

Drilling of high-grade gold targets underway at Fountain Head

- Drilling activities have commenced at Fountain Head to test high-grade gold targets over a 2km strike extent and to follow-up historical intersections that include:
 - 15.2m @ 59.88g/t Au (from 139m) in drill hole THRD069
 - 3m @ 23.1g/t Au (from 55m) in drill hole PDH065
 - 7m @ 8.1g/t Au (from 59m) in drill hole FDP096
- Any gold mineralisation defined at Fountain Head may complement the proposed development of the Hayes Creek zinc-gold-silver Project
- Drill assay results expected to be released from early July

PNX Metals Limited (**ASX: PNX**) is pleased to announce that drilling activities have commenced at the Fountain Head gold project, being the first target in an extensive regional exploration program aimed at identifying additional high value mineralisation to complement its Hayes Creek zinc-gold-silver Project ('Project' or 'Hayes Creek Project') in the Pine Creek region of the Northern Territory.

The recently acquired Fountain Head Mineral Leases (MLs) are located less than 15km from the Hayes Creek Project, and as well as containing a number of high grade gold prospects the MLs provide PNX with the ideal location for the proposed process plant for the Hayes Creek Project¹.

High-grade gold mineralisation will be targeted along the Fountain Head anticline over an approximate 2km strike extent from the existing Fountain Head and Tally Ho historic mining areas to the North West (Figures 1 and 2). Numerous open high-grade intersections exist along this trend that have not been followed up including²:

- 15.2m @ 59.88g/t Au (from 139m) in drill hole THRD069
- 3m @ 23.1g/t Au (from 55m) in drill hole PDH065
- 7m @ 8.1g/t Au (from 59m) in drill hole FDP096

PNX Managing Director James Fox said:

"Following up these high-grade gold intersections has been a priority for PNX and now that the Fountain Head acquisition has been finalised we are very pleased to have commenced drilling.

¹ See PNX ASX release 31 Jan 2018

² <http://www.marketwired.com/press-release/gbs-gold-international-inc-2006-financials-and-md-a-new-exploration-results-tsx-gbs-639685.htm>. PNX confirms that it is not aware of any new information or data that materially affects the historic drill information included in this market announcement.

"This drill program is aimed at testing the potential for significant economic gold mineralisation where the Fountain Head lodes are interpreted to represent the near-surface expression of a much larger and previously overlooked gold system. We look forward to receiving assay results from early July"

Drilling will initially comprise of 27 RC, (Reverse Circulation), and diamond holes for approximately 2,700m and will be completed within two months.

In addition to drilling at Fountain Head, PNX has identified a pipeline of additional prospects within its NT exploration tenure and is obtaining the required approvals to drill a further six gold and base metals exploration targets at the Burnside and Moline projects (Figure 3) during 2018.

The aim of the proposed regional exploration program is to identify additional economic mineralisation with the potential to complement and enhance the Hayes Creek development project, which is currently the subject of a Definitive Feasibility Study as well as defining new, potentially standalone resources.

