

Chairman's Address – 2018 Annual General Meeting

Since writing the Letter to Shareholders for the Annual Report, the Company has delivered additional positive drilling results from our regional exploration efforts. Prior to considering the formal business of today's agenda, I thought it worthwhile to highlight some of these results and to share our enthusiasm for the ongoing exploration success that we are having near our flagship Hayes Creek Project in the Northern Territory.

At Fountainhead, the preferred location for a processing facility for Hayes Creek, recent drilling has intersected high grade gold mineralisation beneath the historic pits, demonstrating that there is considerable potential to grow the mineral inventory both at depth and along strike.

Approximately 1.5km to the northwest of the historic mining area at Fountain Head, our initial drilling targeting a gold-in-soil geochemical anomaly returned an outstanding intercept of 6m grading 39.6g/t gold (Banner prospect). This is an exciting result as we have many similar looking soil anomalies on the project that have yet to be tested. Also, the intercept is near surface and remains open in all directions. A subsequent diamond drillhole has been completed at Banner and assays are pending. Importantly, however, this follow-up drillhole has provided structural and geological information that will guide the next round of drilling at Banner to determine the extent of this high-grade intercept.

Drilling at another exploration prospect, Cookies Corner, has also delivered solid results that suggest the presence of an extensive gold system. Gold mineralisation was intersected in all 16 drillholes of an initial program that covered an area of approximately 500m by 100m. Several holes terminated in mineralisation at the depth capacity of the rig and the mineralisation remains open in all directions. High gold grades from surface rock chip samples located on trend and north of the initial drilling provide an obvious target for future drilling programs and this area will be tested with RC drilling in the coming weeks.

James Fox, our Managing Director, will discuss these prospects in further detail in his presentation at the conclusion of the formal business of today's meeting.

Hayes Creek remains a high value, relatively low risk and technically strong development opportunity for the Company. Our regional exploration is designed to complement and enhance the Hayes Creek development, and to identify new, potentially stand-alone resources. Continued success from this program would likely have a very significant economic impact on the Project and the Company.

The advancement of the Hayes Creek Project towards development alongside the growth potential demonstrated by our regional exploration efforts has attracted new investors to PNX and we are pleased to welcome Delphi as a new substantial holder in the Company. We also wish to thank existing shareholders for their ongoing support.

Before moving to the formal part of the meeting, I would like to take this opportunity to express my thanks to my fellow directors, management and staff for their dedication and work during the past 12 months and for their commitment to growth going forward.

Graham Ascough
Chairman

PNX Metals Limited