

PNX commences drilling at Hayes Creek gold-silver-zinc project

- Resource and extensional drilling commenced at Mt Bonnie and Iron Blow VMS deposits, part of PNX's Hayes Creek gold-silver-zinc project**

PNX Metals Limited (**ASX: PNX**) is pleased to advise that it has started a 7,500 metre infill and extensional RC and diamond drilling program on its Hayes Creek gold-silver-zinc project in the Pine Creek region of the Northern Territory.

Initial drilling has also been completed at the Langley high-grade gold target with the prospective horizon intercepted and assay results expected shortly.

Drilling on the Hayes Creek project at the Iron Blow and Mt Bonnie VMS deposits will aim to:

- Define additional near-surface massive sulphide mineralisation to complement the already significant Mineral Resources (see ASX releases 1 November 2014 for Iron Blow Resource Estimate, and 1 February 2016 for Mt Bonnie Resource Estimate)
- Generate infill data to increase the confidence in the majority of the Mineral Resource estimate to at least Indicated status to underpin the Pre-Feasibility Study (PFS)
- Provide samples for metallurgical optimisation and variability test work

Iron Blow was last drilled by PNX in late 2014 (see ASX release 22 January 2015) where IBDH023 produced exceptional results of consistent high-grade massive sulphides:

50.39m @ 10.12% Zn, 2.66 g/t Au, 283 g/t Ag, 0.57% Cu, 1.39% Pb from 155.72m, including a higher grade core of:

19.45m @ 15.48% Zn, 2.65 g/t Au, 492 g/t Ag, 0.56% Cu, 2.52% Pb from 156.5m

Drilling at Mt Bonnie in 2015 also generated excellent results (see ASX release 3 June 2015) where massive sulphide intersections returned consistent near-surface, high-grade, multi-element mineralisation, including:

8.0m @ 12.3% Zn, 2.41g/t Au, 321g/t Ag, 0.48% Cu, and 2.50% Pb from 89.0m in MBRC014, and

12.0m @ 8.37% Zn, 2.57g/t Au, 228g/t Ag, 0.67% Cu, and 1.97% Pb from 48.0m in MBRC015

PNX Managing Director James Fox said: "Following on from our recent strongly supported placement, a 7,500 metre resource infill and extensional drill program has now commenced at Iron Blow & Mt Bonnie. Information generated from this drilling program will be used to increase geological confidence in the resources to at least Indicated status for inclusion in the fully funded Hayes Creek PFS, which is due for completion by mid-2017. We are also very pleased to have completed initial exploration drill testing of the Langley and Shady Camp high-grade gold prospects, with the target horizon being intersected and assay results expected shortly. The next 4 months will be a busy period for the Company with multiple drill programs generating regular and exciting news flow. "

Hayes Creek Pre-Feasibility

The Hayes Creek PFS is fully funded and due for completion by mid-2017. It will expand on the recently completed Scoping Study, which found that mining and processing ore derived from both 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.

The Burnside Project, including Langleys, Moline and Chessman prospects 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 1,700sqkm.

Total expenditure for the purpose of the first stage of the farm-in is approximately \$1.5 million. A further \$0.5 million is required to be spent by December 2016 to achieve the 51% stage one earn-in.

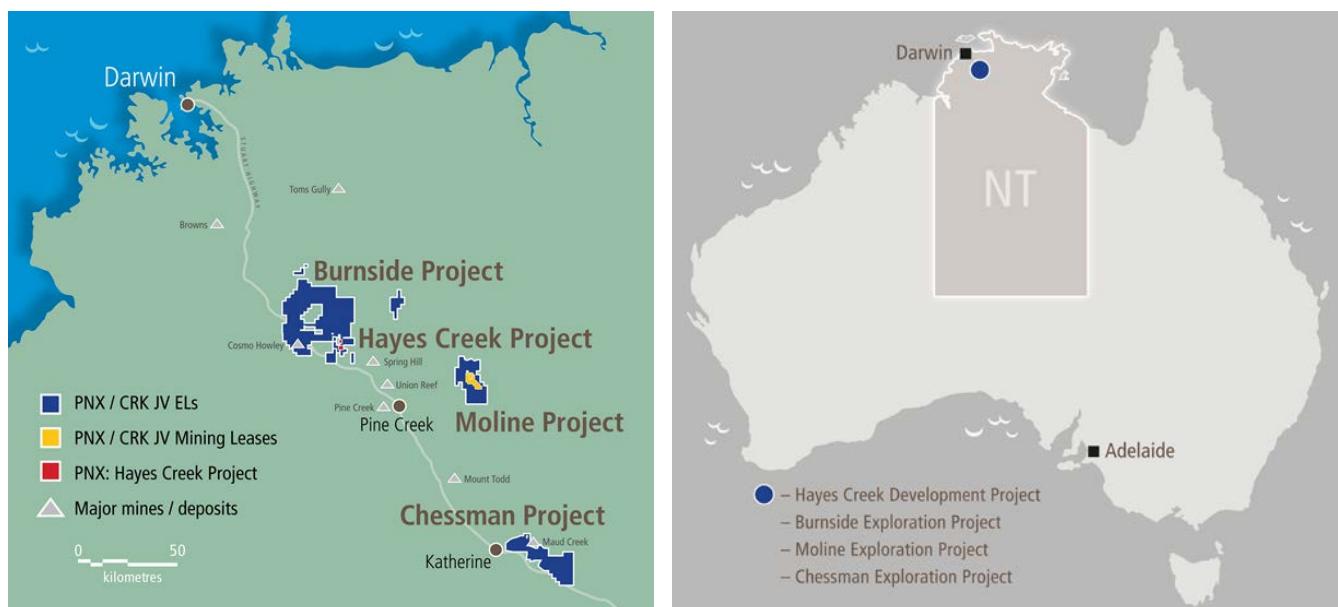


Figure 1: NT Project locations

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

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