



POLARX LIMITED
ABN 76 161 615 783

NON-RENOUNCEABLE ENTITLEMENT OFFER

For a non-renounceable pro rata offer to Eligible Shareholders of up to approximately 53,244,662 New Shares at an issue price of \$0.08 per New Share on the basis of 1 New Share for every 7 Existing Shares held to raise approximately \$4.26 million before issue costs

Important Notice

If you are an Eligible Shareholder, this is an important document that requires your immediate attention.

This Offer Document is not a prospectus and it does not contain all of the information that an investor may require in order to make an informed decision regarding the New Shares offered under this document.

This Offer Document should be read in its entirety before deciding whether to apply for the New Shares. If after reading this Offer Document you have any questions about the New Shares being offered under this Offer Document, then you should consult your professional adviser.

The New Shares offered by this Offer Document should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notes

This Offer Document is dated 18 June 2019. The information contained in this Offer Document is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser. In particular, it is important that you consider the risk factors (see section 4 of this Offer Document) that could affect the performance of the Company before making an investment decision.

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. In broad terms, section 708AA of the Corporations Act provides that rights issues by certain entities do not require disclosure to investors under a prospectus or other disclosure document. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required under Australian law or any other law to be disclosed in a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding whether to accept the Entitlement Offer. Announcements made by the Company to ASX are available from the website of the ASX. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Before applying for New Shares you should consider whether such an investment, and the information contained in this Offer Document, is appropriate to your particular needs, and considering your individual risk profile for speculative investments, investment objectives and individual financial circumstances. You should consult your professional adviser without delay.

By returning an Application Form or lodging an Application Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY® in accordance with the instructions on the Application Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Entitlement Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document. Cooling-off rights do not apply to an application for New Shares and you cannot withdraw your application once it has been accepted.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offer is not being extended, and New Shares will not be issued, to Shareholders with a registered address which is outside Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares to existing Shareholders in any jurisdiction other than Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom. This Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to Shareholders with a registered address in New Zealand, Singapore, Canada, Hong Kong and the United Kingdom, to the extent permitted below.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under

New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Singapore

This document and any other materials relating to the Offer and 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 the 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) 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 (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, 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.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of *NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators*.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations

Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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.

United Kingdom

Neither the information in this document nor any other document relating to the Offer has been delivered for approval to the Financial Control 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 Retail Offer or the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities 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) 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 have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO)*, (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) 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.

Future performance and forward looking statements

Neither the Company nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the Entitlement Offer. Investors should note that past share price performance of the Company provides no guidance to its future share price performance.

Any forward looking statements in this Offer Document are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Offer Document. Investors should specifically refer to the "Risk Factors" in section 4 of this Offer Document. That section refers to some but not all of the matters that may cause actual results to differ from the position stated in any forward looking statement in this Offer Document.

Disclaimer

This Offer Document has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Offer Document or takes responsibility for, or makes any statements, representations or undertakings in, this Offer Document. Neither the ASX nor ASIC takes any responsibility for the contents of this Offer Document.

No person is authorised to give information or to make any representation in connection with this Offer Document which is not contained in the Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Offer Document.

Currency

All financial amounts contained in this Offer Document are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Document are due to rounding.

Time

All references to time in this Offer Document are references to Perth, Australia time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Offer Document are detailed in the glossary of terms in section 6 of this Offer Document.

Offer Document intended to be read in conjunction with publicly available information

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company that has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest, including the announcements made by the Company on 4 June 2019 and 7 June 2019.

All announcements made by the Company are available from its website www.polarx.com.au or the ASX website www.asx.com.au.

Privacy

The Company and the Share Registry have already collected certain personal information from you as a Shareholder. If you complete an Application Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration. The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Enquiries

If, after reading this document, you have any questions about the Entitlement Offer, please consult your legal, financial, taxation or other professional adviser. Shareholders may also contact Ian Cunningham, Company Secretary on +61 8 9226 1356.

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CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of PolarX Limited (ABN 76 161 615 783) (**PolarX** or **Company**), I am pleased to invite you to participate in the Company's 1 for 7 non-renounceable entitlement offer at an offer price of \$0.08 per New Share (**Entitlement Offer**).

The Entitlement Offer will allow you to have the opportunity to purchase 1 New Share at the Offer Price of \$0.08 per New Share for every 7 existing PolarX ordinary shares (**Existing Shares**) you owned at 5.00pm (WST) on Thursday, 13 June 2019 (**Record Date**).

