

PNX raises \$2.6 million from oversubscribed Share Placement

- **Commitments to raise \$2.6 million via heavily oversubscribed share placement to sophisticated investors**
- **Strong support from new investors and existing shareholders**
- **The Hayes Creek PFS is progressing well and new funding will be directed towards accelerating approvals and drill testing of new mineralisation at Hayes Creek and Moline**

PNX Metals Limited (ASX: PNX) is pleased to advise that it has raised \$2.6 million before costs via a share placement priced at 2.0 cents (\$0.020) per share to institutional and sophisticated investors. PAC Partners and Patersons Securities acted as Joint Lead Managers to the Placement which was heavily oversubscribed.

Under the placement, and subject to shareholder approval, investors will also receive one attaching unquoted option for every two shares subscribed for, with each option exercisable at 5.0 cents and expiring on 30 May 2019.

The funds raised will be directed towards accelerating the work program relating to Government and environmental approvals for the Company's flagship Hayes Creek gold-silver-zinc project in the Northern Territory, completing additional drill testing and metallurgical analysis of the newly discovered Southern Gossan at Mt Bonnie, for regional exploration, and for working capital purposes.

Additional regional exploration will focus on the Moline Exploration Project where an initial drill program by the Company returned excellent gold results at the School prospect (refer ASX release 5 December 2016), including:

- **MORC001: 9m @ 2.66 g/t Au (from 68m) in the western lode**
- **MORC002: 7m @ 11.89 g/t Au (from 115m) in the eastern lode, including:**
 - **MORC002: 3m @ 23.79 g/t Au (from 116m)**

The balance of assays from this initial drill program are due shortly.

PNX Managing Director James Fox said: "The PFS on the Hayes Creek gold-silver-zinc project is tracking well with the infill and extensional drill program to allow for an upgrade in the existing mineral resources nearing completion. The strong support received by investors is further evidence of the of the underlying project value. The funds raised will allow the work program relating to Government and environmental approvals processes to be accelerated, and to complete additional drill testing and metallurgical analysis of the newly discovered Southern Gossan at Mt Bonnie. Further analysis and modelling of the excellent gold results from initial drilling at Moline will proceed before a follow-up program is planned for the 2017 dry season."

The 130 million placement shares that have been subscribed for will be issued under the facilities available to the Company under ASX Listing Rules 7.1 and 7.1A, and will occur following completion on 15 December 2016. PNX will arrange a general meeting of shareholders to seek approval for the issue of the 65 million attaching options.

Hayes Creek Pre-Feasibility

The Hayes Creek PFS is fully funded and due for completion by mid-2017. It will expand on the Scoping Study completed in March 2016, which found that mining and processing ore derived from the proposed open-pit and underground operations at Hayes Creek would generate strong financial returns for PNX.

The Hayes Creek Project is located in a favourable mining jurisdiction in the Pine Creek region of Northern Territory, less than two hours by road from Darwin (Figure 1). The development strategy includes the use of existing infrastructure, designed to boost economics and reduce Project risk.

Regional Exploration

The Burnside, Moline and Chessman Projects form part of PNX's farm-in agreement with Newmarket Gold NT Holdings Pty Ltd, a subsidiary of Newmarket Gold Inc. where PNX is earning up to 90 per cent, in two stages, of 19 Exploration Licenses and four Mineral Leases (see ASX release 18 August 2014 for further details of the agreement) covering approximately 1,700km².

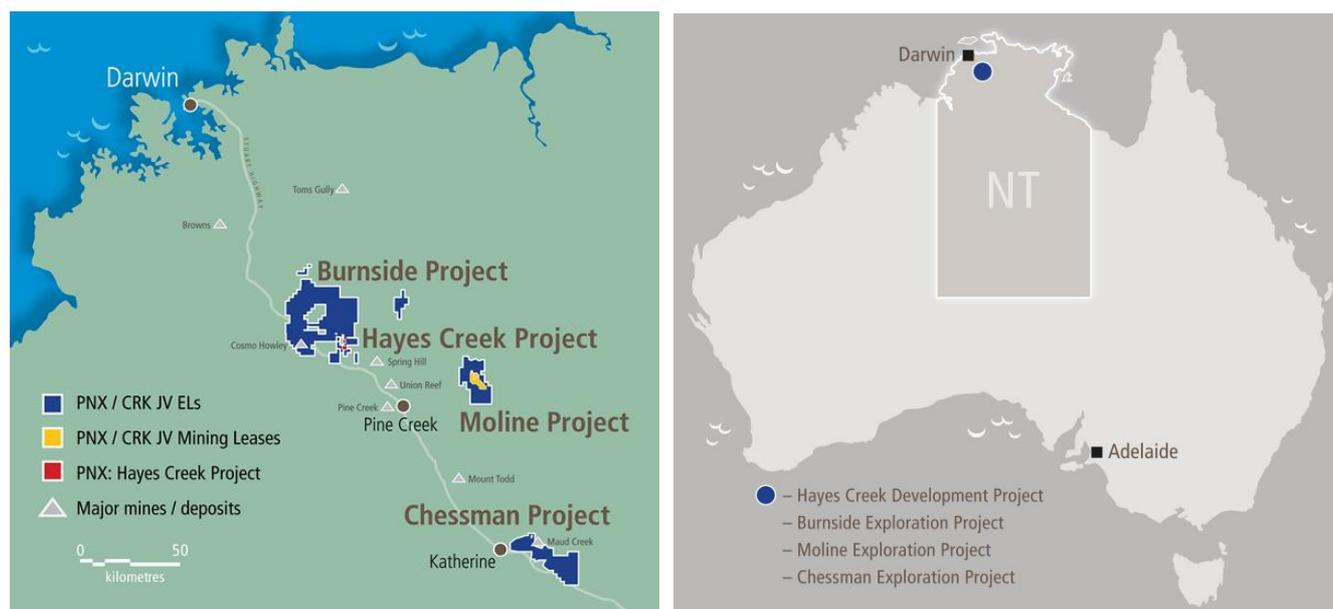


Figure 1: NT Project locations

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Bennett, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bennett has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bennett is a full time employee of PNX Metals Ltd and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

James Fox

Managing Director & CEO

Telephone: +61 (0) 8 8364 3188