

Quarterly Activities Report

June 2018



Level 1, 135 Fullarton Road
Rose Park, SA 5067
Australia
Telephone +61 (0) 8 8364 3188
Facsimile +61 (0) 8 8364 4288
info@pnxmetals.com.au
www.pnxmetals.com.au

ASX: PNX

Issued Capital as at 31/07/18:
1,088,930,020

Board & Management:

Non Exec Chairman: Graham Ascough
Non Exec Director: Paul J Dowd
Non Exec Director: Peter J Watson
Non Exec Director: David Hillier
MD/CEO: James Fox
CFO/Co Secretary: Tim Moran

Top Shareholders as at 31/07/18:

Marlei International Limited 14.4%
BNP Paribas Nominees Pty Ltd 13.2%
Sochrastem SA 5.8%
Potezna Gromadka Limited 5.4%

Share Registry:

Computershare
Investor Services Pty Ltd
Level 5 115 Grenfell Street
Adelaide South Australia 5000
Phone:
1300 305 232 (within Australia)
+61 3 9415 4657 (outside Australia)

Quarterly Highlights:

Hayes Creek Definitive Feasibility Study (DFS)

- Project Notice of Intent submitted
- Ongoing metallurgical testwork shows continued improvement in recoveries, grades and reduction in deleterious elements compared to those used in the PFS

NT Regional Exploration

- Commencement of 31 hole RC drilling program at Fountain Head to target near-surface gold mineralisation outside of the historic mining area. Seven of the first eleven holes drilled contained significant gold mineralisation including:
 - **3m @ 11.09 g/t Au** from 93m in FHRC062, including
 - **1m @ 29.30 g/t Au** from 95m, and
 - **1m @ 28.00 g/t Au** from 83m in FHRC070
- Entry into farm-in agreement to earn a 90% interest in 3 tenements in the Litchfield region of the Northern Territory (Kilfoyle Project) with expenditure of \$1.2 million over 3 years

Corporate:

- \$0.9 million cash on hand at 30 June 2018
- \$3.5 million capital raising announced in July 2018

Planned Activities September 2018 Quarter:

Hayes Creek DFS

- Progression of Environmental Impact Statement (EIS) related studies
- Marketing discussions regarding sale of concentrates

NT Regional Exploration

- Diamond drilling at Fountain Head and receipt of full assay results from RC component of the drill program
- PNX well-funded to accelerate a significant zinc and gold-silver exploration program at its Burnside, Moline and Fountain Head exploration projects, including;
 - RC and diamond drilling at Cookies Corner (Burnside) and Moline project (Moline, School and Tumbling Dice prospects)
 - Aeromagnetic survey at Kilfoyle Project and finalising targets for government co-funded drilling

Activity during the Quarter

Activities were primarily related to preparations for the significant upcoming regional exploration drill programs. Due to limited available funding, work relating to the DFS consisted only of ongoing geochemical test work and metallurgical optimisation. Assessment of other opportunities within PNX's portfolio for resources with the potential to enhance the Hayes Creek project also occurred with desktop studies now in progress.

With the \$3.5 million capital raising announced in July 2018, PNX will conduct extensive near-mine and regional exploration aimed at identifying additional economic mineralisation with the potential to increase mine life at Hayes Creek beyond 10 years.

NT Regional Exploration: Fountain Head, Burnside, Moline & Chessman Projects

Fountain Head

During the quarter, PNX commenced a drilling program at its newly acquired Fountain Head mineral leases (MLs), aimed at identifying additional high value mineralisation to complement Hayes Creek.

Fountain Head is located less than 15km from Hayes Creek, and as well as containing a number of high grade gold prospects, the MLs provide PNX with the ideal location for the proposed Hayes Creek process plant, as noted earlier.

The drill program targeted high-grade gold mineralisation along the Fountain Head anticline over an approximate 2km strike extent from the 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.

Thirty-one RC holes for 2,610m (including pre-collars) were completed along the Fountain Head anticline. Subsequent to quarter end, PNX received the first batch of assays, with 7 of the first 11 holes containing significant intercepts of gold. Best results included¹:

- **3m @ 11.09 g/t Au** from 93m in FHRC062, including
 - **1m @ 29.30 g/t Au** from 95m, and
- **1m @ 28.00 g/t Au** from 83m in FHRC070

Importantly, the 3m @ 11.09 g/t Au occurs beneath 3m @ 13.80 g/t Au in historic drilling and demonstrates the continuation of a high-grade ladder vein which remains open (see Figure 3).

These results highlight that the mineralised structures extend at least 300 metres outside of the historic mining area along the Fountain Head anticline to the north-west (Figure 2). Mineralisation remains open along strike and at depth indicating the potential for further mineralised extensions over at least a 1km strike extent. Twelve holes have been drilled to test this concept with these assays due in early August.

Once all RC assays have been received and incorporated into the exploration model, three diamond tails will be completed to target the potential down-plunge extension of high-grade gold mineralisation directly under the historic Fountain Head and Tally Ho open pits.