The Offer Price of \$0.08 per New Share represents a:

- (a) 17.5% discount to the last closing price before the announcement of the Entitlement Offer;
- (b) 3.6% discount to the VWAP for the one month prior the announcement of the Entitlement Offer; and
- (c) 3.9% premium to the VWAP for the three months prior to the announcement of the Entitlement Offer.

New Shares issued under the Entitlement Offer will rank equally with all fully paid ordinary shares of the Company already on issue.

Eligible Shareholders who wish to take up their entitlement under the Entitlement Offer in full may also apply for additional New Shares in excess of their pro-rata entitlement via a Shortfall Offer¹. Please refer to section 3.3 of this Offer Document for further details. The Board reserves the right to allocate New Shares under the Shortfall Offer in their absolute discretion.

The proceeds of the Entitlement Offer will be used to fund exploration on the excluded Zackly claims and the Caribou Dome property, both of which fall outside the area covered by the strategic earn-in joint venture with Lundin Mining Corporation (refer ASX announcements of 4 and 7 June 2019), and for general working capital purposes.

Your Entitlement under the Entitlement Offer is set out in the accompanying Application Form. The Closing Date for acceptances and payment is 5.00pm (WST) on Thursday, 27 June 2019 (unless extended).

To participate, you need to ensure that your completed Application Form, together with application monies (**Application Monies**), is received by no later than the 5.00pm (WST) on the Closing Date OR that you have paid your Application Monies via BPAY® pursuant to the instructions that are set out on the Application Form by no later than 5.00pm (AEST) on the Closing Date.

You should consult your stockbroker, accountant or other independent professional adviser to evaluate whether or not to participate in the Entitlement Offer. You should also refer to the "Risk Factors" included in section 4.

If you have any queries regarding the Entitlement Offer, please call Ian Cunningham, Company Secretary on +61 8 9226 1356 at any time between 8.30am to 5.30pm (WST), Monday to Friday during the Entitlement Offer Period.

On behalf of the Board I am pleased to recommend the Entitlement Offer to you and thank you for your continued support for PolarX.

Mark Bojanjac
Executive Chairman
PolarX Limited

¹ Provided that the issue of those New Shares will not result in a breach of the Corporations Act, ASX Listing Rules or other applicable law.

SUMMARY OF CAPITAL RAISING

Offer Ratio	1 New Share for every 7 Existing Shares held on the Record Date
Offer Price	\$0.08 per New Share
Size	Approximately 53,244,662 New Shares
Gross proceeds	Approximately \$4,260,000 (before costs)

KEY DATES

Event	Date
Announcement of Entitlement Offer and Cleansing Statement	Friday, 7 June 2019
Notice to Shareholders including information required by Appendix 3B	Tuesday, 11 June 2019
Ex-Date for Entitlement Offer	Wednesday, 12 June 2019
Record Date to determine Entitlement to New Shares (5.00pm WST)	Thursday, 13 June 2019
Dispatch of Offer Document and Application Form and announcement that dispatch completed.	Tuesday, 18 June 2019
Entitlement Offer opens	Tuesday, 18 June 2019
Entitlement Offer closes (5.00pm Perth time)	Thursday, 27 June 2019
New Shares under Entitlement Offer quoted on a deferred settlement basis	Friday, 28 June 2019
Announcement of Entitlement Offer shortfall	Tuesday, 2 July 2019
Issue of New Shares under Entitlement Offer	Thursday, 4 July 2019
Despatch date of holding statements	Thursday, 4 July 2019
Trading of New Shares issued under the Entitlement Offer on a normal basis	Friday, 5 July 2019

These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the above dates. In particular, PolarX reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

1 DETAILS OF THE OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of up to approximately 53,244,662 New Shares at the Offer Price of \$0.08 per New Share to raise up to approximately \$4.26 million before issue costs.

All Eligible Shareholders are entitled to subscribe for 1 New Share for every 7 Existing Shares held at 5.00pm (WST) on Thursday, 13 June 2019 (**Record Date**). New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Application Form.

Eligible Shareholders who wish to take up their Entitlement in full may also apply for additional New Shares in excess of their pro-rata entitlement via a Shortfall Offer². To participate in the Shortfall Offer shareholders must apply at the same time as they apply for their Entitlements. Applications under the Shortfall Offer will only be satisfied to the extent there is a shortfall under the Entitlement Offer and will be subject to the terms and conditions that are outlined in section 1.6. The Board reserves the right to allocate New Shares under the Shortfall Offer in their absolute discretion.

