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12 May 2022

Dear Shareholder

ENTITLEMENT OFFER – SUPPLEMENTARY PROSPECTUS

On 6 April 2022, PolarX Limited (**Company**) announced a non-renounceable pro-rata entitlement offer of up to approximately 104,353,720 Shares held as at 5.00pm (WST) on Monday, 11 April 2022 (**Record Date**) (**Entitlement Offer**).

The Entitlement Offer was made by the Company pursuant to a prospectus in accordance with section 713 of the *Corporations Act 2001 (Cth)*, dated 6 April 2022 (**Prospectus**).

The Board has resolved to amend the Prospectus by this Supplementary Prospectus by making an additional offer under the Prospectus to invited parties.

The Company therefore attaches a Supplementary Prospectus, which supplements the Prospectus and is to be read together with the Prospectus.

Other than the changes set out in this Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged.

If you have any questions, please contact the Company Mr Ian Cunningham, ianc@polarx.com.au.

Yours faithfully

Mark Bojanjac
Executive Chairman
PolarX Limited

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This is a Supplementary Prospectus intended to be read with the Prospectus dated 6 April 2022 issued by PolarX Limited.



POLARX LIMITED

ACN 161 615 783

Supplementary Prospectus

1. IMPORTANT INFORMATION

This document is a supplementary prospectus (**Supplementary Prospectus**) and supplements the Prospectus dated 6 April 2022 (**Prospectus**), issued by PolarX Limited (ACN 161 615 783) (**PolarX** or **Company**).

The Supplementary Prospectus is to be read together with the Prospectus.

This Supplementary Prospectus is dated 12 May 2022 and was lodged with ASIC on that date. ASIC, ASX and each of their respective officers take no responsibility for the contents of this Supplementary Prospectus.

Other than the changes set out in this Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus will have the same meaning in this Supplementary Prospectus.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed under the Prospectus.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions of both may be accessed at www.polarxresources.com.au.

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you are in any doubt as to the contents of this Supplementary Prospectus or the Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

2. BACKGROUND

By this Supplementary Prospectus the Company makes the amendments to the Prospectus as set out in section 3 of this Supplementary Prospectus by making an additional offer under the Prospectus of up to 67,934,269 New Shares at an issue price of \$0.021 per Share, with 1 attaching New Option for every 2 New Shares issued, to raise approximately \$1,426,620 (**Second Placement**).

As announced to the ASX on 4 May 2022, the Company received applications under the Entitlement Offer totalling 36,419,451 Shares and 18,209,695 Options and these have been issued to applicants.

The Company understands that due to delays associated with the delivery of documents to Eligible Shareholders, a significant number of Shareholders were not able to apply under the Entitlement Offer before the Closing Date. Consequently, the Company has resolved to offer

67,934,269 Shares under the Second Placement - being the difference in the subscribed for Shares under the Entitlement Offer, being 36,419,451, and the total Shares that were available under the Entitlement Offer, being 104,353,720 Shares.

As the number of Shares to be offered under the Second Placement, and therefore the amount to be raised following the Second Placement, is the same as would have been raised from the original Offers under the Prospectus the information in the Prospectus with respect to:

- (i) the Purpose of the Entitlement Offer (section 5.2 of the Prospectus);
- (ii) Statement of financial position (section 5.3 of the Prospectus);
- (iii) Effect of the Offer on the Company's securities (section 5.4 of the Prospectus);
- (iv) Details of substantial holders (section 5.5 of the Prospectus);
- (v) Effect of the Entitlement Offer on the control of the Company (section 5.6 of the Prospectus); and
- (vi) Dilution (section 5.7 of the Prospectus),

remain unchanged.

The amendments to the Prospectus outlined in section 3 below should be read in conjunction with the Prospectus.

The Company will not be proceeding with the Shortfall Offer as set out in the Prospectus and instead will be making the Second Placement.

3. AMENDMENTS TO THE PROSPECTUS

3.1 General

The Company has agreed to raise an additional \$1,426,620 by way of an offer 67,934,269 New Shares (at the same price) and 33,967,135 New Options (on the same ratio) as the securities under the Entitlement Offer.

Other than the amendments detailed below there are no others changes with respect to the Prospectus.

3.2 Target Market Determination

The first sentence of the 'Target Market Determination' paragraph in the 'Important Notices' section of the Prospectus is deleted and replaced with the following:

In accordance with the delegation and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the Entitlement Options, Lead Manager Options, Placement Options and the New Options under the Second Placement under this Prospectus.