¹ Refer PNX's ASX release of 23 July 2018 for full drill results

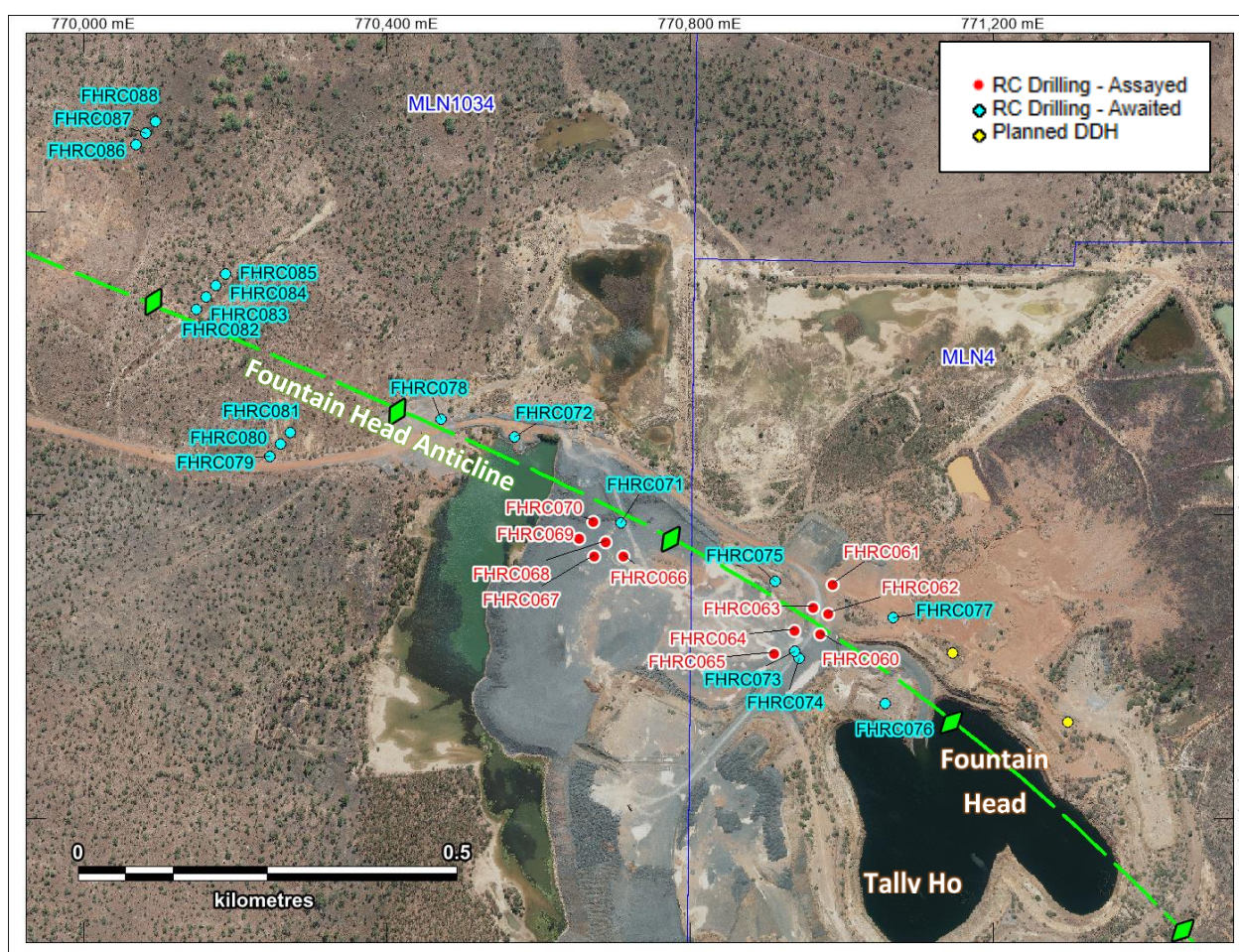


Figure 1: Historic Fountain Head and TallyHo mining area situated on granted MLs. Red dots are holes reported with blue dots awaiting results. Green line is the Fountain Head Anticline that is thought to control mineralisation