Certain terms and abbreviations in this Offer Document are defined in the glossary of terms in section 6.

1.2 No Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

1.3 Entitlement to participate in the Entitlement Offer

Eligible Shareholders who are on the Company's Share Register at 5.00pm (WST) on the Record Date are eligible to participate in the Entitlement Offer.

Fractional Entitlements will be rounded down to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the Listing Rules.

An Application Form setting out your Entitlement to New Shares accompanies this Offer Document.

1.4 Acceptances

This Offer may be accepted in whole or in part prior to 5.00pm (WST) on Thursday, 27 June 2019 subject to the rights of the Company to extend the Entitlement Offer Period.

Instructions for accepting your Entitlement are set out in section 3 and on the Application Form which accompanies this Offer Document.

1.5 No Trading of Entitlements

The Entitlement Offer is non-renounceable. This means that the Entitlements of Eligible Shareholders to subscribe for New Shares are not transferable and there will be no trading of Entitlements on ASX. Eligible Shareholders who choose not to take up their Entitlements will receive no benefit and their shareholding in the Company will be diluted as a result.

1.6 Shortfall Offer

ASX Listing Rule 7.11.4 and section 708AA(13)(a) of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) permit the Company to make an additional offer of the New Shares that may be comprised in any Shortfall.

Accordingly, Eligible Shareholders are also able to participate in a further discretionary offer of New Shares, being the New Shares that have been initially offered to Eligible Shareholders under the Entitlement Offer (**Shortfall Offer**). It is a condition of participating in the Shortfall Offer that the New Shares being offered may only be issued to a successful applicant where an offer of the New Shares has first been made to, but not accepted by, another Eligible Shareholder under the Entitlement Offer.

² Provided that the issue of those New Shares will not result in a breach of the Corporations Act, ASX Listing Rules or other applicable law.

In addition:

- (a) the Shortfall Offer is only made available to persons to whom offers were made under the Entitlement Offer (i.e. to Eligible Shareholders);
- (b) there is no guarantee that any Application in the Shortfall Offer will be successful and the Directors reserve the right to allocate and satisfy Applications received under the Shortfall Offer at their sole discretion;
- (c) the Shortfall Offer has the same Closing Date; and
- (d) the issue price of New Shares under the Shortfall Offer is the same price as the New Shares offered under the Entitlement Offer.

If you wish to subscribe for New Shares in addition to your Entitlement then you should nominate the maximum number of New Shares you wish to subscribe for on the Application Form and make corresponding payment for your full Entitlement plus the additional New Shares.

The Directors reserve their right to allot and issue New Shares under the Shortfall Offer at their discretion, having regard to the circumstances as at the close of the Entitlement Offer. Any scale back of applications for New Shares under the Shortfall Offer will be at PolarX's discretion and their decision on the number of New Shares to be allocated to Eligible Shareholders will be final. No New Shares will be issued under the Shortfall Offer to a Shareholder which will result in them increasing their voting power in PolarX above 20%. The Company and its advisers disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion to the maximum extent permitted by law.

The practical effect of Shortfall Offer is that an Eligible Shareholder can potentially increase its relevant interest in PolarX, but no Eligible Shareholder can increase its relevant interest to more than 20% by way of application for additional New Shares under the Shortfall Offer.

It is an express term of the Entitlement Offer that applicants for additional New Shares under the Shortfall Offer will be bound to accept a lesser number of additional New Shares allocated to them than applied for, if so allocated.

Persons who are unsuccessful in their Application under the Shortfall Offer or whose Application is only part accepted will have their excess Application Monies (without interest) returned by cheque within five days of the Closing Date, without interest. Please note it is not practical to refund amounts of less than \$2.00 and any refunds owing for this amount will be retained by PolarX.

1.7 Details of substantial holders

The Company is of the view, after taking into account publicly available information as at the date of this Offer Document, the persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial holder	Holder's votes	Voting power (percent)
Lundin Mining Corporation	53,442,000 ¹	14.34%
J P Morgan Chase & Co and its affiliates	30,462,156	8.17%
Ruffer LLP	27,400,666	7.35%

Note 1: The Company has a relevant interest in these Shares by virtue of its rights under an undertaking deed entered into between Lundin Mining Corporation and the Company dated 3 June 2019.