3.3 Applications

The final sentence of the 'Applications' paragraph in the 'Important Notices' section of the Prospectus is deleted and replaced with the following:

Only persons invited by the Company may participate in the offer of Placement Options, the Lead Manager Options and in the Second Placement.

3.4 Second Placement

The following is inserted after section 8.16 in the Prospectus

8.17 Second Placement

*The Company offers under this Prospectus up to 67,934,269 New Shares at an issue price of \$0.021 per New Share, with 1 New Option for every 2 New Shares issued, to raise \$1,426,620 (**Second Placement**). The Second Placement is made without Shareholder approval using the Company's existing placement capacity under Listing Rule 7.1.*

Under the Second Placement, the Company will issue up to 67,934,269 New Shares and 33,967,135 New Options to investors on the same terms and conditions as the Entitlement Shares and Entitlement Options offered under the Entitlement Offer.

The Second Placement is made to certain persons, who are not persons to whom Listing Rule 10.11 applied, nominated by the Company.

Only persons invited by the Company may participate in the Second Placement.

The Second Placement will close on 31 May 2022 and the New Shares and New Options are expected to be issued by 2 June 2022.

In the event of oversubscriptions under the Second Placement, the Directors will allocate the New Shares and New Options under the Second Placement at their discretion.

3.5 Lead Manager

The final sentence of section 5.1 of the Prospectus is deleted and replaced with the following:

5.1 Introduction

The Lead Manager Options are being issued as consideration for the services to be provided by the Lead Manager under the Entitlement Offer, the Placement and the Second Placement.

The first sentence of section 8.6 of the Prospectus is deleted and replaced with the following:

8.6 Lead Manager Options

*Under this Prospectus, the Company is also offering to the Lead Manager 30,000,000 Options as consideration for the services provided by the Lead Manager under the Placement, Entitlement Offer and the Second Placement (**Lead Manager Options**), subject to the conditions detailed in section 10.5(c)(iii) of this Prospectus.*

The remainder of section 8.6 of the Prospectus remains the same.

The paragraph beginning 'Peak Asset Management' in section 10.4 of the Prospectus is deleted and replaced with the following:

10.4 Interests of promoters and named persons

Peak Asset Management has acted as Lead Manager to the Offers. In respect of this work, the Company will, subject to shareholder approval and the conditions described at section 10.5(c) of this Prospectus, issue the Lead Manager Options provided the aggregate minimum amount raised under the Entitlement Offer, the Placement and the Second Placement is at least \$4 million and a minimum of \$723,594 is raised under the Second Placement to clients of the Lead Manager.

The Company raised \$2,511,600 under the Placement as announced on 31 March 2022. Peak Asset Management received 6% on funds raised under the Placement, being \$150,696 (exclusive of GST). Peak Asset Management will also receive a 4% capital raising fee on funds raised from its clients under the Second Placement.

Please refer to Section 10.5 for a summary of the Lead Manager Agreement.

Peak Asset Management has not been paid any other fees for the provision of professional services to the Company in the 2 years prior to the date of this Prospectus.

Section 10.5 of the Prospectus is deleted and replaced with the following:

10.5 Lead Manager Agreement

*On 29 March 2022, the Company entered into a broker agreement (**Lead Manager Agreement**) with Peak Asset Management who agreed to act as lead manager to the Placement and Entitlement Offer.*

On 12 May 2022, the terms of the Lead Manager Agreement were amended.

The material terms under the amended Lead Manager Agreement are summarised below:

- (a) **(Term of Engagement)** The Lead Manager Agreement is effective from 25 March 2022 and will continue until 30 June 2022, unless extended.
- (b) **(Conditions)** The Lead Manager Agreement is subject to conditions including the following:
- (i) the Company announcing a non-renounceable rights issue on the same terms and conditions as the Placement (**Entitlement Offer**);
 - (ii) settlement of the Placement occurring before the record date for the Entitlement Offer;
 - (iii) the Company seek quotation of the Placement Options on the ASX; and
 - (iv) completion of the Second Placement occurring on or before 2 June 2022.
- (c) **(Remuneration)** The Company shall, pay to the Lead Manager fees, consisting of:
- (i) 6% of the total amount on all funds raised under the Placement;
 - (ii) 4% capital raising fee for placing the New Shares under the Second Placement to its clients; and
 - (iii) subject to:
 - (1) an aggregate minimum of \$4 million being raised under the Placement, the Entitlement Offer and the Second Placement; and
 - (2) a minimum of \$723,594 being raised under the Second Placement to clients of the Lead Manager,

the Company will, subject to the approval of shareholders in general meeting, issue to the Lead Manager 30,000,000 Lead Manager Options exercisable at \$0.03 and expiring on or before 1 April 2025.

