

## Notice Under Section 708AA of the Corporations Act

PNX Metals Limited (ASX: PNX) (**PNX Metals**) refers to its Offer Memorandum and Appendix 3B lodged with ASX on 18 April 2019 for a three (3) for five (5) non-renounceable pro rata entitlement issue of new shares in PNX Metals (**Rights Issue**).

This notice is given under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**).

PNX Metals advises that:

- 1) the securities being offered under the Rights Issue will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- 2) as at the date of this notice PNX Metals has complied with the provisions of Chapter 2M of the Act as they apply to PNX Metals and section 674 of the Act;
- 3) as at the date of this notice there is no information that is excluded information under section 708AA(8) and (9) of the Act that has not already been disclosed to investors generally or in the Rights Issue Memorandum and Appendix 3B lodged on 18 April 2019 other than the following:
  - a) following on from successful exploration in 2018 where drilling highlighted exceptional grades and scale potential of a gold system at the Fountain Head project, this new project will be advanced as a distinct opportunity to augment the already robust economics of the Hayes Creek project. A JORC compliant Mineral Resource Estimate and then a conceptual mining study will be completed to determine the relative values of mining the gold mineralisation versus using the historic open pits as the (in-pit) tails location for the Hayes Creek project, and whether, and if so how, the two strategies might be combined. Processing options will be assessed that will include 3<sup>rd</sup> party treatment scenarios.
- 4) the potential effect the Rights Issue will have on the control of PNX Metal's undiluted share capital and the consequences of that effect will depend on:
  - a) the extent eligible shareholders take up their entitlements;
  - b) The extent that shareholders take up Shortfall (being the entitlements of eligible shareholders not applied for under the Rights Issue);
  - c) The sub-underwriting commitments that are secured by Hartleys Limited during the period of 29 April 2019 to 8 May 2019 (**Sub-underwriting Period**).

DELPHI Unternehmensberatung Aktiengesellschaft (**DELPHI**), a major shareholder of PNX Metals, holding at the date of this notice 281,176,793 shares or 18.47% voting power and 200 million unlisted options (at a 1.5c strike price with an expiry dated 30 September 2021) to acquire shares, has agreed to take up its full entitlement under the Rights Issue, and to underwrite 602,860,270 additional shares under the Rights Issue (subject to the terms of the DELPHI Underwriting Agreement).

DELPHI's underwriting obligations will be reduced to the extent of allocations to eligible shareholders that subscribe for their entitlements and any shortfall and to sub-underwriters secured during the Sub-underwriting Period by Lead Manager to the raise Hartleys Limited.

PNX has received irrevocable undertakings from existing shareholders, including from substantial shareholder Sochrastem SAS, to take up entitlements and any Shortfall to an aggregate of \$850,000 of shares under the Rights issue. These commitments are not anticipated to have any effect on the control of PNX Metals.

Eligible shareholders are entitled to apply for Shortfall, subject to it not increasing their voting power (or anyone else's) above 20%. Eligible shareholders not subscribing to their full entitlement will be diluted by up to 37.5% if the Rights Issue is fully subscribed.

No sub-underwriter will exceed 20% voting power as a result of sub-underwriting the Rights Issue.

The potential impact of the Rights Issue on the control of the Company are set out in the table below:

Holder	% holding currently (on an undiluted basis)	Post Rights Issue**		
		% Underwritten shares issued to DELPHI under the DELPHI Underwriting Agreement***		
		0%	50%	100%
DELPHI	18.47%	18.47%*	30.85%	43.23%

*\*Assuming the Rights Issue is fully subscribed and DELPHI takes up its full Entitlement and no other Shares.*

*\*\*calculated on an undiluted basis*

*\*\*\*this is the maximum potential control DELPHI could obtain in the unlikely event that no Shareholder takes up their Entitlements, other than irrevocable undertakings received from existing shareholders, and no other sub-underwriting commitments are secured.*

DELPHI has confirmed that, regardless of what its voting power in PNX Metals increases to as a result of underwriting of the Rights Issue, it has no present intention of:

- a) seeking to change the existing business of PNX;
- b) seeking to change the financial or dividend policies of PNX;
- c) requesting that PNX change its strategic direction or operational priorities (other than to prioritise completion of the definitive feasibility study for the Hayes Creek Project);
- d) injecting further capital into PNX, other than by the exercise of existing options if the share price is higher than the exercise price;
- e) seeking to change PNX's current employee arrangements;
- f) seeking to acquire (or have its associates acquire) any of PNX Metal's assets or transferring any of its (or its associates) assets to the PNX;
- g) redeploying the fixed assets of PNX Metals;
- h) seeking to obtain control of additional shares in PNX Metals for itself or its associates;
- i) seeking to change the composition of the Board of Directors of PNX Metals

Dated 18 April 2019

By order of the Board

**Graham Ascough**  
**Chairman**  
**PNX Metals**