

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

PNX METALS LIMITED

**ABN**

67 127 446 271

**Quarter ended ("current quarter")**

31 MARCH 2017

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter</b> | <b>Year to date</b> |
|---|------------------------|---------------------|
|   | <b>\$A'000</b>         | <b>(9 months)</b>   |
|   |                        | <b>\$A'000</b>      |
| <b>1. Cash flows from operating activities</b>            |                        |                     |
| 1.1 Receipts from customers                               | -                      | -                   |
| 1.2 Payments for  |                        |                     |
| (a) exploration & evaluation                              | (778)                  | (2,867)             |
| (b) development   | -                      | -                   |
| (c) production  | -                      | -                   |
| (d) staff costs*  | (70)                   | (301)               |
| (e) administration and corporate costs                    | (160)                  | (575)               |
| 1.3 Dividends received (see note 3)                       | -                      | -                   |
| 1.4 Interest received                                     | 18                     | 39                  |
| 1.5 Interest and other costs of finance paid              | -                      | (5)                 |
| 1.6 Income taxes paid                                     | -                      | -                   |
| 1.7 Research and development refunds                      | -                      | 246                 |
| 1.8 Other- NT gov't exploration drilling grant            | 33                     | 33                  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(957)</b>           | <b>(3,430)</b>      |

\*net of staff costs included in exploration expenditure

|  |   |      |
|--|---|------|
| <b>2. Cash flows from investing activities</b> |   |      |
| 2.1 Payments to acquire:                       |   |      |
| (a) property, plant and equipment              | - | (21) |
| (b) tenements (see item 10)                    | - | -    |
| (c) investments                                | - | -    |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter</b> | <b>Year to date<br/>(9 months)</b> |
|---|---|------------------------|------------------------------------|
|   |   | <b>\$A'000</b>         | <b>\$A'000</b>                     |
|   | (d) other non-current assets                          | -                      | -                                  |
| 2.2   | Proceeds from the disposal of:                        |                        |                                    |
|   | (a) property, plant and equipment                     | -                      | -                                  |
|   | (b) tenements (see item 10)                           | -                      | -                                  |
|   | (c) investments                                       | -                      | -                                  |
|   | (d) other non-current assets                          | -                      | -                                  |
| 2.3   | Cash flows from loans to other entities               | -                      | (50)                               |
| 2.4   | Dividends received (see note 3)                       | -                      | -                                  |
| 2.5   | Other (provide details if material)                   | -                      | -                                  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b> | <b>-</b>               | <b>(71)</b>                        |

|             |   |             |              |
|-------------|---|-------------|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                 |             |              |
| 3.1         | Proceeds from issues of shares  | -           | 4,354        |
| 3.2         | Proceeds from issue of convertible notes                                    | -           | -            |
| 3.3         | Proceeds from exercise of share options                                     | -           | -            |
| 3.4         | Transaction costs related to issues of shares, convertible notes or options | (10)        | (247)        |
| 3.5         | Proceeds from borrowings  | -           | -            |
| 3.6         | Repayment of borrowings   | -           | -            |
| 3.7         | Transaction costs related to loans and borrowings                           | -           | -            |
| 3.8         | Dividends paid  | -           | -            |
| 3.9         | Other (provide details if material)   | -           | -            |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                       | <b>(10)</b> | <b>4,107</b> |

|           |  |       |         |
|-----------|--|-------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 3,217 | 1,644   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (957) | (3,430) |

## Mining exploration entity and oil and gas exploration entity quarterly report

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter</b> | <b>Year to date<br/>(9 months)</b> |
|---|--|------------------------|------------------------------------|
|   |  | <b>\$A'000</b>         | <b>\$A'000</b>                     |
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)  | -                      | (71)                               |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | (10)                   | 4,107                              |
| 4.5   | Effect of movement in exchange rates on cash held                | -                      | -                                  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>2,250</b>           | <b>2,250</b>                       |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b>  | <b>Current quarter</b> | <b>Previous quarter</b> |
|------------|---|------------------------|-------------------------|
|            | at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>\$A'000</b>         | <b>\$A'000</b>          |
| 5.1        | Bank balances   | 750                    | 817                     |
| 5.2        | Call deposits   | 1,500                  | 2,400                   |
| 5.3        | Bank overdrafts   | -                      | -                       |
| 5.4        | Other (provide details)   | -                      | -                       |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                      | <b>2,250</b>           | <b>3,217</b>            |

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| <b>Current quarter</b> |
|------------------------|
| <b>\$A'000</b>         |
| 58                     |
| -                      |

Directors' fees of \$49k related to the December 2016 quarter, and \$9k of legal costs paid to a firm associated with a director (Peter Watson).

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | _*                                 |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

\*None other than those payments described in Item 6 above.

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | 1,200   | 1,200  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

Unsecured loan from a Company shareholder Marilei International Limited, maturing 6 November 2019 with annual interest of 7.5% (interest payable in cash or ordinary shares of the Company, at the option of the Company). Under the terms of the loan agreement, the loan principal is to be settled from the sale of the Company's shares in ASX-listed Avalon Minerals Ltd, with any shortfall to be settled by issuing shares in the Company.

| <b>9. Estimated cash outflows for next quarter</b>                 | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation                                     | 775            |
| 9.2 Development  | -              |
| 9.3 Production   | -              |
| 9.4 Staff costs (net of outflows included in item 9.1 exploration) | 80             |
| 9.5 Administration and corporate costs                             | 160            |
| 9.6 Other (provide details if material)                            | -              |
| <b>9.7 Total estimated cash outflows</b>                           | <b>1,015</b>   |

| 10.  | Changes in tenements (items 2.1(b) and 2.2(b) above)                                  | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|---------------------------------|--------------------|----------------------------------|----------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | None                            |                    |                                  |                            |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased           | None                            |                    |                                  |                            |

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



*Company secretary*

Date: 28 April 2017

Print name: Tim Moran

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.