1.8 Directors' interests

Each Director's interest in the securities of the Company as at the date of this Offer Document and their Entitlement is detailed in the table below.

Director	Shares	Options	Entitlement
Mark Bojanjac	Nil	7,000,000	Nil
Frazer Tabeart	4,103,273	5,000,000	586,182
Jason Berton	13,664,938	5,000,000	1,952,134
Robert Boaz	Nil	1,000,000	Nil

1.9 Allotment and Application Money

Application Money will be held in a subscription account on trust until allotment of the New Shares. If the Application Money is refundable, it will be refunded as soon as reasonably practicable. Interest earned on the Application Money will be for the benefit of the Company and will be retained by the Company irrespective of whether New Shares are issued.

No allotment of the New Shares will occur until ASX grants permission to quote the New Shares.

The New Shares are expected to be allotted by no later than 5.00pm (WST) on Thursday, 4 July 2019. Statements of holding of New Shares will be mailed after allotment occurs.

1.10 Rights and Liabilities attaching to the New Shares

The New Shares will, once issued, rank equally with Existing Shares. The rights and liabilities attaching to New Shares are set out in PolarX's constitution.

1.11 ASX Quotation

Application for admission of the New Shares to official quotation on ASX has been made.

Subject to approval being granted by ASX, it is expected that quotation and trading of New Shares will commence on a deferred settlement basis on Friday, 28 June 2019.

The fact that ASX may agree to grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.12 Issue Outside Eligible Jurisdictions

This Offer Document and accompanying Application Form does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to make the Entitlement Offer. No action has been taken to register or qualify the Shares or the Entitlement Offer or otherwise to permit an offering of the Shares in any jurisdiction outside Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

1.13 Ineligible Shareholders

The Entitlement Offer is only being extended to Eligible Shareholders in Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom because of the small number of and cost of extending the Offer to Shareholders other than Eligible Shareholders. The Offer Document is sent to those Shareholders for information only.

Recipients may not send or otherwise distribute this Offer Document or the Application Form to any person outside Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom (other than to Eligible Shareholders).

It is the responsibility of any Shareholder who submits an Application Form to obtain all necessary approvals for the allotment and issue of the New Shares under this Offer. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

1.14 Appointment of foreign holder nominee

The Company has appointed a nominee (**Nominee**) to sell the Entitlements that Ineligible Shareholders would have been entitled to and sell them on their behalf.

The nominee sale procedure will be implemented as follows:

- (a) the Nominee will use reasonable endeavours to obtain commitments to acquire the Entitlements that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Shares**), at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion;

- (b) subject to the Nominee being able to secure commitments for some or all of the Nominee Shares, the Company will issue to the Nominee the applicable number of Nominee Shares; and
- (c) the net proceeds of the subsequent sale of the Nominee Shares (after deducting the costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the Entitlements are sold in proportion to their shareholdings as at the Record Date.

The Nominee does not guarantee that it will be able to secure commitments for the Nominee Shares at all or at any given price. Further, if net proceeds of any sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Accordingly, there is a possibility that Ineligible Shareholders may receive no net proceeds if the costs of the sale of the Nominee Shares are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Shares at any particular price or the timing of such sale.

1.15 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under the Entitlement Offer, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under the Entitlement Offer and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.16 Notice to nominees and custodians

Nominees and custodians that hold Existing Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

1.17 Withdrawal

The Directors may at any time decide to withdraw this Offer Document and the Offers, in which case, all Application Monies will be returned without interest in accordance with the Corporations Act.

1.18 Cleansing Statement

The Company lodged a Cleansing Statement with ASX on 7 June 2019. The Cleansing Statement may be reviewed on the websites of the Company and ASX.

1.19 Enquiries

Any queries regarding the Entitlement Offer should be directed to Ian Cunningham, Company Secretary on +61 8 9226 1356.

You can also contact your stockbroker or professional adviser with any queries in relation to the Entitlement Offer.

This Offer Document is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. If you have any queries as to whether participation in the Entitlement Offer is appropriate having regard to your particular circumstances or any queries on the specific consequences for you of any such participation, you should contact your stockbroker, accountant or other professional adviser.

2. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

2.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to approximately \$4.26 million (before costs). The Directors intend to apply the proceeds from the Entitlement Offer for the following purposes in accordance with the table set out below:

Use of funds ^{1, 2}	Amount (\$m)
Exploration at the Alaska Range Project, comprising: • Drilling at Zackly; • Zackly metallurgical studies; • Caribou Dome targeting; • Regional targeting for new Cu-Au opportunities; and • Environmental base line studies at Zackly and Caribou Dome.	2.71
General working capital ³	1.50
Expenses of the Entitlement Offer	0.05
ESTIMATED TOTAL	4.26

Notes:

1. In the event that the Entitlement Offer is not fully subscribed, the funds raised will be allocated firstly towards the expenses of the Entitlement Offer and then proportionally between the remaining items.
2. In the event that circumstances change or other opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.
3. General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

2.2 Effect of the Entitlement Offer on the Company's Financial Position

The effect of the Entitlement Offer will be that:

- (a) cash reserves will initially increase by up to approximately \$4.2 million (after payment of costs of the Entitlement Offer); and
- (b) the number of Shares on issue will increase from 372,712,638 to up to 425,957,300.

2.3 Effect of the Entitlement Offer on Control

The Entitlement Offer is structured as a pro rata issue and if all Eligible Shareholders take up their Entitlements, the Entitlement Offer will have no effect on the control of the Company.

If Shareholders do not take up their entitlements (whether because they are Ineligible Shareholders or otherwise), their interest in the Company will be diluted. The interests of Eligible Shareholders that only take up part of their entitlement will also be diluted but to a lesser extent. The proportional interests of Ineligible Shareholders will be diluted because such Shareholders are not entitled to participate in the Entitlement Offer.

Based on the information in Section 1.7, no person would increase their voting power above 20% as a result of acceptance of an Entitlement and in respect of the Shortfall Offer, the Company will only issue Shares to an applicant where the Directors are satisfied, in their discretion, that the issue of the Shares will not result in a person's voting power increasing above 20%.

2.4 Effect on Capital Structure

A table of changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below (assuming the Entitlement Offer is fully subscribed):

Shares	Number
Existing Shares as at the date of this Offer Document	372,712,638
New Shares issued pursuant to the Entitlement Offer	53,244,662
Total issued Shares	425,957,300
Unlisted Options	Number
Existing unlisted Options as at the date of this Offer Document ¹	23,450,000
Total issued unlisted Options	23,450,000

Notes:

1. The existing unlisted options do not carry an entitlement to participate in the Entitlement Offer.

3. HOW TO APPLY

3.1 What you may do

The number of New Shares to which you are entitled to subscribe for is shown on the accompanying Application Form.

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement (refer section 3.2);
- apply for additional New Shares in the Shortfall Offer (refer section 3.3);
- subscribe for part of your Entitlement (refer section 3.4); or
- allow all of your Entitlement to lapse (refer section 3.5).

3.2 To subscribe for all of your Entitlement

If you wish to subscribe for **all** of your Entitlement and wish to pay by cheque or bank draft, you should:

- (a) complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Shares you are entitled to subscribe for;
- (b) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to that form; and
- (c) return the Application Form together with payment to the Share Registry so that it is received by **5.00pm (WST) on Thursday, 27 June 2019**.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

Alternatively, if you wish to take up **all** of your Entitlement and wish to pay by BPAY®, you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement).

If you choose to pay by BPAY® you are not required to submit the Application Form but are taken to make the statements on that form.

It is your responsibility to ensure that your BPAY® payment is received by the Company by no later than **5.00pm (AEST) on Thursday, 27 June 2019**. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

Cash will not be accepted and no receipts will be issued.

3.3 To apply for additional New Shares in the Shortfall Offer

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Shares regardless of the size of their present holding, under the Shortfall Offer by completing the relevant section on the Application Form. You may only apply for additional New Shares under the Shortfall Offer if you decide to take up all of your Entitlements under the Entitlement Offer.

A single cheque or bank draft should be used for the Application Money for your Entitlement and the number of additional New Shares you wish to apply for as stated on the Application Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by BPAY® must ensure that payment is received by no later than **5.00pm (AEST) on Thursday, 27 June 2019**. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

Refer to section 1.6 for further information in respect of the Shortfall Offer.

