

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")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(12 months)
		\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(732)	(3,599)
(b) development	-	-
(c) production	-	-
(d) staff costs*	(81)	(382)
(e) administration and corporate costs	(201)	(776)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	51
1.5 Interest and other costs of finance paid	(5)	(10)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	155	401
1.8 Other- NT gov't exploration drilling grant	33	66
1.9 Net cash from / (used in) operating activities	(819)	(4,249)

*net of staff costs included in exploration expenditure

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

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
	(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	-	-
2.6	Net cash from / (used in) investing activities	-	(71)

3.	Cash flows from financing activities		
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	-	(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)	-	-
3.10	Net cash from / (used in) financing activities	-	4,107

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,250	1,644
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(819)	(4,249)

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
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)	-	4,107
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,431	1,431

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	781	750
5.2	Call deposits	650	1,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,431	2,250

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

Current quarter
\$A'000
63
-

Directors' fees of \$59k of which \$49k related to the March 2017 quarter and \$10k related to the June 2017 quarter (remainder of June quarter fees paid in July 2017), and \$4k of legal costs paid to a firm associated with a director (Peter Watson).

7. Payments to related entities of the entity and their associates		Current quarter \$A'000
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.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	690
9.2	Development	-
9.3	Production	-
9.4	Staff costs (net of outflows included in item 9.1 exploration)	85
9.5	Administration and corporate costs	150
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	925

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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	EL5169	Exploration Licence – South Australia	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL10012 EL10347 EL23431 EL23536 EL23540 EL23541 EL24018 EL24051 EL24058 EL24351 EL24405 EL24409 EL24715 EL25295 EL25054 EL25748 EL28616 EL28902 EL9608 ML24173 ML30293 MLN41 MLN1059	Exploration Licences (EL) and Mineral Leases (ML/MLN) – Northern Territory	0*	51%

*as previously reported, during the Dec 2016 quarter PNX earned a 51% interest in the 19 exploration licences and 4 mineral leases shown above under a farm-in agreement. The Company's 51% interest in each of these tenements was formally transferred to PNX and registered with the NT Department of Primary Industries and Resources in May 2017.

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: 31 July 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.