

ASX Announcement

7 February 2023

This announcement has been authorised to be lodged with the ASX by Angelo Gaudio, Company Secretary



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Despatch of Entitlement Offer Documents

PNX Metals Limited (**ASX: PNX**) (“PNX”, “the Company”) advises that, following the launch of a non-renounceable rights issue (ASX Announcement, 30 January, 2023), the following offer documents, attached hereto, were despatched to shareholders today:

- Entitlement Offer Booklet
- Personalised Entitlement and Acceptance Form

For further information please contact:

Angelo Gaudio

Company Secretary

Telephone: +61 (0) 8 8364 3188





PNX Metals Limited

ACN 127 446 271

30 January 2023

OFFER MEMORANDUM

For a pro-rata non-renounceable offer of one (1) New Share for every three (3) Shares held, as at the Record Date, at an issue price of \$0.003 per New Share, to raise up to approximately \$4.4 million.

CLOSING DATE: 17:00 AEDT on 20 February 2023.

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 Hans-Jörg Schmidt (Non-Executive Director) Mr Hansjoerg Plaggemars (Non-Executive Director) Mr Richard Willson (Non-Executive Director) Mr Frank Bierlein (Non-Executive Director)
Company Secretary	Mr Angelo Gaudio
Registered Office	Level 1, 135 Fullarton Road Rose Park SA 5067 Telephone: +61 8 8364 3188 Facsimile: +61 8 8364 4288
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

TABLE OF CONTENTS

CORPORATE DIRECTORY.....	ii
IMPORTANT NOTICES.....	1
KEY DATES.....	3
CHAIRMAN'S LETTER.....	4
1. DETAILS OF THE OFFER.....	5
1.1 What is my Entitlement?.....	5
1.2 Shortfall Shares.....	5
1.3 Opening and closing dates.....	6
1.4 Who is entitled to participate in the Offer?.....	6
1.5 Foreign jurisdictions.....	6
2. FURTHER INFORMATION IN RELATION TO THE OFFER.....	6
2.1 Use of funds raised from the Offer.....	6
2.2 Issue of New Shares.....	7
2.3 20% Voting Power threshold.....	7
2.4 Non-Renounceable Offer.....	7
2.5 Market Prices of Existing Shares on ASX.....	7
2.6 Broker handling fees and commissions and Binding Commitment Fee.....	7
2.7 Brokerage fee.....	8
2.8 Determinations.....	8
3. HOW TO ACCEPT THE OFFER.....	8
3.1 How to take up all or part of your Entitlement.....	8
3.2 How to apply for Shortfall Shares.....	8
3.3 Lapse of Entitlement.....	8
3.4 Payment.....	8
3.5 Representations, warranties and acknowledgements.....	9
4. SHORTFALL SHARES.....	10
5. EFFECT OF THE OFFER.....	11
5.1 Effect of the Offer on share capital.....	11
5.2 Potential effect on control.....	11
6. RISKS.....	12
6.1 Introduction.....	12
6.2 Company Specific Risks.....	12
6.3 Industry Specific Risks.....	13
6.4 General Risks.....	15
6.5 Speculative investment.....	16

7.	ADDITIONAL INFORMATION.....	16
7.1	Reliance on Offer Memorandum.....	16
7.2	Further information.....	16
7.3	Governing law.....	17
8.	DEFINED TERMS.....	17

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 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 Switzerland.

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 2021 (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 as 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

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

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 UK Prospectus Regulation) 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 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 Financial Services and Markets Act 2000 (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.

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, 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 Jan 2023
Ex-date – the date on which Shares commence trading without the entitlement to participate in the Offer	1 Feb 2023
Record Date – the date for determining entitlements of Shareholders to participate in the Offer (19:00 AEDT)	2 Feb 2023
Offer Memorandum sent to Shareholders – despatch of Offer Memorandum and Acceptance Forms – Offer opens for acceptance	7 Feb 2023
Last day to extend the Closing Date - Before noon (AEDT)	15 Feb 2023
Closing Date – the last day for receipt of Acceptance Forms (17:00 AEDT)	20 Feb 2023
Deferred settlement trading commences – New Shares commence quotation on ASX on deferred settlement basis	21 Feb 2023
Notification to ASX of NRRRI result	23 Feb 2023
Allotment of New Shares. Deferred settlement trading ends	27 Feb 2023
Expected commencement of normal trading in New Shares on ASX	28 Feb 2023

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 rights issue at an issue price of \$0.003 (0.3 cents) per New Share, to raise up to approximately \$4.4 million (before costs and expenses).