3.4 To subscribe for part of your Entitlement

If you wish to subscribe for **part** of your Entitlement and reject the balance and wish to pay by cheque or bank draft, you should:

- (a) complete the accompanying Application Form in accordance with the instructions set out in that form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified in the Application Form;
- (b) attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to that form; and
- (c) return the Application Form together with payment to the Share Registry so that it is received by **5.00pm (WST) on Thursday, 27 June 2019**.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Application Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Application Form) or your Application may be rejected.

Alternatively, if you wish to take up **part** of your Entitlement and wish to pay by BPAY®, you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself).

If you choose to pay by BPAY® you are not required to submit the Application Form but are taken to make the statements on that form.

It is your responsibility to ensure that your BPAY® payment is received by the Company by no later than **5.00pm (AEST) on Thursday, 27 June 2019**. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

3.5 To allow your Entitlement to lapse

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement may be dealt with in accordance with section 1.6.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

3.6 Payment

If you wish to participate in the Entitlement Offer, you need to do one of the following:

Option 1: Pay by Cheque

Please complete the enclosed Application Form and return it with your cheque made payable to “PolarX Limited”, drawn on an Australian financial institution and crossed “Not Negotiable” in an envelope to:

PolarX Limited
C/- Computershare Investor Services Pty Ltd
GPO Box 505
Melbourne VIC 3001

Your completed Application Form and cheque must be received by the Share Registry prior to the close of the Entitlement Offer at **5.00pm (WST) on Thursday, 27 June 2019**. Shareholders will need to apply in Australian dollars and affix the appropriate postage to the reply paid envelope.

Option 2: Pay via BPAY®

To pay via BPAY® you will need to:

- (a) be an account holder with an Australian financial institution;
- (b) use the personalised reference number shown on your Application Form which is required to identify your shareholding; and

- (c) ensure that your payment is received by the Share Registry before **5.00pm (AEST) on Thursday, 27 June 2019**.

You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying via BPAY® there is no need to return the Application Form but you will be taken to have made the statements and certifications that are set out in the Application Form.

When making payment via BPAY®, please ensure that you enter the correct Biller Code and Reference Number information that is shown on your personalised Application Form. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. If you enter your BPAY® details incorrectly, PolarX will not be able to issue you your New Shares under the Entitlement Offer.

Amounts received by PolarX in excess of the Offer Price multiplied by your Entitlements (**Excess Amount**) may be treated as an Application to apply for as many additional New Shares as your Excess Amount will pay for in full under the Shortfall Offer.

3.7 Application Form is binding

A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Offer Document and Application Form, does not prohibit you from being given the Offer Document and Application Form and that you:

- (a) agree to be bound by the terms of the Entitlement Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry using the contact details set out in the Application Form;
- (e) declare that you are an Eligible Shareholder resident in Australia, New Zealand, Singapore, Canada, Hong Kong or the United Kingdom and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Offer Document and Application Form, is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia, New Zealand, Singapore, Canada, Hong Kong or the United Kingdom and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

Ian Cunningham, Company Secretary

Tel: +61 8 9226 1356

or contact your stockbroker or professional adviser

4. RISK FACTORS

4.1 Overview

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for 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 New Shares.

The Company's principal activity is mineral exploration and development and companies in this industry are subject to many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors which the Company believes are most important in the context of the Company's business.

The following list is not intended to be an exhaustive list of the risk factors relating to an investment in the Company and other risk factors may apply.

4.2 Company risks

(a) Uninsured risks

The Company, as a participant in mining and exploration activities, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Company may incur a liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

(b) Unforeseen expenses

The Company is not aware of any expenses that may need to be incurred that have not been taken into account. However, if such unforeseen expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(c) Contractual Risk

Some of the Company's mineral properties are subject to option agreements between the Company (or its respective subsidiaries), as the case may be, and the owners of such mineral properties or an interest in such mineral properties. The Company will be reliant on the owners of such mineral properties or interests therein complying with their contractual obligations under the option agreements to maintain the Company's interest in such mineral properties in full force and effect.

(d) Access to Financing

The Company is at the exploration stage with no revenue being generated from the exploration activities on its respective mineral properties. The Company may therefore have to raise the capital necessary to undertake or complete future exploration work, including drilling programs. There can be no assurance that debt or equity financing will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. An inability to access sufficient capital for operations could have a material adverse effect on the Company's financial condition, results of operations or prospects. In particular, failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in its mineral properties, miss certain acquisition opportunities, or reduce or terminate its operations.