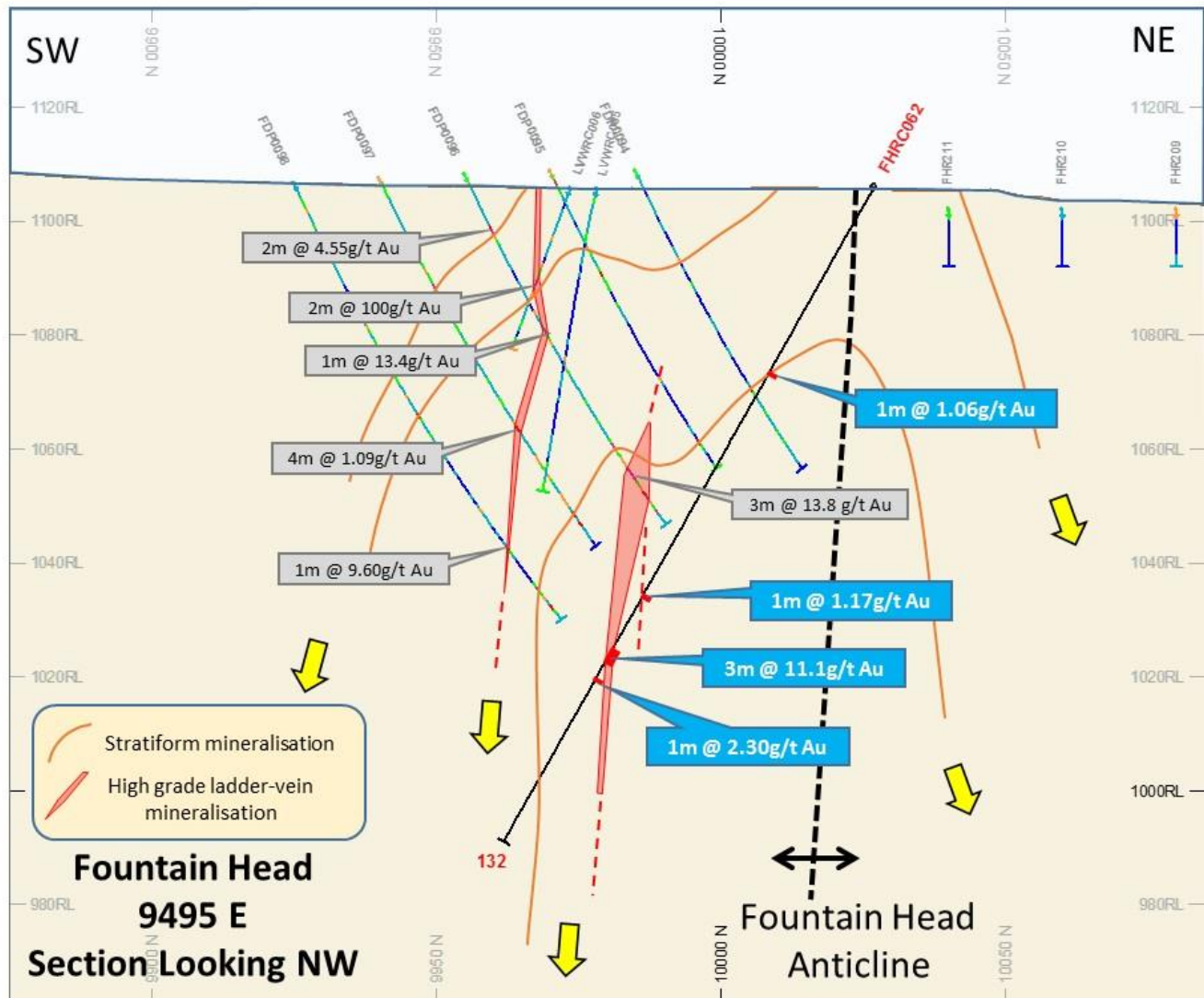


Figure 2: Fountain Head drill cross section showing PNX drilling in blue with historic drilling in grey

Other Regional Exploration – Burnside & Chessman Projects

In addition to drilling at Fountain Head, PNX has identified a pipeline of prospects within its NT exploration tenure and is obtaining the required approvals to drill a further six gold and base metals exploration targets at Burnside and Moline during 2018. PNX now has full ownership of the Moline Project.

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 as well as defining new, potentially standalone resources.

PNX continues to hold a 51% interest (excluding uranium) in the Burnside and Chessman Projects (19 tenements) covering ~1,150km² in the Pine Creek region of the NT, proximate to the proposed mine infrastructure at Hayes Creek. PNX will increase its interest in the Burnside and Chessman areas to 90% with further expenditure of approximately \$0.2 million by 15 December 2018.

Kilfoyle Farm-in - Litchfield Area NT

As announced to the ASX on 31 May 2018, PNX executed a binding term sheet with May Drilling Pty Ltd to commence a farm-in over three exploration licences in the Litchfield area of the NT, approximately 80km to the west of Hayes Creek (Figures 3 and 4). PNX can earn a 90% interest in the tenements with expenditure of \$1.2 million over 3 years. The newly named Kilfoyle Project is highly prospective for a range of commodities, including²:

- Zinc-lead-silver – high-grade VMS deposits situated immediately to the south of the project area
- Lithium – surface sampling along a consistent 4km trend has returned high values of Li₂O (up to 7.25%)
- Nickel-copper-cobalt – elevated Ni-Cu-Co in soils coincident with favourable host rocks for nickel-cobalt sulphide mineralisation
- Gold – surface rock chip sampling returned high gold values (up to 23.1 g/t Au)

The Kilfoyle exploration project is an excellent strategic fit with, and complements, PNX's growing NT landholding in one of Australia's most prospective yet underexplored mineral provinces.

Exploration Program

Fieldwork at Kilfoyle commenced late in the quarter, with ground-truthing activities including field mapping and soil and rock-chip sampling across a range of existing targets. As announced to the ASX on 16 July 2018³, the initial field visit clearly confirmed the prospectivity of the Kilfoyle area for multiple styles of mineralisation. Surface rock chip samples yielded high-grade lithium and lead-silver-gold, in particular:

- Numerous outcropping pegmatites mapped over a broad area with up to 7.16% (White Rocks prospect) and 6.24% (Goosewing prospect) Li₂O in surface sampling; and
- Up to 1.92% lead, 115g/t silver and 1.04g/t gold in surface sampling at White Rocks.