The rights issue offers you the right to take up one (1) New Share for every three (3) Shares held as at 19:00 (AEDT) on 2 February 2023 at an issue price of \$0.003 (0.3 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, but not limited to:

- Mine Management Plans for the newly acquired Mt Porter & at the Glencoe/ Fountain Head gold deposits;
- Hayes Creek Environmental Impact statement technical studies & Project Management;
- Integrated Plant test-work, engineering & design, & updated feasibility;
- Tenement holding & management costs, near-mine/ regional exploration;
- Finalising the Mt Porter acquisition;
- Corporate costs, working capital & costs associated with the Offer

The issue price of the New Shares represents a discount of approximately 30.1% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 27 January 2023, and a discount of 25.0% to the last close of \$0.004 (0.4 cents).

The non-renounceable rights issue is not underwritten.

Binding commitments have been received, including from major shareholder Delphi Unternehmensberatung Aktiengesellschaft (DELPHI), to subscribe for \$2.1 million of Entitlements for which they, or the entities that they control, are entitled under the Offer.

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 is offering Shareholders the opportunity to subscribe for New Shares under a pro-rata non-renounceable rights issue. Each Eligible Shareholder is entitled to subscribe for one (1) New Share for every three (3) Shares held by that Shareholder as at the Record Date at an issue price of \$0.003 (0.3 cents) per New Share.

The issue price of the New Shares represents a discount of approximately 30.1% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 27 January 2023, and a discount of approximately 25.0% to the last traded price of PNX shares on 25 January 2023 of \$0.004 (0.4 cents).

This offer presents an opportunity for Eligible Shareholders to acquire New Shares at an issue price of \$0.003 (0.3 cents) per share as outlined in the ASX Announcement on 30 January 2023 (NRRI).

There is no minimum subscription for the Offer or the Shortfall Offer.

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

Shareholders may:

- a) subscribe for all or part of their Entitlement, and for a nominated number of New Shares in excess of their Entitlement as part of any Shortfall;
- b) allow all or part of their 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. No cooling-off rights apply to an investment in New Shares. 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 the accompanying Acceptance Form. You must pay the appropriate application monies (at \$0.003 (0.3 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.

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, related parties of the Company and entities to which Listing Rule 10.11 applies 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 7 February 2023. The closing date and time for acceptances and payments is 17:00 AEDT on 20 February 2023, 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 19:00 AEDT on 2 February 2023 (**Eligible Shareholder**) is entitled to participate in the Offer in respect of the number of Shares for which that Shareholder is then registered as the holder.

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 Switzerland 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 \$4.4 million, the Company intends to apply the funds raised from the Offer (refer ASX Announcement dated 30 January 2023) as follows:

	\$ million
Continue with development activities at PNX's 100% owned Fountain Head gold and the Hayes Creek zinc-gold-silver Projects including, but not limited to:	
Mine Management Plans for the newly acquired Mt Porter & at Glencoe/ Fountain Head gold deposits	\$0.3
Hayes Creek Environmental Impact statement technical studies & Project Management	\$1.0
Integrated Plant test-work, engineering & design, & updated feasibility	\$0.5
Tenement holding & management costs, near-mine drilling at Mt Porter & regional exploration	\$1.6
Finalising Mt Porter acquisition	\$0.3
Corporate costs, working capital & costs associated with the Offer	\$0.7
Total Use of Funds	\$4.4

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

The Company's announcements are available on the ASX website at www.asx.com.au, using the code PNX.

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 the New Shares offered pursuant to the Offer will be issued and allotted by no later than 27 February 2023. 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 27 February 2023 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	\$0.0050 on 22 December 2022	\$0.0035 on 20 December 2022	\$0.004 on 23 January 2023

2.6 Broker handling fees and commissions and Binding Commitment Fee

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

Committed Shareholders that have provided binding commitments to subscribe, or procure subscriptions for Entitlements for which they, or the entities that they control, are entitled under the Offer will be entitled to a 2% fee payable in cash, or fully paid ordinary shares in the Company at the same price as offered in this NRRI, and subject to any required approvals.

