

Engineers Appointed for Hayes Creek Feasibility Study

- **GR Engineering Services Limited (GRES) appointed as Study Manager for the Hayes Creek DFS**
- **GRES appointment another important milestone in the future development of the Hayes Creek zinc-gold-silver Project**
- **Hayes Creek drilling progressing well and due for completion early December, the program is designed to support DFS and potentially extend mine life**

PNX Metals Limited (**ASX: PNX**) is pleased to announce the appointment of GR Engineering Services Limited (ASX: GNG) (GRES) as study manager for the Hayes Creek Project (Project) Definitive Feasibility Study (DFS).

GRES will be responsible for the process design and engineering aspects of the Project, including all of the facilities, equipment and capital works required for the construction, commissioning and ramp-up of the process plant and associated infrastructure at the Project. Key activities will include:

- Assessing the technical aspects of the Project, with a focus on optimising process design and achieving efficiencies in capital and operating costs within the scope of the Project;
- Evaluating strategic options and considerations available to the Project to define a robust business case which balances the risk profile and the development costs; and
- Developing a Project Execution Plan which will include identification of and planning for Early Works and pre-commitment activities.

The appointment of GRES is another important milestone in the development of the Hayes Creek Project and a key part of completing the DFS. The DFS is expected to build on the excellent outcomes achieved in the Pre-Feasibility Study (PFS).

Managing Director Comment

PNX Managing Director James Fox said *“We are pleased to have engaged GR Engineering as an integral part of the Hayes Creek Project Development team, this appointment is another important milestone in the future development of the Hayes Creek zinc-gold-silver Project. GRES are a well-respected group with a proven track record of delivering project studies many of which lead to project development. The DFS will build on the excellent outcomes achieved in the Pre-feasibility Study, released in July 2017.”*

About the Hayes Creek Zinc and Precious Metals Project

PNX recently completed a PFS¹ over the Project confirmed it to be a promising future low-cost, high-margin zinc and precious metals mine that could create significant value for the Company's shareholders.

The PFS was based on the development of the high-grade Iron Blow and Mt Bonnie zinc-gold-silver VMS deposits which are located less than 3km apart on wholly owned Mineral Leases within the Pine Creek region of the Northern Territory, 170km south of Darwin (Figure 1).

The PFS forecasts the Project to generate an NPV₁₀ of \$133 million, based on net smelter revenue from the sale of zinc and precious metals concentrates of \$628 million over a 6.5 year mine life through annual production of 18,200t zinc, 14,700oz gold, and 1.4Moz silver (39,100t of zinc equivalent). With a low \$58 million initial capital expenditure requirement, the Project is forecast to have a 73% IRR, and very short pay-back period of 15 months.

The Project is located in a favourable mining jurisdiction where the development scenario considers and utilises existing infrastructure that includes rail, road, high voltage power lines and water, further enhancing Project fundamentals and lowering development risks.

It is envisaged that the Project can be ready for development in 2020 and will directly employ 130 personnel.

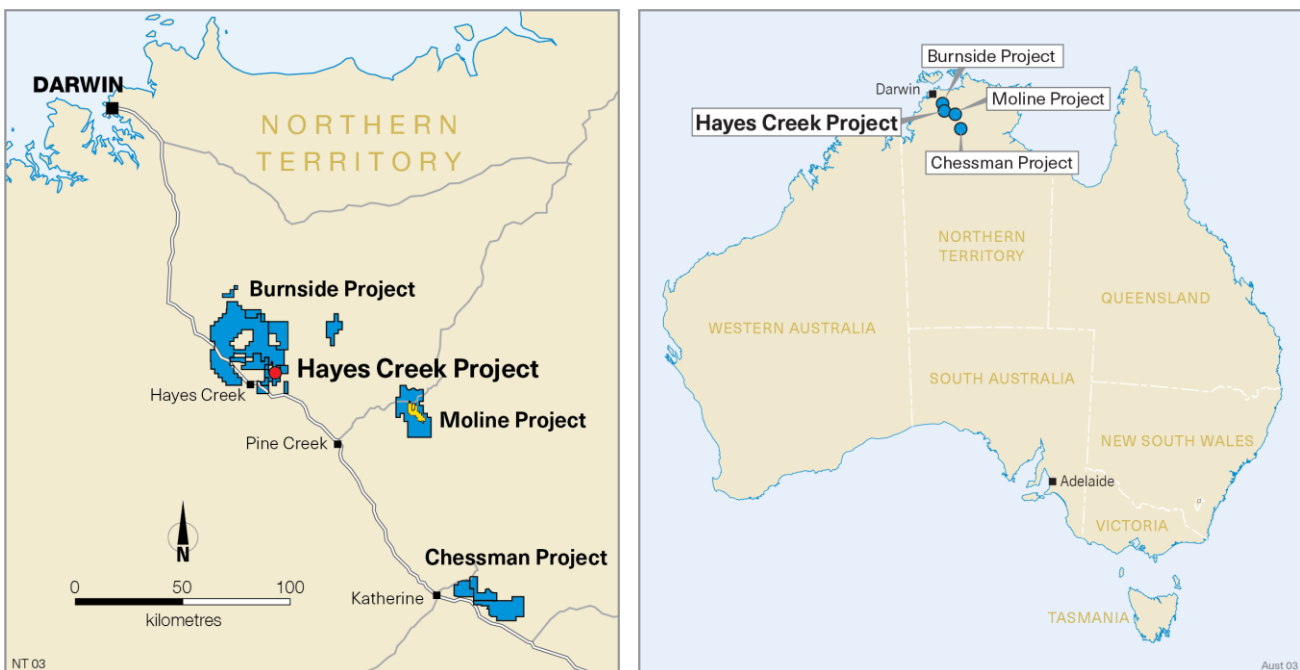


Figure 1: NT Project locations

About GR Engineering Services

GR Engineering Services Limited (ASX:GNG) (GRES) is an ASX listed engineering, consulting and contracting company specialising in fixed price engineering design and construction services to the resources and mineral processing industry. The company has a strong track record in small to medium sized resources projects within Australia, similar to the scale of the proposed Hayes Creek Project.

GRES has successfully completed the engineering design and construction of projects for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project.

¹ Refer ASX announcement 12 July 2017

Traditionally an EPC contractor, GRES also contracts through a variety of models, including EPCM and hybrid contracting arrangements.

GRES has a long history of providing a diverse range of process engineering consulting services, including feasibility study preparation and management, process design and peer review engagements. These services have been delivered for projects globally and play a key role in developing organic growth opportunities through project execution.

For further information please visit the Company's website www.pnxmetals.com.au or contact us:

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