memorandum and your Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledged that this Offer Memorandum is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (l) acknowledged that investment in the Company is subject to risk;
- (m) acknowledged that none of the Company or its related bodies corporate, affiliates or directors, officers, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (n) agreed to provide (and if applicable direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date;
- (o) authorised the Company to correct any errors in your Acceptance Form or other form provided by you;
- (p) represented and warranted that the law of any place does not prohibit you from being given this Offer Memorandum and the Acceptance Form, nor does it prohibit you from making an application for New Shares; and
- (q) represented and warranted that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in regular way transactions on ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States.

4. SHORTFALL SHARES

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

If there is any Shortfall, the Shortfall Shares will, at the Directors' discretion be allocated to Shareholders who have applied for Shortfall Shares.

If there remains a Shortfall after allocation of Shortfall Shares to Shareholders who have applied for Shortfall Shares, the Directors reserve the right to issue the Shortfall Shares in their absolute and sole discretion. Any Shortfall Shares so issued will, in accordance with the ASX Listing Rules, be issued within 3 months after the Closing Date and will be issued at a price that is not less than the issue price of the New Shares under the Offer.

If PNX Metals receives applications for Shortfall Shares that would result in the Offer being oversubscribed then it will not accept such oversubscriptions and will reject or scale back applications at its discretion.

PNX Metals will not issue Shortfall Shares where PNX Metals is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules or any other relevant legislation or law. Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act, the ASX Listing Rules or any other law having regard to their own circumstances.

5. EFFECT OF THE OFFER

5.1 Effect of the Offer on share capital

The capital structure of the Company as at the date of this Offer Memorandum is summarised below:

Listed securities	Number		
Shares #	2,920,528,723		
Unlisted securities	Number	Expiry/vesting date	Exercise Price
Existing Performance Rights	10,800,000	3 December 2020 to 3 December 2021	n/a
Existing Options	359,125,000	30 September 2021	\$0.015

The Shares include 378,333,333 ordinary Shares to be issued under the Placement on 1 December 2020 (Refer to ASX Announcement on 30 November 2020).

Following the issue of the Placement shares and assuming that the Offer is fully subscribed, no existing Options are exercised, and no Performance Rights vest, and without taking into account the impact of rounding, the capital structure following

completion of the Offer will be as above, however the number of Shares on issue will increase from 2,920,954,809 to 3,651,193,511.

Of the 10,800,000 Performance Rights on issue, it is unlikely any will vest prior to the Record Date, and therefore the existence of these Performance Rights should have no impact on the maximum number of shares to be issued under the Rights Issue.

If any of the 359,125,000 Options are exercised prior to the Record Date this will impact on the maximum number of New Shares to be issued under the Offer and the maximum number of Shares on issue following the Offer.

5.2 Potential effect on control

The potential effect the Offer will have on control of the Company's undiluted share capital and the consequences of that effect will depend on:

- (a) the extent Shareholders take up their Entitlements; and
- (b) the extent that Shareholders take up Shortfall Shares.

If all Shareholders take up their Entitlements in full the Offer will have no effect on control of the Company.

Shareholders that accept their Entitlements in full may apply for Shortfall Shares, but will not be permitted to exceed the 20% voting power threshold as a result of applying for Shortfall Shares. Accordingly, applications for Shortfall by Shareholders will not have an impact on control of the Company.

DELPHI, holding 44.38% voting power in the Company following the Placement, will be entitled to take up its Entitlement but not any Shortfall. If DELPHI takes up its Entitlement in full and no other Shareholder takes up its Entitlements or any Shortfall, DELPHI's voting power will increase from 44.38% to 49.93%.

Shareholders not subscribing to their full Entitlement will be diluted by 25.0% (if the Offer is fully subscribed).

6. ADDITIONAL INFORMATION

6.1 Reliance on Offer Memorandum

This Offer Memorandum has been prepared in accordance with section 708AA of the Corporations Act. In general terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Memorandum is considerably less than the level of disclosure required in a prospectus.

In deciding whether or not to accept the Offer, you should rely on your own knowledge of PNX, refer to disclosures made by the Company to ASX (which are available for inspection on the ASX website at www.asx.com.au) and seek the advice of your professional adviser.

6.2 Further information

If you have any questions about the Offer, please contact:

- (a) the Company Secretary, Angelo Gaudio on +61 (0) 8 8364 3188, or

(b) your stockbroker or professional adviser.

6.3 Governing law

This Offer Memorandum, the Offer and the contracts formed on acceptance of valid applications to subscribe for New Shares pursuant to the Offer are governed by the law of South Australia, Australia. Each Shareholder who has applied to subscribe for New Shares in accordance with this Offer Memorandum submits to the exclusive jurisdiction of the courts of South Australia, Australia.

7. DEFINED TERMS

In this Offer Memorandum, the following words have the following meanings unless the context requires otherwise:

Acceptance Form	the personalised form accompanying this Offer Memorandum.
Allotment Date	24 December 2020.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the securities exchange operated by ASX Limited (as the context requires).
ASX Listing Rules	the official listing rules of ASX.
Business Day	has the same meaning as in the ASX Listing Rules.
Closing Date	the last date for accepting the Offer, being 5.00pm Adelaide time on 17 December 2020, or such later date determined by the Directors in accordance with the ASX Listing Rules.
Company or PNX	PNX Metals Limited (ACN 127 446 271).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of PNX.
Entitlement	is defined in section 1.1.
New Share	a Share to be issued pursuant to this Offer Memorandum at \$0.006 (0.6 cents) per Share.
Offer	the offer made pursuant to this Offer Memorandum of one (1) New Share for every four (4) Shares held by a Shareholder on the Record Date.
Offer Memorandum	this Offer Memorandum dated 30 November 2020 under which the Offer is being made.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with the terms of the Offer.
Option	an option to subscribe for a Share.
Performance Right	a Performance Right granted under the Company's Employee Performance Rights Plan.
Record Date	6.30pm Adelaide time on 3 December 2020.
Rights Issue	the rights issue described in this Offer Memorandum
Share	a fully paid ordinary share in the capital of PNX.

Share Registry	Computershare Investor Services Pty Limited.
Shareholder	a registered holder of Shares as at the Record Date.
Shortfall or Shortfall Shares	those New Shares forming Entitlements or part of Entitlements not accepted under the Offer.