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 \$0.003 (0.3 cents) per New Share subscribed for) to the Company's Share Registry in the manner provided in section 3.4 by no later than 17.00 AEDT on 20 February 2023 (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 \$0.003 (0.3 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 application monies 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 17:00 AEDT on 20 February 2023**, 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 appropriate application monies (at \$0.003 (0.3 cents) per New Share 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 17:00 AEDT on 20 February 2023**, 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 Cheque, money order or bank draft must be made payable to 'PNX Metals Limited' and crossed 'Not Negotiable'. Cash 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 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 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 of 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 you have submitted payment of any application monies via BPAY® or otherwise, at the issue price of \$0.003 (0.3 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) warranted that you are not located in the United States of America (U.S.A) and are not a person (including nominees or custodians) acting for the account or benefit of a person located in the U.S.A and are not otherwise a person to whom it would be illegal to make an offer or issue of New Shares pursuant to this Offer Memorandum;
- m) acknowledged that investment in the Company is subject to risk;
- n) 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;
- o) 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;
- p) authorised the Company to correct any errors in your Acceptance Form or other form provided by you;
- q) 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
- r) 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 U.S.A or is acting for the account or benefit of a person in the U.S.A.

The Directors reserve the right to accept late applications in their sole discretion. The Directors' (or their delegates') decision as to whether to treat an Acceptance Form as valid and how to construe, amend or complete the Acceptance Form is final and binding.

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, subject to the Directors retaining discretion to refuse to accept applications (in whole or in part) for Shortfall Shares under the Shortfall Offer where the effect of issuing Shortfall Shares to the applicant will result in PNX breaching the ASX Listing Rules or the applicant's, or another person's, Voting Power in PNX increasing from 20% or below to more

than 20%, or from a starting point above 20% to below 90%, applicants in accordance with the Shortfall Offer will be allocated the lesser of:

- a) the number of Shortfall Shares applied for by the applicant; and
- b) if the number of Shortfall Shares available for subscription is less than the aggregate number of Shortfall Shares applied for by all unsatisfied applicants, the number of Shortfall Shares applied for, scaled on a pro rata basis according to all unsatisfied applicants' respective shareholdings in PNX as at the Closing Date for the Offer.

If, following the allocation process referred to in paragraphs (a) and (b) immediately above, there are any remaining Shortfall Shares, that allocation process will be repeated continuously until all applications for Shortfall Shares have been satisfied in full or there are no further 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 receives applications for Shortfall Shares that would result in the Offer being oversubscribed then it will not accept such oversubscriptions.

PNX will not issue Shortfall Shares where the Company 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	4,444,057,807		
Unlisted securities	Number	Expiry/vesting date	Exercise Price
Existing Performance Rights	141,800,000	27 January 2024 to 20 December 2025	n/a

Assuming that the Offer is fully subscribed 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 4,444,057,807 to 5,925,410,409.

Of the 141,800,000 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.

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.

Binding commitments have been received, including from major shareholder Delphi Unternehmensberatung Aktiengesellschaft (DELPHI), holding 45.58% Voting Power in the Company prior to this NRRI, to subscribe, or procure subscriptions for \$2.1 million of the Entitlements for which they, or the entities that they control, are entitled under the Offer (Committed Shareholders).

DELPHI will be entitled to take up its Entitlement but not any Shortfall. If the Committed Shareholders, including DELPHI, take up their Entitlement in full and no other Shareholder takes up their Entitlements, DELPHI's Voting Power will increase from 45.58% to 52.30%.

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

6. RISKS

6.1 Introduction

The New Shares offered in accordance with this Offer Document are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Offer Document and otherwise disclosed to the ASX, and consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

In addition to the specific risks that relate directly to the Company, there are also other general risks, many of which are largely beyond the control of the Company and the Directors, that investors should consider. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of any New Shares issued pursuant to this Offer Document.

6.2 Company Specific Risks

(1) Funding risk

The Company is a mineral exploration company and currently relies on external funding to progress and implement its objectives.

The Company's capital requirements depend on numerous factors, including the success of its planned exploration programs, the future exploration programs for its projects, the Company's ability to generate income from its operations and possible acquisitions or other corporate opportunities. If the Company acquires any new project it may need to raise further capital to fund the acquisition or the project once acquired.

Any future capital raising could result in dilution to existing Shareholders, depending on the nature of the capital raising (whether it is via debt or equity).

Further, there is no guarantee that any future funding required by the Company would be available or on terms acceptable to the Company. If funding was not available on terms acceptable to the Company, it may need to scale back its exploration programs, which may impact adversely on the Company, or it may not be able to secure opportunities to acquire new projects or other corporate opportunities.

(2) Key sensitivities of the Fountain Head gold Project and Hayes Creek zinc-gold-silver Project

The future success of the Company is largely dependent on the success of the Fountain Head gold and the Hayes Creek zinc-gold-silver Project. These Projects and the Company's other licenses, are subject to the following key sensitivities:

1. the delineation of sufficient mineral resources and reserves to support viable extraction and processing of payable metals from the Fountain Head gold Project and zinc-gold-silver Hayes Creek Project;
2. gold, zinc and silver metal prices;
3. mining and processing costs;
4. the capital cost to construct any required processing plant and associated facilities or the cost of transporting any extracted materials to a third party's processing facility; and
5. National/provincial/local governments' stakes that may be included in any subsequent development agreement.

