

ASX Announcement

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PNX raises \$3.36 million to accelerate NT zinc and precious metals exploration

- **Strongly supported \$3.36 million capital raise underpinned by \$2 million from new Cornerstone Investor**
- **Funds to accelerate intensive zinc and precious metals exploration drilling in Northern Territory and to progress Hayes Creek Project feasibility studies**

PNX Metals Limited (**ASX: PNX**) ('PNX' or 'Company') is pleased to advise that it has signed Subscription Agreements with sophisticated investors and received commitments from Company Directors to raise \$3.36 million before costs via the placement of approximately 421 million ordinary shares at a price of 0.8 cents per share ('Placement').

The Placement consists of two tranches (\$2.1 million and \$1.26 million) and investors are entitled to one free option ('Option') for each share subscribed, with the issue of the second tranche of shares and all the Options subject to approval by PNX shareholders.

The 0.8 cent issue price is at an 11.1% discount to PNX's last closing price on the ASX of 0.9 cents and 5 day VWAP of 0.9 cents (not factoring the value of each Option). Hartleys Limited acted as the Lead Manager to the Placement.

Upon completion of the Placement, PNX will be well-funded to accelerate its significant ongoing Northern Territory exploration program (including completing its earn-in to a 90% interest in approximately 1,550 square kilometres of exploration tenure) and advance its 100% owned Hayes Creek Project ('Hayes Creek') in the Northern Territory

Managing Director Comment

PNX Managing Director James Fox said *"We are very pleased to have secured a new cornerstone investor who recognises the significant underlying value in our assets, and shares our vision to develop a highly profitable and long-life zinc and precious metals mining operation in the Northern Territory.*

To that end PNX is continuing an aggressive and high-impact regional and near-mine exploration program at its Burnside, Moline and Hayes Creek Projects with the aim of further enhancing and extending the life of Hayes Creek through the discovery and delineation of additional economic resources.

The recent high-grade gold results being generated from drilling at our new Fountain Head Project clearly demonstrate this potential and continued regional exploration success will be a game-changer for PNX."

Details of Placement

The issue of Tranche 1 shares (262.5 million shares for \$2.1 million) will be done without shareholder approval utilising the Company's existing facilities under ASX Listing Rule 7.1 and 7.1A and completion is scheduled for 1 August 2018.

The issue of Tranche 2 shares (approximately 158 million shares for \$1.26 million), as well as the issue of all of the attaching Options (approximately 421 million) will be subject to shareholder approval at a general meeting to be held in mid-September 2018. The proposed Options will not be quoted and will have an exercise price of 1.5 cents each and an expiry date of 30 September 2021.

The Placement includes a new cornerstone investor Delphi Unternehmensberatung Aktiengesellschaft ('Delphi'), a German investment company. Delphi has subscribed for 125 million shares (\$1 million) under Tranche 1, and a further 125 million shares (\$1 million) in Tranche 2, with the latter component subject to approval by PNX shareholders (as previously noted) and Australia's Foreign Investment Review Board.

Existing PNX shareholders Sochrastem SA and Potezna Gromadka are also key contributors to the Placement, each agreeing to invest \$0.25 million for a total of 62.5 million shares (of which 17.5 million shares are in Tranche 2 and subject to PNX shareholder approval).

In addition to the Placement, Directors of PNX have indicated that they will collectively subscribe in Tranche 2 and subject to PNX shareholder approval for \$115,000 the same terms as the Placement.

Upcoming Exploration Program Fully Funded

PNX is now well funded to accelerate a significant zinc and gold-silver exploration program at its Burnside, Moline and Fountain Head Exploration Projects, including:

- Regional exploration across the Company's ~1,550km² Burnside, Chessman Projects (PNX 51% earning to 90%), and 100% owned Fountain Head and Moline Projects, including
- High-impact reverse circulation and diamond drilling of the highest priority targets; and mapping, rock chip and soils sampling

Additionally, PNX will be funded for continued feasibility work on Hayes Creek, as well as for general working capital purposes.

Background to the Hayes Creek Project

PNX completed a Pre-Feasibility Study ('PFS') on Hayed Creek in mid-2017 (see ASX release 12 July 2017) which confirmed it to be a promising future low-cost, high-margin zinc and precious metals mine¹.

Hayes Creek includes the Iron Blow and Mt Bonnie zinc-gold-silver deposits, which are located less than 3km apart on wholly owned Mineral Leases (MLs), and the Fountain Head MLs, all within the Pine Creek region of the Northern Territory, 170km south of Darwin (Figure 1).

The PFS forecasts Hayes Creek 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. With a low \$58 million initial capital expenditure requirement, Hayes Creek is forecast to have a 73% IRR, and very short pay-back period of 15 months.

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

¹ Refer ASX announcement 12 July 2017 for full details. The material assumptions underpinning the production targets and the forecast financial information derived from the production targets continue to apply and have not materially changed.

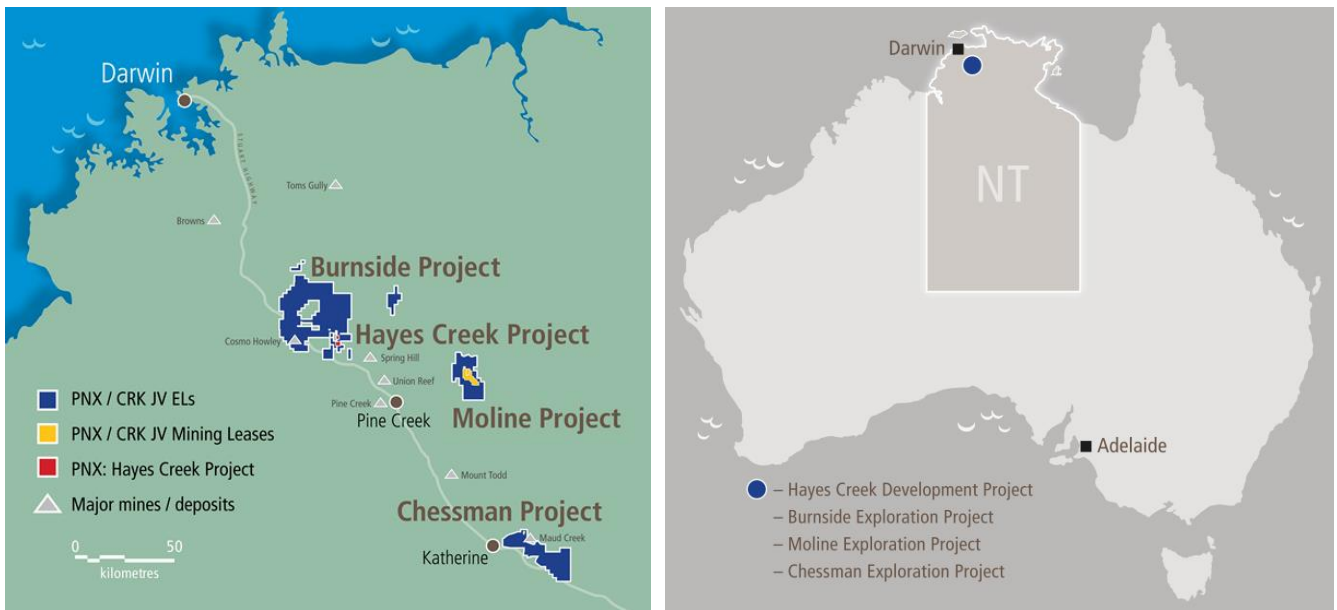


Figure 1: NT Project locations

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

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