Planned activities during the September 2018 quarter include:

- A detailed airborne EM survey to be flown over the Woolianna Gabbro and northern extension of the Daly River mineral field to detect massive sulphide accumulations; and
- A combined RC and diamond drilling program to investigate the Ni-Cu-Co (+/- PGE) mineralisation and Zn-Pb-Ag VMS potential.

Drill Co-Funding

During the quarter PNX was successful in its application for drill co-funding to test the potential for nickel-copper-cobalt (Ni-Cu-Co) sulphide mineralisation at the Kilfoyle Project. 50% of the costs of a planned drill program at the Woolianna Ni-Cu-Co prospect at Kilfoyle to a maximum of \$83k will be funded by the Northern Territory's Geophysics and Drilling Collaborations Program. The Collaborations Program is administered by the Northern Territory Geological Survey and forms part of the Resourcing the Territory initiative which aims to increase the intensity of exploration drilling and geophysical data in greenfield areas of the Northern Territory.

² Refer PNX's ASX release of 31 May 2018

³ Refer ASX release 16 July 2018 for further detail

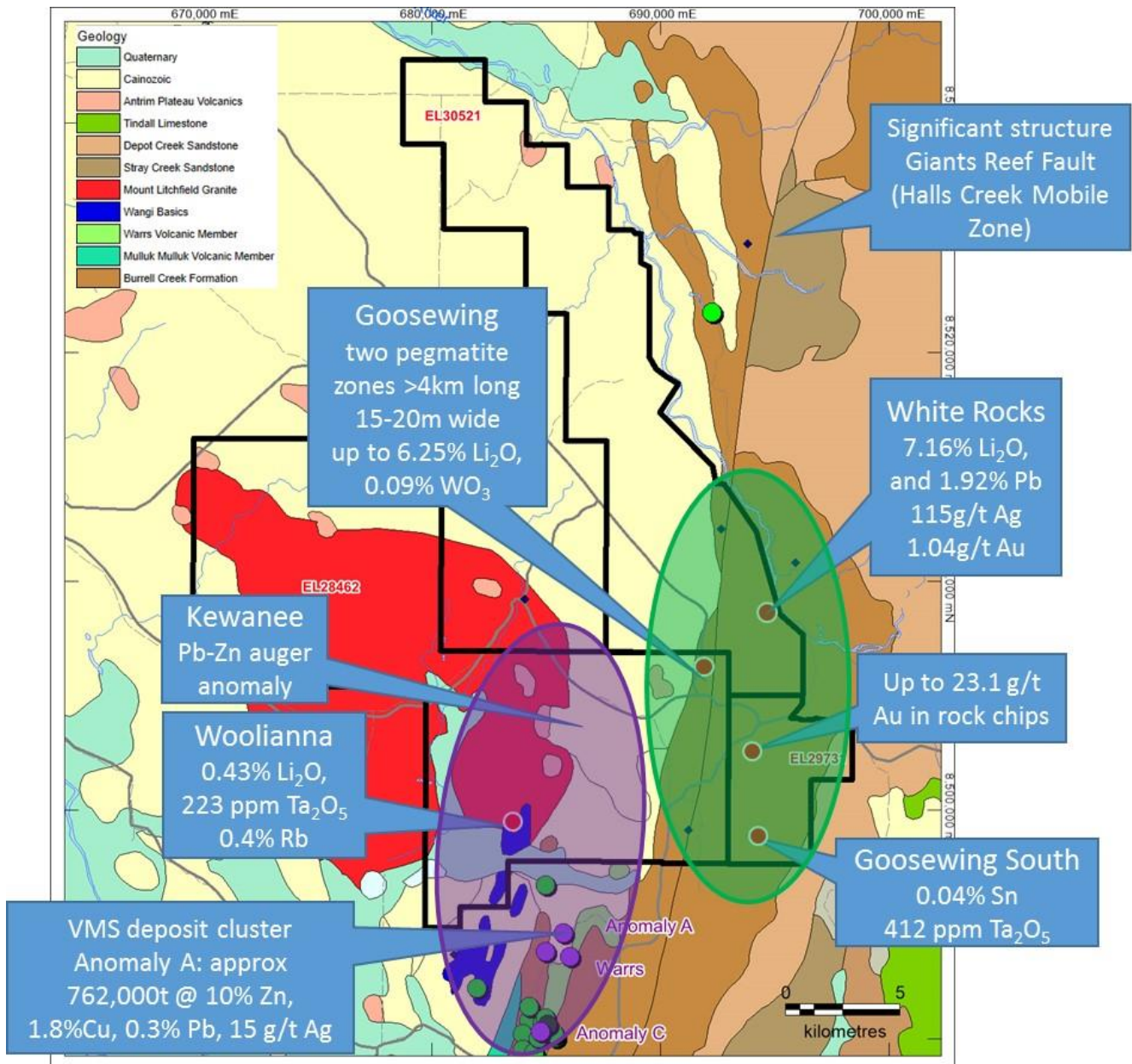


Figure 3: Kilfoyle Project Prospective Areas and zones of interest (Green = Lithium-Tin-Tantalum-Gold) (Purple = Nickel-Copper-Cobalt & Zinc-Lead VMS).