There is also no guarantee that the Company will be able to obtain all the necessary approvals, permits, licences and consents required to develop the Fountain Head gold and/or the Hayes Creek zinc-gold-silver Project.

(3) Operational risks

The business of mineral exploration, development and production, by its nature, involves significant risks. The business depends on, amongst other things, successful exploration and identification of mineral reserves, geological conditions, security of tenure, the availability of adequate funding, satisfactory performance of mining operations, limitations on activities due to inclement weather or seasonal weather patterns, availability and cost of consumables and plant and equipment (including drilling rigs and other necessary machinery to undertake exploration, development and production), equipment breakdowns and skilled labour when required.

The Company's projects, the Fountain Head gold and the Hayes Creek zinc-gold-silver Projects, are located in the Pine Creek Region of the Northern Territory. The overall remote nature of these projects present, and can compound various usual logistical challenges, such as inclement weather, difficulties in obtaining necessary supplies for operations and other force majeure events, including virus containment (i.e. COVID-19), which has the potential to significant delay or increase the costs of exploration and development activities.

6.3 Industry Specific Risks

(1) Commodity price fluctuations

The prices of minerals are influenced by numerous variable factors, including laws and regulations, economic conditions and physical and trading demand and supply. Fluctuations in mineral prices may, positively or negatively, influence the operating and financial performance of projects and businesses in which the Company has an interest or proposes to have an interest.

Even if this is not the case, general sentiment towards one or more mineral may have a significant adverse affect on the price of Shares.

(2) Mineral Resource estimates

Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. While these estimates may be appropriate when made, they may change significantly when new information or techniques become available.

There are risks associated with such estimates. Mineral Resource estimates depend to some extent on interpretations, which may prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(3) Grant of future authorisations to explore and mine

Various third-party approvals are required in order to advance the Company's projects. For example, drilling approvals are required in order to undertake exploration activities at the [insert] Project in the Northern Territory.

Whilst these are standard applications and the Company knows of no reason why they would not be approved, to the extent that required approvals are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(4) Land access

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia

In Australia, negotiations with both native title claimants and land owners/occupiers may be required before the Company can access land for exploration or mining activities.

Consent cannot always be guaranteed or may be granted only subject to compensation and inability to access, or delays experienced in accessing, the land the subject of the Company's projects may impact on the Company's activities.

(5) Environmental risks

The operations and proposed activities of the Company are subject to Australian and Federal and State laws and regulations concerning the environment. All exploration projects and mining operations have an impact on the environment, particularly advanced exploration and mine development.

The Company endeavours to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, as with all exploration and mining activities, the Company's operations are expected to have an impact on the environment. There are also risks inherent in the Company's activities including accidental leakages, spills, or other unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before undertaking activities that are likely to impact on the environment. If the Company fails to obtain such approvals it will be prevented from undertaking those activities. The Company cannot predict what future legislation and regulations may govern mining, and may impose significant environmental obligations on the Company.

(6) Metallurgy

Metal and/or mineral recoveries are dependent upon metallurgical processes and, by their nature, contain elements of significant risk such as:

1. identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
2. developing an economic process route to produce a metal and/or concentrate; and
3. changes in the mineralogy of the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the Company's projects.

(7) Foreign exchange rate risk

The Company's revenue and expenditure are and will be taken into account in Australian dollars. The majority of metals are sold throughout the world based principally on a US dollar price. Therefore, the Company is exposed to fluctuations and volatility in the USD/AUD exchange rates. Movements in these exchange rates may adversely or beneficially affect the Company's results or the ability of the Company to raise further funds (in AUD) to advance its operations.

(8) Key management

The Directors are primarily responsible for overseeing the operations and the strategic management of the Company. The day-to-day operations of the Company are the responsibility of the Managing Director, assisted by the Chief Financial Officer and technical staff. There can be no assurance that there will be no detrimental impact on the Company if one or more of the Directors, particularly the Managing Director, no longer act as Directors of the Company, or if the employment outlook for geologists and other mining industry specialists remains tight or further tightens for any reason.

6.4 General Risks

(1) Economic and market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

1. general economic outlook;
2. commodity prices;
3. interest rates and inflation rates;
4. changes in investor sentiment toward particular market sectors;
5. the demand for, and supply of, capital; and
6. terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and resource exploration securities in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(2) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of receiving New Shares pursuant to this Document.

