



30 November 2020

Dear Option Holder

Non-Renounceable Rights Issue

We write to advise that today, 30 November 2020, PNX Metals Limited (ASX: **PNX**) ("**PNX**" or the "**Company**") announced a non-renounceable pro rata entitlement issue of one (1) new share for every four (4) shares held (**Rights Issue**). The Rights Issue has been priced at a \$0.006 (0.6 cents) per new share, to raise up to approximately \$4.4 million (before costs and expenses).

The purpose of this letter is to advise you that as a holder of PNX Options (**Options**) you cannot participate in the Rights Issue, unless you are also a shareholder at the record date being 3 December 2020 (**Record Date**). If you do not wish to participate in the Rights Issue (in respect of your Options) you do not need to take any action.

The issue price of \$0.006 (0.6 cents) per new share under the Rights Issue represents a discount of 30.69% to the volume weighted average price of PNX shares during the 5-trading day period to, and including, 25 November 2020.

After payment of the costs and expenses related to the Rights Issue, the proceeds be applied 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;
- general corporate costs and costs associate with the offer.

Full details of the Rights Issue have been set out in the announcement of the Rights Issue, Offer Memorandum and Appendix 3B lodged with ASX on today, 30 November 2020.

The Offer Memorandum is available to download at both www.asx.com.au using ASX code "PNX" and at the Company's website www.pnxmetals.com.au and will be despatched to eligible shareholders on 8 December 2020.

Under the Rights Issue, every person who is registered as the holder of PNX shares on the Record Date at 6:30pm Adelaide time with a registered address in in Australia, New Zealand, Germany, Singapore, Hong Kong, United Kingdom and Malaysia, will be entitled to participate in the Rights Issue in respect of the number of PNX shares that person is then registered as the holder of. Fractional entitlements will be rounded up to the nearest whole number. Holdings on different registers or sub-registers will be aggregated for the purposes of calculating entitlements.

To be eligible to participate in the Rights Issue in respect of the PNX shares to be issued on exercise of the Options you hold, you must exercise some or all of your Options held and be registered as the holder of the underlying PNX shares before the Record Date.

To exercise some or all of your Options you will need to:

1. give notice, in writing, to PNX in accordance with the terms and conditions of the Options; and
2. pay to PNX the exercise price for each Option exercised.

If you do not exercise your Options, an adjustment may be made to the exercise price of your Options after the closing date of the Rights Issue in accordance with the formula set out in the terms and conditions of your Options.

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of Rights Issue – announcement of Rights Issue, Offer Memorandum and ASX Appendix 3B lodged with ASX	30 November 2020
Ex date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue	2 December 2020
Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue (5:00 pm Adelaide time)	3 December 2020
Offer Memorandum sent to Shareholders – despatch of Offer Memorandum and Entitlement and Acceptance Forms, and lodgement of cleansing notice – Rights Issue opens for acceptances	8 December 2020
Closing Date – The last day for receipt of acceptance forms (5.00pm Adelaide time)	17 December 2020
Securities quoted on a deferred settlement basis	18 December 2020
Shortfall notification date	22 December 2020
Allotment of New Shares and issue and allotment of underwritten shares. Deferred settlement trading ends	24 December 2020
Expected commencement of normal trading in New Shares on ASX	29 December 2020

PNX reserves the right to amend this timetable subject to the Listing Rules and the terms of the underwriting agreements.

You are encouraged to carefully read the Rights Issue Offer Memorandum, that was lodged with ASX (available to download at www.asx.com.au, using ASX code "PNX") on 30 November 2020, in its entirety before exercising any of your PNX options.

If you have any questions about the exercise of your Options and the Rights Issue, you should consult your stockbroker or other professional adviser or call the Company Secretary, Angelo Gaudio on +61 (0) 8 8364 3188.

Yours sincerely


Graham Ascough
Chairman
PNX Metals