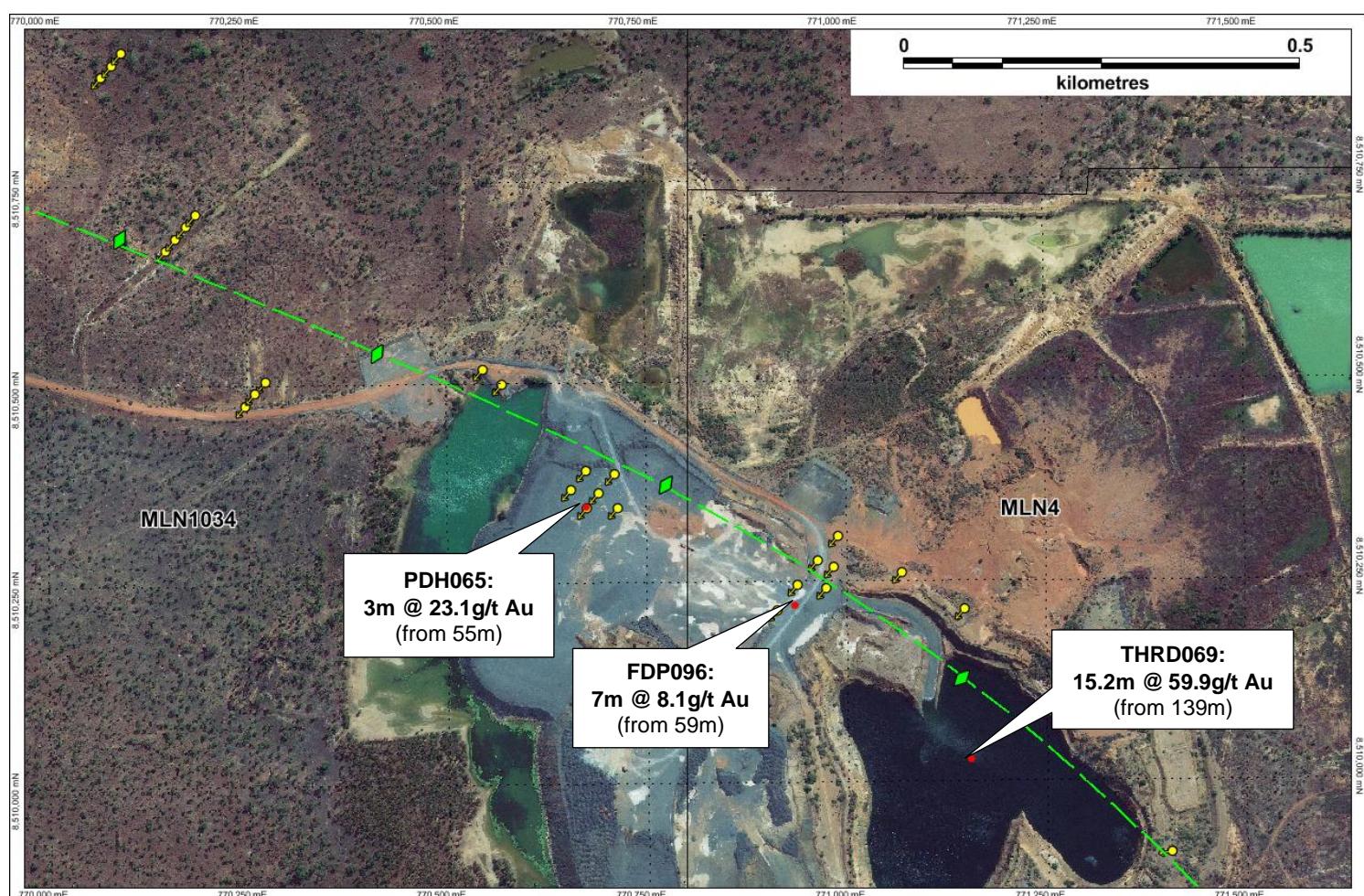


Figure 1: Image shows historic Fountain Head and TallyHo mining area situated on granted MLs. Yellow dots are planned drill collars, Green line is the Fountain Head Anticline that is thought to control mineralisation

