

ASX Announcement

28 November 2017



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Shares Issued to Settle Convertible Notes

PNX Metals Limited (**ASX: PNX**) is pleased to advise that 24 million shares have been issued to settle \$600,000 of convertible notes ('Notes'). The agreement with convertible note holders to convert all issued and outstanding Notes at a price of 2.5 cents per share was announced to the ASX on 7 September 2017 and the issue of 24 million shares to complete the transaction was approved by PNX shareholders at the Company's AGM on 25 October 2017.

The attached Appendix 3B provides detail of the issue of shares to convert the Notes, as well as the issue of shares to settle final interest owing on the Notes and 6-monthly interest on a \$1.2 million loan ('Loan').

PNX also wishes to advise that an application to the Foreign Investment Review Board is underway in relation to the issue of 80 million ordinary shares at 1.5 cents per share to settle the Loan.

The conversion of the Notes and Loan into PNX shares is at an average price of 1.73 cent per share, which represents a 57% premium to PNX's current share price of 1.1c, and a 34% premium to PNX's 30 day VWAP of 1.3 cents.

The Note conversion and expected conversion of the Loan will leave PNX debt-free and well positioned to continue the development of its Hayes Creek zinc-gold-silver project in the Pine Creek region of the NT.

James Fox

Managing Director & CEO

Telephone: +61 (0) 8 8364 3188



Appendix 3B

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

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

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

Name of entity

PNX METALS LTD

ABN

67 127 446 271

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 28,755,892 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> 1) 3,599,194 shares issued at 1.25 cents per share, being the Company's 30 day volume-weighted average share price as of 6 November 2017; 2) 1,156,698 shares issued at 1.3 cents per share, being the Company's 30 day volume-weighted average share price as of 22 November 2017; and 3) 24,000,000 shares issued at 2.5 cents per share as agreed with convertible note holders to convert and settle 600,000 notes. This agreement was announced to the ASX on 7 September 2017 and the share issue was approved by PNX shareholders at the company's Annual General Meeting on 25 Oct 2017.
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<ol style="list-style-type: none"> 1) 3,599,194 shares were issued at the Company's election to a lender to settle 6-monthly interest of \$45,000; 2) 1,156,698 shares were issued at the Company's election to convertible note holders to settle 6-monthly interest of \$15,000; and 3) 24,000,000 shares were issued to convertible note holders to convert 600,000 notes into shares thereby extinguishing all convertibles notes.

<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>25 October 2017</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>4,755,892</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>
<p>6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>24,000,000. The conversion of 600,000 convertible notes into 24 million shares was approved by PNX shareholders at the Company's AGM on 25 October 2017.</p>
<p>6f Number of +securities issued under an exception in rule 7.2</p>	<p>Nil</p>
<p>6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.</p>	<p>N/A</p>
<p>6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements</p>	<p>N/A</p>
<p>6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements</p>	<p>Refer Annexure 1</p> <p>Rule 7.1: 145,654,721</p> <p>Rule 7.1A: 100,273,742</p>

+ See chapter 19 for defined terms.

7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

27 November 2017

8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,007,493,315	Ordinary shares
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		600,000	Convertible Notes
		8,320,000	Performance Rights
		65,450,000	Options - unquoted
		20,000,000	Options - unquoted
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	

17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	

+ See chapter 19 for defined terms.

- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue dates

Part 3 - Quotation of securities

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

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

N/A

39 +Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

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

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

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

Number	+Class

Quotation agreement

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

2 We warrant the following to ASX.

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

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

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

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

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

Sign here:



Date: 28 November 2017

Print name: Tim Moran - Company Secretary

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

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

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

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	605,191,151
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p><u>Under Exception in Rule 7.2</u></p> <p>3,090,000 ordinary shares issued 4 Aug 2017 to PNX personnel upon the vesting of an equivalent number of performance rights</p> <p>54,761,886 ordinary shares issued under a Share Purchase Plan at 1.05 cents per share on 3 October 2017</p> <p><u>With Shareholder Approval:</u></p> <p>130,900,000 ordinary shares issued to sophisticated investors at 2.0 cents on 16 December 2016</p> <p>1,600,000 ordinary shares issued to a vendor at a deemed price of 2.5 cents on 15 March 2017</p> <p>3,364,386 ordinary shares issued on 30 May 2017, to settle 6 monthly interest on a loan and convertible notes</p> <p>179,830,000 ordinary shares issued to sophisticated and professional investors, at 1.05 cents per share on 15 September 2017</p> <p>24,00,000 ordinary shares issued at 2.5 cents per share to convert and extinguish convertible notes, the subject of this App 3B</p>
Subtract the number of fully paid +ordinary securities cancelled during that 12 month	Nil

period	
“A”	1,002,737,423

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	150,410,613
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,156,698 shares issued at 1.3 cents per shares to settle 6 monthly interest of \$15,000 on convertible notes, the subject of this App 3B.</p> <p>3,599,194 shares issued at 1.25 cents per shares to settle 6 monthly interest of \$45,000 on a loan, the subject of this App 3B.</p>
“C”	4,755,892
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	150,410,613
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	4,755,892
Total [“A” x 0.15] – “C”	145,654,721 <i>[Note: this is the remaining placement]</i>

+ See chapter 19 for defined terms.

	capacity under rule 7.1]
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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,002,737,423
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	100,273,742
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	100,273,742
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	Nil
Total ["A" x 0.10] – "E"	100,273,742 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.