Green dots = copper deposits, Purple = VMS, Red = Sample Locations

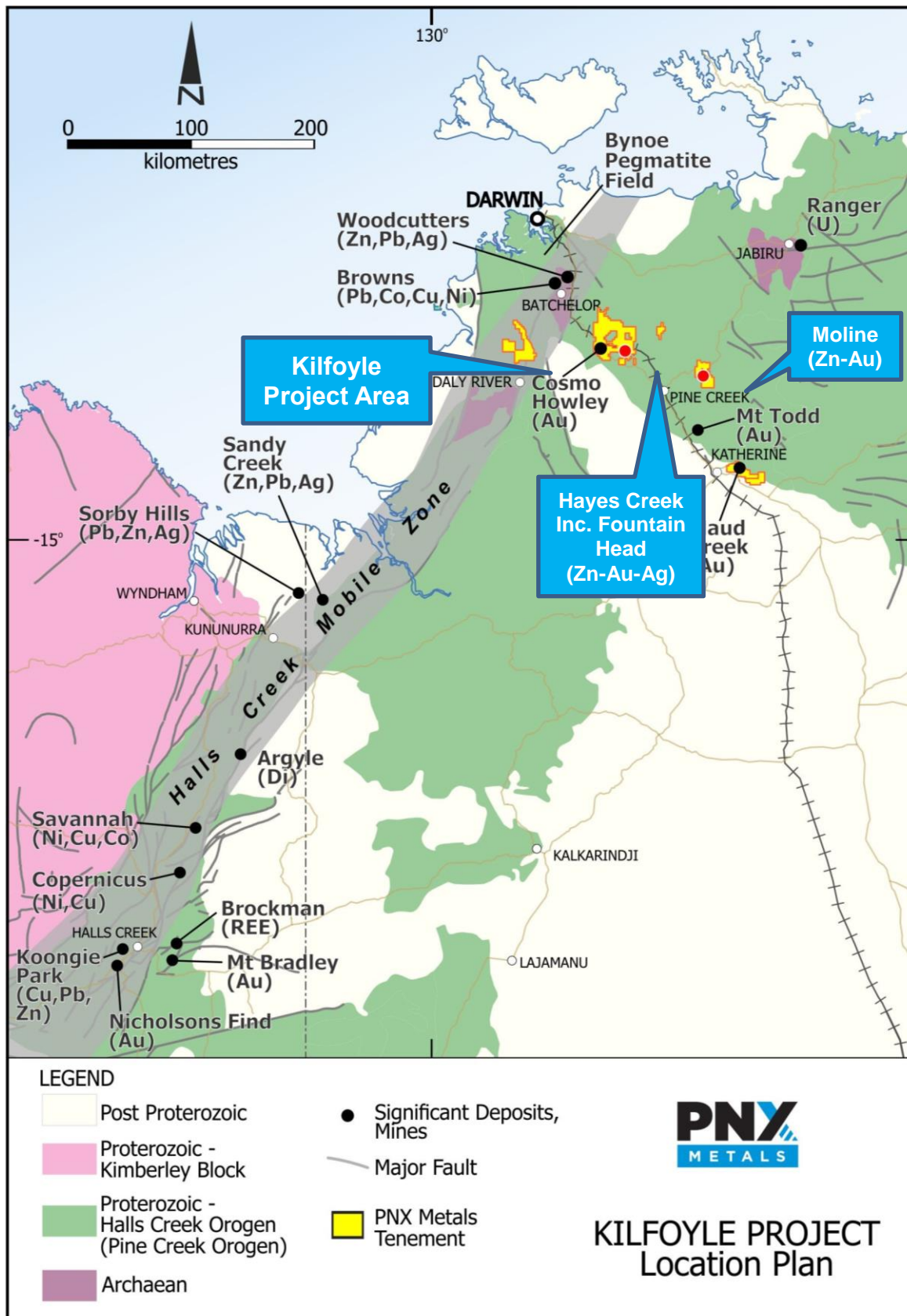


Figure 4: Kilfoyle Project Location

NT Project Development - Hayes Creek Zinc and Precious Metals Project

The Hayes Creek Project ('Project' or 'Hayes Creek') is comprised of the Iron Blow and Mt Bonnie zinc-gold-silver deposits, located less than 3km apart on wholly owned Mineral Leases within the Pine Creek region of the Northern Territory ('NT'), 170km south of Darwin (Figure 5).

In July 2018, the agreement with Newmarket Gold NT Holdings Pty Ltd ('Newmarket'), a subsidiary of Kirkland Lake Gold Ltd ('KL Gold', TSX:KL, ASX:KLA), to acquire 4 mineral leases at Fountain Head was completed, thereby securing the preferred site for the Project's proposed processing plant and tailings facility⁴.

A Definitive Feasibility Study ('DFS') is currently underway on the Project, following the successful completion of a Pre-Feasibility Study ('PFS') in July 2017 which confirmed Hayes Creek to be a promising future low-cost, high margin zinc and precious metal mine that could create significant value for the Company's shareholders. The DFS is expected to provide increased confidence in all aspects of the Project as well as investigate opportunities to improve overall Project economics thereby increasing the prospect of favourable development finance terms and structure.