In the event that the approval of shareholders of the issue of the 30,000,000 Lead Manager Options is not received, the Company will pay to the Lead Manager an equivalent cash amount to the value of the 30,000,000 Lead Manager Options.
- (d) **(Options where a condition under 10.5(c)(iii)(1) or (2) is not met)** In the event that both of the conditions in 10.5(c)(iii)(1) and (2) are not satisfied, the Company will not issue to the Lead Manager the 30,000,000 Lead Manager Options, rather the Company will issue, subject to the approval of Shareholders in general meeting, such number of Options to the Lead Manager calculated in accordance with the following formula:
- $$\frac{[(\text{Total funds raised under the Placement plus total funds raised by clients of the Lead Manager under the Entitlement Offer plus total funds raised by clients of the Lead Manager under the Second Placement}) \div 4,000,000] \times 30,000,000}{1}$$
- (e) **(Other)** The Lead Manager Agreement contains other terms (including warranties) standard for agreements of this nature.

3.6 Continuous disclosure obligations

The table in section 10.1 is amended to include the following announcements with ASX since the lodgement of the Prospectus:

Date	Description of ASX Announcement
6 April 2022	\$2.19 Million Non-Renounceable Rights Issue

Date	Description of ASX Announcement
6 April 2022	Prospectus Rights Issue
6 April 2022	Notice of General Meeting/Proxy Form
6 April 2022	Update - Proposed issue of securities - PXX
11 April 2022	Change in substantial holding
13 April 2022	Rights Issue - Notification of Eligible Shareholders
13 April 2022	Rights Issue - Notification of Ineligible Shareholders
13 April 2022	Target Market Determination
21 April 2022	3,000m RC Drilling Program Commences at Humboldt Range
29 April 2022	Quarterly Activities/Appendix 5B Cash Flow Report
3 May 2022	Mineralisation seen in all holes drilled at Humboldt Range
4 May 2022	Entitlement Offer
4 May 2022	Top 20 Holders and Distribution Schedule PXXO
4 May 2022	Application for quotation of securities - PXX
5 May 2022	Change of Director's Interest Notice
5 May 2022	Results of Meeting
6 May 2022	Application for quotation of securities - PXXO

3.7 Glossary

The following definitions are inserted into section 12 in the Prospectus:

New Option means Options offered pursuant to this Prospectus under the Second Placement, on terms set out in section 9.2 and offered under this Prospectus, being an Option with an exercise price of \$0.03, expiring on 6 November 2023.;

New Shares means Shares offered pursuant to this Prospectus under the Second Placement.

Second Placement means the Placement announced on 12 May 2022.

The following definitions are amended in section 12 in the Prospectus:

Offers is amended to mean the *Entitlement Offer, the offer of the Placement Options, the Lead Manager Options and the offer of the New Shares.*

4. APPLICATIONS

All new applications for New Shares under the Second Placement after the date of this Supplementary Prospectus must be made using the new Application Form attached to or accompanying this Supplementary Prospectus (**New Application Form**) and otherwise on the terms set out in the Prospectus.

Applications made after the date of this Supplementary Prospectus must NOT be made on an application form attached to or accompanying the Prospectus.

The New Application Form contains detailed instructions on how it is to be completed.

Only persons invited by the Company may participate in the offer of the Second Placement.

5. SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus will be issued as an electronic prospectus and may be accessed on PolarX's website at www.polarxresources.com.au.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

6. DIRECTORS' AUTHORISATION

The Directors of the Company who authorised the issue of this Supplementary Prospectus accept responsibility for the information contained in this Supplementary Prospectus.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement and issue of this Supplementary Prospectus with ASIC in the form and context in which it is issued.

Signed for and on behalf of the Company on 12 May 2022.

A handwritten signature in blue ink, appearing to read 'M. Bojanjac', is positioned above the printed name.

Mark Bojanjac
Executive Chairman
PolarX Limited