(e) Contingent Liability from Arbitration Award

The Company has a contingent liability arising from the termination of a drilling contract in Paraguay in 2008, subsequent to which arbitration proceedings were commenced by the drilling contractor. In August 2016, the Company received notice of the Arbitration Tribunal's determination. Based on its review of the Tribunal's judgement and advice from its Paraguayan legal counsel, the Company assessed the quantum of damages that may be payable by it to be approximately US\$40,000 plus interest. Subsequently, on 7 March 2018, the Company received notice that the plaintiff was seeking a Paraguayan judicial

order for the enforcement of an arbitration award against the Company in the amount of US\$123,853.

The Company does not anticipate making any damages payment until it has received further advice in relation to the matter, including the accuracy of the claimed amount, enforceability of any judgement in Australia and the Company's rights to challenge such an enforcement.

4.3 Mining Industry risks

(a) Exploration and Development Risks

Few mineral properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in the definition of a mineral resource.

In addition, substantial expenditures are required to establish mineral reserves and mineral resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold and other mineral properties is affected by many factors, including the cost of operations, variations in the grade of minerals mined, fluctuations in metal markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The long-term success of the Company depends on its ability to explore, develop and commercially produce minerals from its mineral properties and to locate and acquire additional properties worthy of exploration and development for minerals.

Operations are subject to all of the hazards and risks normally encountered in the exploration and development of minerals. Although precautions to minimise risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Changes to legislation and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at any future producing properties or require abandonment or delays in the development of new mining properties.

(b) Permits and licenses

The activities of the Company will be subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances and other matters, including issues affecting local native populations. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of the Company's mineral properties may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in its mineral properties may decline.

(c) Title risks

The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. The Company's mineral properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. The boundaries of its mineral properties have not been surveyed and consequently may be disputed.

(d) **Competition**

The mining industry is highly competitive. The Company's competitors for the acquisition, exploration, production and development of mineral properties, and for capital to finance such activities, will include companies that have greater financial and personnel resources available to them.

(e) **Volatility of metal prices**

The market price of any precious or base metal is volatile and is affected by numerous factors that will be beyond the Company's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, the rate of inflation, global or regional political events and international events as well as a range of other market forces. Sustained downward movements in metal market prices could render less economic, or uneconomic, some or all of the precious or base metal extraction and/or exploration activities to be undertaken by the Company.

All phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with environmental legislation can require significant expenditures and a breach may result in the imposition of fines and penalties.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

(f) **Mineral Resource estimates**

Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, base metal prices. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Mineral resources that are not mineral reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Fluctuations in copper or other base metal prices and precious metal prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition.

4.4 General investment risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development and production activities, as well as on its ability to fund those activities.

(b) **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. 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 in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is, however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. The Company can give no assurance in relation to the payment of dividends or franking credits attaching to dividends.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) **Sovereign Risk (General)**

The Company's key operations are located in Alaska, the United States of America (**USA**). Possible sovereign risks associated with operating in the USA include, without limitation, changes in the terms of legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

(g) **Insurance risks**

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(h) **Market risk and interest rate volatility**

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest rate to the Company and, hence, may affect its profit.

(i) **Share market**

There are general risks associated with an investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(j) **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

(k) **Investment speculative**

The above list of 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 Company's securities.

4.5 Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

5. ADDITIONAL INFORMATION

5.1 Disclosing Entity

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to ASX which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

This document contains a summary of information only which the Company does not purport to be complete. The Offer Document is intended to be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX.

There may be additional announcements made by PolarX after the date of this Offer Document and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up or do nothing in respect of your Entitlement. Therefore, it is prudent that you check the Company's website: www.polarx.com.au or the ASX website: www.asx.com.au to see whether any further announcements have been made by PolarX before submitting your application to take up your Entitlement.

5.2 Entitlement Offer Document

This Entitlement Offer is being made pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act. Accordingly, this document contains a summary of information only which the Company does not purport to be complete.

Neither this Offer Document nor the Application Form are required to be lodged or registered with ASIC. This Offer Document is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in PolarX. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Shareholders to carefully read and understand the information on PolarX and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Document and other announcements made available at www.asx.com.au or on Polar X's website: www.polarx.com.au.

Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on 7 June 2019. In addition to certain minor and technical matters that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

5.3 Information availability

Eligible Shareholders in Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom can obtain a copy of this Offer Document during the Entitlement Offer Period on the Company's website at www.polarx.com.au or by calling Mr Ian Cunningham, Company Secretary on +61 8 9226 1356. Persons who access the electronic version of this Offer Document should ensure that they download and read the entire Offer Document and the other relevant information to which it refers.

The electronic version of this Offer Document will not include an Application Form. A replacement Application Form can be requested to the Share Registry between 9.00am and 5.00pm (WST) on Business Days by calling +61 8 9226 1356.

5.4 Taxation

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Entitlement Offer or Shareholders applying for New Shares, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of accepting the Entitlement Offer.

6. GLOSSARY

A\$, \$ and dollars means Australian dollars, unless otherwise stated.

Application means an application for New Shares pursuant to the Application Form.

Application Form means the Application Form attached to or accompanying this Offer Document.

Application Money means money received from an Eligible Shareholder in respect of their Application.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by that entity, as the context requires.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Western Australia and any other day that ASX declares is not a trading day.

CHESS means ASX Clearing House Electronic Sub-register System.

Cleansing Statement means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means Thursday, 27 June 2019, subject to the Company extending the date.

Company or **PolarX** means PolarX Limited ABN 76 161 615 783.

Corporations Act means the *Corporations Act 2001* (Cth), including as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 in relation to the Entitlement Offer.

Director means a director of the Company.

Eligible Shareholder means a Shareholder as at 5.00pm (WST) on the Record Date with a registered address in Australia, New Zealand, Singapore, Canada, Hong Kong and the United Kingdom.

Entitlement or **Right** means a Shareholder's entitlement to subscribe for New Shares offered under the Entitlement Offer.

Entitlement Offer or **Offer** means the offer to Eligible Shareholders of up to approximately 53,244,662 New Shares at an issue price of \$0.08 per New Share on the basis of 1 New Share for every 7 Existing Shares held at the Record Date.

Entitlement Offer Period means the period commencing on Tuesday, 18 June 2019 and ending on Thursday, 27 June 2019 at 5.00pm (WST) (subject to the Company varying these dates).

Event of Insolvency means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement with creditors;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any insolvency provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or

- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Existing Share means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

Full Subscription means the amount of \$4,260,000 (less issue costs) to be raised under the Entitlement Offer (comprised of 53,244,662 New Shares).

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Issue means the issue of New Shares under the Entitlement Offer.

Listing Rules or **ASX Listing Rules** means the official listing rules of the ASX.

Material Adverse Effect means a material adverse effect on:

- (h) the outcome of the Entitlement Offer or on the subsequent market for the New Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in New Shares); or
- (i) the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Relevant Companies either individually or taken as a whole; or
- (a) the tax position of the Relevant Companies either individually or taken as a whole;

New Share means a fully paid ordinary share in the capital of the Company to be issued under the Entitlement Offer.

Offer Document means this document, including any supplements or replacements to this document.

Offer Price means \$0.08 per New Share.

Official Quotation means official quotation on ASX.

Record Date means 5.00pm (WST) on Thursday, 13 June 2019.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Computershare Investor Services Pty Ltd (ABN 48 078 279 277).

Shortfall will occur if the Company does not hold successful valid Applications for all the New Shares offered by the Company under the Entitlement Offer by the Closing Date.

Shortfall Offer means the facility described in section 1.6 under which Eligible Shareholders may apply for additional New Shares in excess of their Entitlements.

Shortfall Shares means New Shares for which successful valid Applications have not been received by the Closing Date.

US Person has the meaning given to that term in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

7. CORPORATE DIRECTORY

Directors

Mr. Mark Bojanjac (Executive Chairman)
Dr. Frazer Tabeart (Managing Director)
Dr. Jason Berton (Executive Director)
Mr. Robert Boaz (Non-Executive Director)

Company Secretary

Mr. Ian Cunningham

Registered Office

45 Ventnor Avenue
West Perth WA 6005
Telephone: +61 8 9226 1366
Facsimile: +61 8 9226 2027

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000 Australia
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Principal Place of Business

Suite 1, 245 Churchill Avenue
Subiaco WA 6008
Telephone: +61 8 6465 5500
Facsimile: +61 8 6465 5599

ASX Code: PXX

ABN: 76 161 615 783

Auditors*

Stantons International Audit and Consulting Pty
Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

*This entity has not been involved in the preparation of this Offer Document. Its name is included for information purposes only.