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 (based on consensus views as to future metals prices and exchange rates) 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 months⁵.

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.

The Project is envisaged to be ready for development in 2020 and directly employ approximately 130 people.

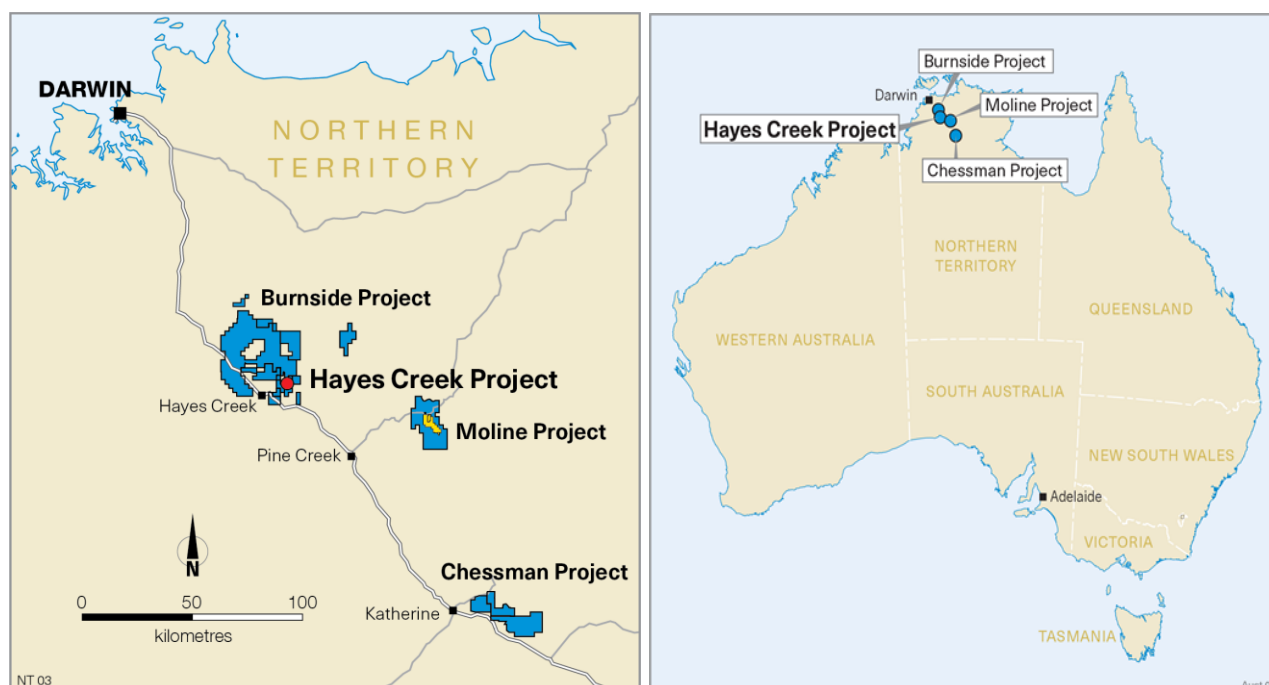


Figure 5: NT Project locations

⁴ Refer ASX announcement 31 January 2018 for further detail

⁵ 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.

Hayes Creek Project Development

Geochemical and Hydrological Studies

Ongoing water quality analyses and regular surface water samples continue to build baseline environmental data to support the environmental approvals for the Project.

Long term column leach tests are ongoing and are expected to run until at least the end of calendar 2018 or until such time as acid generation from the columns is identified.

These tests will assess the leach characteristics of waste rock dumps and stockpiles, materials in the Mt Bonnie open pit and underground at Iron Blow with the data being used to model water quality from various areas of the project both during operations and following closure.

Metallurgy and Process Design

An interim metallurgical testwork program shows improved recoveries and grade for Hayes Creek concentrates compared with the PFS results. Further improvements are anticipated during the DFS testwork phase based on additional learnings from interim testing.

The results are summarised below.

Iron Blow

Metals recoveries	Zn	Pb	Cu	Ag	Au
	%	%	%	%	%
PFS					
To zinc concentrate	62.4	Not payable		10.0	8.8
To precious metals concentrate	12.6	56.4	52.3	61.7	38.7
Mill Feed recovered to Concentrates	75.0	56.4	52.3	71.7	47.5

Mar 18 Locked Cycle results

To zinc concentrate	80.2	Not payable		18.7	15.7
To precious metals concentrate	5.4	54.4	41.0	62.7	32.6
Mill Feed recovered to Concentrates	85.7	54.4	41.0	81.4	48.3

Variances

To zinc concentrate	17.8	Not payable		8.7	6.9
To precious metals concentrate	-7.2	-2.1	-11.3	1.0	-6.1
Mill Feed recovered to Concentrates	10.7	-2.1	-11.3	9.7	0.8

Locked Cycle March 18

	Zn	Pb	Cu	Ag	Au
Concentrate Grades	%	%	%	g/t	g/t
Zinc concentrate	48.3	2.1	1.1	271	3.0
Precious metals concentrate	7.8	13.0	3.7	2149	14.5

Table 1: Iron Blow locked cycle metallurgical results

South Australia Exploration

Yorke Peninsula & Adelaide Geosyncline Projects

No on-ground exploration activities were undertaken during the quarter by PNX on the Company's Yorke Peninsula or Adelaide Geosyncline exploration tenements. Ausmex Mining Group Limited has commenced a farm-in over PNX's 8 exploration licences in the Burra area, to earn up to a 90% interest over 2 stages (60% and 90%) by spending a minimum of \$300,000 in each stage on diamond drilling or other agreed exploratory work. The first stage must be completed by 30 September 2019.