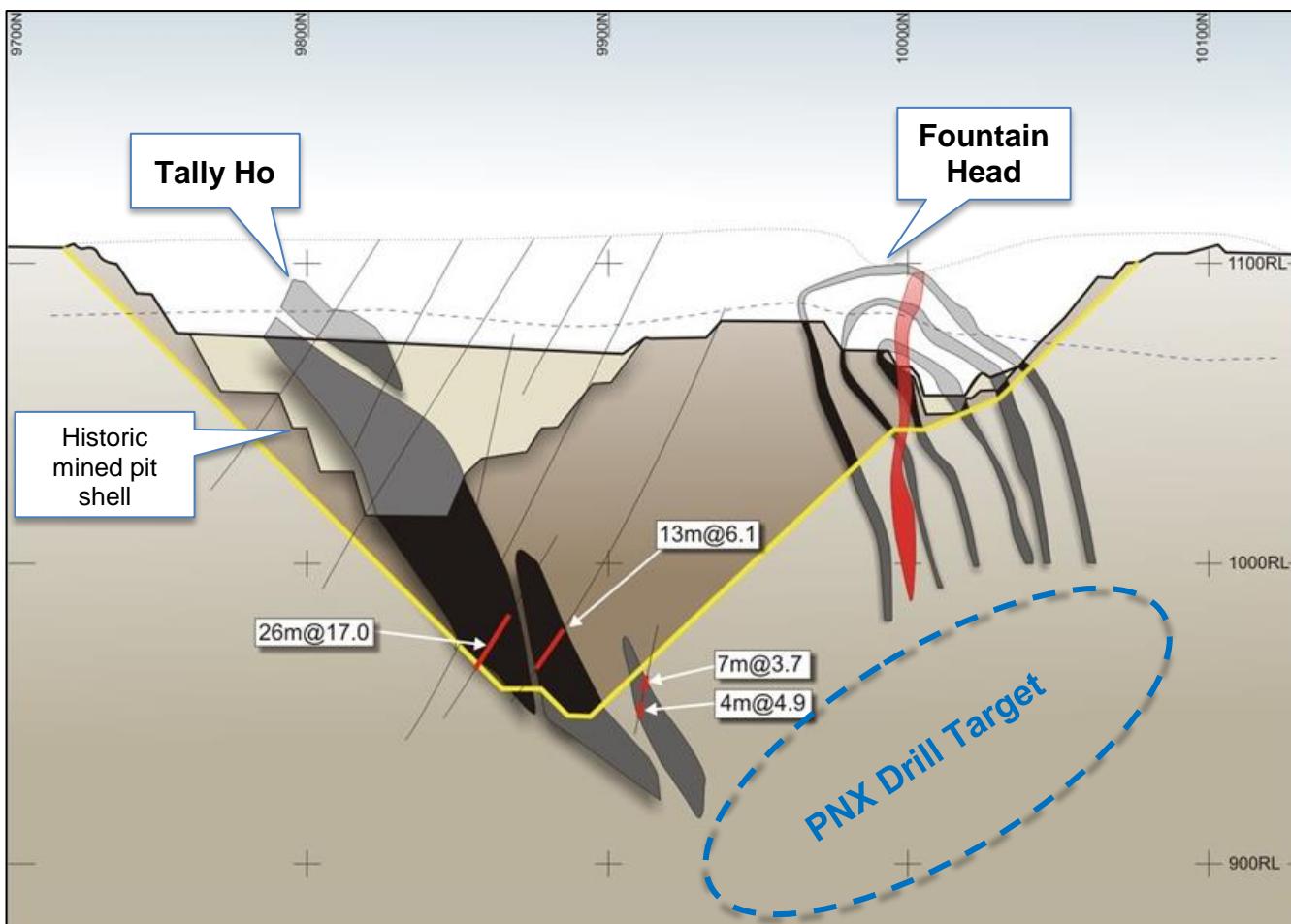


Figure 2: Pictorial representation of the Fountain Head and Tally Ho historical mining area from GBS Gold (2008) overlaid by new PNX drill targets to test the depth extent of mineralisation

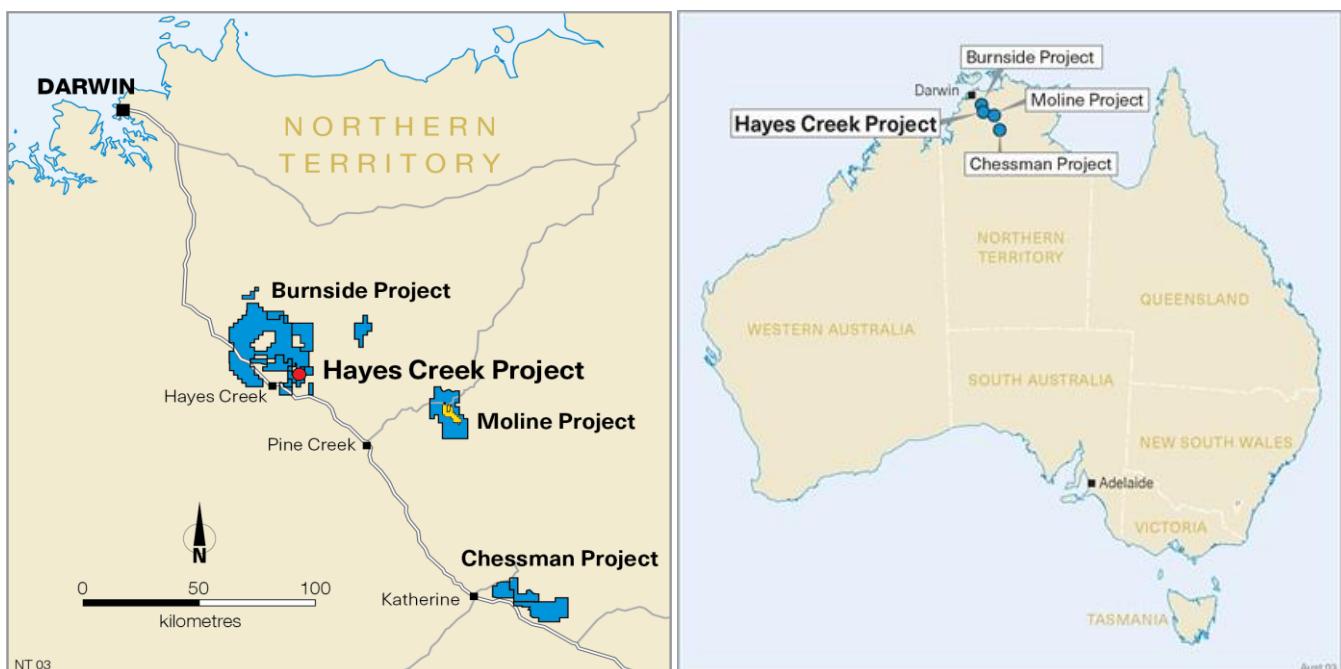


Figure 3: NT Project locations

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.

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

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