(3) Liquidity Risk

The Company's Shares are currently admitted to ASX's official list, and the Company will apply for Quotation of any Shares issued pursuant to this Offer Document and no assurance can be given of the price at which Shares will trade.

The market price of securities can fall, as well as rise, and may be subject to varied and unpredictable influences on the market for equities and, in particular, resources entities. Neither the Company nor the Directors provide any warranty as to the future performance of the Company or any return on an investment in the Company.

(4) Information technology/privacy

The Company relies heavily on its own computer systems and those of third-party service providers to store and manage private and confidential information. A malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of the Company's data at risk. If the Company's efforts to combat any malicious attack are unsuccessful or the Company has actual or perceived vulnerabilities, the Company's business reputation and brand name may be harmed, potentially having a material adverse effect on the Company's operations and financial position.

6.5 Speculative investment

The above risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered pursuant to this Offer Document.

Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for any New Shares pursuant to this Offer Document.

7. ADDITIONAL INFORMATION

7.1 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.

7.2 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.

7.3 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.

8. 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.
ASX	ASX Limited or the securities exchange operated by ASX Limited (as the context requires).
ASX Listing Rules	the official listing rules of ASX.
Closing Date	the last date for accepting the Offer, being 17:00 AEDT on 20 February 2023, 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).
Committed Shareholders	those shareholders that have provided a binding commitment to the Company to subscribe, or procure subscriptions for \$2.1 million of New Shares for which they, or the entities that they control, are entitled under the Offer.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of PNX.
Eligible Shareholder	is defined in section 1.4.
Entitlement	is defined in section 1.1.
New Share	a Share to be issued pursuant to this Offer Memorandum at \$0.003 (0.3 cents) per Share.
Offer	the offer made pursuant to this Offer Memorandum of one (1) New Share for every three (3) Shares held by a Shareholder on the Record Date.
Offer Memorandum	this Offer Memorandum dated 30 January 2023 under which the Offer is being made.
Option	an option to subscribe for a Share.
Performance Right	a Performance Right granted under the Company's Employee Performance Rights Plan.
Record Date	19:00 (AEDT) on the date specified in the timetable set out at the commencement of this Offer Memorandum (unless extended).

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 with a registered address as at the Record Date.
Shortfall or Shortfall Shares	those New Shares forming Entitlements or part of Entitlements not accepted under the Offer.
Shortfall Offer	the offer made pursuant to this Offer Memorandum for a nominated number of New Shares in excess of an applicant's entitlement under the Offer as part of any Shortfall.
Voting Power	has the same meaning as in the Corporations Act.



PNX Metals Limited
ABN 67 127 446 271

PNX
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

For all enquiries:

Phone:  PNX Metals Limited +61 8 8364 3188

Make your payment:



See overleaf for details of the Offer and how to make your payment

Non-Renounceable Rights Issue — Entitlement and Acceptance Form

Your payment must be received by 5:00pm (AEDT) Monday, 20 February 2023

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Memorandum dated Monday, 30 January 2023.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**PNX Metals Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

PNX Metals Limited Non-Renounceable Rights Issue
Payment must be received by 5:00pm (AEDT) Monday, 20 February 2023

© Registered to BPAY Pty Limited ABN 69 079 137 518

Entitlement and Acceptance Form

X 9999999999 I ND

STEP 1 Registration Name & Offer Details

For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at
Thursday, 2 February 2023:
Entitlement to New Shares
on a 1 for 3 basis:
Amount payable on full acceptance
at \$0.003 per New Share:

STEP 2 Make Your Payment by 5:00pm (AEDT) Monday, 20 February 2023

To avoid postal delay make your payment via **BPAY** either online or by phone with your bank using the payment details below.

BPAY



Billers Code:
Ref No:

Contact your financial institution to make your
payment from your cheque or savings account.

BPAY
Neither Computershare Investor Services Pty Limited (CIS) nor PNX Metals Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. Eligible Shareholders should use the customer reference number shown on this Application Form when making a BPAY payment.

MAIL
Neither CIS nor PNX Metals Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice
The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the **issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at www.computershare.com/au/privacy-policies.

Detach [here](#)

PNX Metals Limited Acceptance Payment Details

Entitlement taken up:

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Number of additional New Shares applied for:

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Amount enclosed at \$0.003 per New Share: **A\$**

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Entitlement No: 12345678
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

BPAY is the most efficient and secure form of payment. Your BPAY payment details are shown above.

Contact & Cheque Details

Contact Name _____ Daytime Telephone _____

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14