All South Australian tenements remain in good standing.

Financial & Corporate

Cash on hand at 30 June 2018 was \$0.9 million. On 25 July 2018, PNX announced a \$3.4 million capital raising, to be completed in two tranches and with free attaching options (one-for-one basis). The amount of the raise was subsequently increased to \$3.5 million.

The first tranche will be completed on 1 August 2018 for the issue of 263,750,000 shares to sophisticated investors at an issue price of \$0.008 (0.8 cents) per share to raise \$2.1 million. The second tranche is for 169,375,000 shares, including 14,375,000 shares to PNX directors, at 0.8 cents per share to raise a further \$1.4 million.

Tranche 2 is subject to shareholder approval at a general meeting to be held on 12 September 2018, as is the issue of a total of 433,125,000 one-for one attaching options. The proposed options have an expiry date of 30 September 2021, an exercise price of 1.5 cents each, and will not be quoted.

The capital raise includes a new cornerstone investor, Delphi Unternehmensberatung Aktiengesellschaft, who will invest \$2 million into PNX, \$1 million in each tranche. The second \$1 million is subject to shareholder approval as noted previously, and also approval of Australia's Foreign Investment Review Board.

At 30 June 2018 and as at the date of this report, the Company has on issue 1,088,930,020 fully paid ordinary shares, 65,450,000 unquoted options (5.0 cent exercise price expiring 31 May 2019), 20,000,000 unquoted options (1.47 cent exercise price expiring 30 October 2020) and 7,070,000 performance rights.

Following the issue of the Tranche 1 shares, PNX will have 1,352,680,020 ordinary shares on issue. If Tranche 2 receives all necessary approvals, PNX will have 1,522,055,020 ordinary shares on issue and an additional 433,125,000 options.

James Fox

Managing Director & CEO

Telephone +61 (0) 8 8364 3188

Email: info@pnxmetals.com.au

Website: www.pnxmetals.com.au

TENEMENTS

Northern Territory

Tenement	Name	Holder	Area Hectare
ML30512	Mt Bonnie	PNX Metals Ltd 100%	6.4
ML30589	Mt Bonnie	PNX Metals Ltd 100%	31.6
MLN1033	Mt Bonnie	PNX Metals Ltd 100%	4.8
MLN1039	Mt Bonnie	PNX Metals Ltd 100%	1.2
MLN214	Iron Blow	PNX Metals Ltd 100%	6.3
MLN341	Iron Blow	PNX Metals Ltd 100%	14.9
MLN342	Mt Bonnie	PNX Metals Ltd 100%	13.7
MLN343	Iron Blow	PNX Metals Ltd 100%	14.9
MLN346	Mt Bonnie	PNX Metals Ltd 100%	16.0
MLN349	Iron Blow	PNX Metals Ltd 100%	15.0
MLN405	Mt Bonnie	PNX Metals Ltd 100%	12.0
MLN459	Mt Bonnie	PNX Metals Ltd 100%	15.0
MLN811	Mt Bonnie	PNX Metals Ltd 100%	8.1
MLN816	Mt Bonnie	PNX Metals Ltd 100%	8.1
Total Hayes Creek			168.0
MLN794	Fishers-1	PNX Metals Ltd 100%	8.1
MLN795	Fishers-2	PNX Metals Ltd 100%	8.1
ML30936	Good Shepherd	PNX Metals Ltd 100%	106
Total Other			122.6
ML31124	Fountain Head	PNX Metals Ltd 100%	33.5
ML1020	Fountain Head	PNX Metals Ltd 100%	12.0
MLN4	Fountain Head	PNX Metals Ltd 100%	529.9
MN1034	Fountain Head	PNX Metals Ltd 100%	304.2
^Total Fountain Head			879.6
Total Mineral Leases			1169.8
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2km ²

^ acquisition of Fountain Head tenements was completed in July 2018, to be registered with DPIR in the Sept 2018 quarter.

Northern Territory - Farm-in Tenements*

Tenement	Name	Holder	(Area sq km)
Burnside Project			
EL10012	Mt Ringwood	PNX Metals Limited 51%, Newmarket 49%	14.9
EL10347	Golden Dyke	PNX Metals Limited 51%, Newmarket 49%	10.0
EL23431	Thunderball	PNX Metals Limited 51%, Newmarket 49%	13.4
EL23536	Brocks Creek	PNX Metals Limited 51%, Newmarket 49%	70.4
EL23540	Jenkins	PNX Metals Limited 51%, Newmarket 49%	16.7
EL23541	Cosmo North	PNX Metals Limited 51%, Newmarket 49%	3.3
EL24018	Hayes Creek	PNX Metals Limited 51%, Newmarket 49%	23.4
EL24051	Margaret River	PNX Metals Limited 51%, Newmarket 49%	86.9
EL24058	Yam Creek	PNX Metals Limited 51%, Newmarket 49%	3.3
EL24351	McCallum Creek	PNX Metals Limited 51%, Newmarket 49%	13.4
EL24405	Yam Creek	PNX Metals Limited 51%, Newmarket 49%	4.1
EL24409	Brocks Creek South	PNX Metals Limited 51%, Newmarket 49%	22.1
EL24715	Mt Masson	PNX Metals Limited 51%, Newmarket 49%	56.8
EL25295	Margaret Diggings	PNX Metals Limited 51%, Newmarket 49%	10.0
EL25748	Burnside	PNX Metals Limited 51%, Newmarket 49%	584.5
EL9608	Mt Bonnie	PNX Metals Limited 51%, Newmarket 49%	10.0
Chessman Project			
Tenement	Name		
EL25054	Maud	PNX Metals Limited 51%, Newmarket 49%	64.0
EL28902	Maud	PNX Metals Limited 51%, Newmarket 49%	104.5
ML30293	Chessman	PNX Metals Limited 51%, Newmarket 49%	1.1
Moline Project**			
Tenement	Name		
EL28616	Moline	PNX Metals Limited 100%	262.5
ML24173	Moline	PNX Metals Limited 100%	31.3
MLN1059	Moline	PNX Metals Limited 100%	4.2
MLN41	Mt Evelyn	PNX Metals Limited 100%	0.1
			1410.9

*PNX has elected to proceed with the farm-in (under an agreement with Newmarket) toward earning a 90% interest in all tenements.

**acquisition of 49% of the Moline tenements (to increase interest to 100%) was completed in July 2018, to be registered with DPIR in the Sept 2018 quarter.

South Australia

Exploration Licences	Name	Holder	(Area sq. km)
Adelaide Geosyncline			
EL5382	Burra Central	PNX Metals Ltd 100%	84
EL5874	Burra West	PNX Metals Ltd 100%	69
EL4970	Burra North	PNX Metals Ltd 100%	300
EL5411	Mongolata	PNX Metals Ltd 100%	60
EL4809	Princess Royal	PNX Metals Ltd 100%	314
EL5473	Bagot Well	PNX Metals Ltd 100%	71
EL5910	Spalding	PNX Metals Ltd 100%	157
EL5557	Washpool	PNX Metals Ltd 100%	135
			1,190
Yorke Peninsula			
ELA281/12	Minlaton	Wellington Exploration Pty Ltd 100%	547
EL5491	Koolywurtie	PNX Metals Ltd 100%	255
EL5196	Coonarie	PNX Metals Ltd 100%	254
			1,056

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 2018

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	(481)	(3,052)	
(b) development		-	
(c) production		-	
(d) staff costs*	(71)	(330)	
(e) administration and corporate costs	(151)	(795)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	7	33	
1.5 Interest and other costs of finance paid	-	-	
1.6 Income taxes paid	-	-	
1.7 Research and development refunds	-	403	
1.8 Other	-	-	
1.9 Net cash from / (used in) operating activities	(696)	(3,741)	

*excluding costs included in exploration expenditure

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	-	(3)	
(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,463
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	-	(140)
3.5	Loan repayment to PNx	-	50
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – silver stream fwd sale receipts	-	800
3.10	Net cash from / (used in) financing activities	-	3,173

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,556	1,431
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(696)	(3,741)

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)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,173
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	860*	860

*Refer PNX announcement 25 July 2018 regarding \$3.4m capital raising subsequent to 30 June 2018

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	360	556
5.2	Call deposits	500	1,000
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)	860	1,556

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
50
-

Directors' fees of \$49k related to the March 2018 quarter and \$1k 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	-	-
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.		

9. Estimated cash outflows for next quarter*	\$A'000
9.1 Exploration and evaluation	750
9.2 Development	-
9.3 Production	-
9.4 Staff costs (net of outflows included in item 9.1 exploration)	80
9.5 Administration and corporate costs	205
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,035

**Refer PNX announcement 25 July 2018 regarding \$3.4m capital raising subsequent to 30 June 2018

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	-	-		
10.2	Interests in mining tenements and petroleum tenements acquired or increased*^	-	-		

*In January 2018 the Company executed an agreement with a subsidiary of KL Gold Ltd for the acquisition of 4 mineral leases in Fountain Head area of the Northern Territory and a further 49% interest (currently owned 51% by PNx) in 4 tenements in the Moline area of the NT. In return, PNx will transfer its 51% interest in three exploration areas within the Burnside project area. Completion of this transaction occurred in July 2018 and registration of the ownership changes with the NT Department of Primary Industry & Resources is expected to occur during the Sept 2018 quarter.

^During the quarter, PNx executed a binding term sheet with May Drilling Pty Ltd, whereby PNx can earn a 90% interest in 3 tenements in the Litchfield region of the Northern Territory (Kilfoyle Project) with expenditure of \$1.2 million over 3 years. PNx's interest in these tenements at 30 June 2018 was 0%.

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 2018

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.