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ASX Announcement
9 October 2018

Extensive gold mineralisation at Cookies Corner, NT

- **Initial drill program completed at Cookies Corner to test a 1km long gold-in-soils anomaly where surface rock chips returned up to 28.7g/t Au**
- **Gold mineralisation intersected over a continuous 500 metre strike that remains open, including;**
  - **20m @ 1.93 g/t Au from 12 metres in CCRC005, including;**
    - **8m @ 4.29 g/t Au from 12 metres;**
  - **6m @ 3.72 g/t Au from 71 metres in CCRC002**
- **All 16 holes intersected gold mineralisation associated with quartz-sulphide veins along the target structure**
- **Several drill holes ended in mineralisation and will be extended with RC drilling**

PNX Metals Limited **(ASX: PNX)** ("PNX" or "Company") is pleased to advise that it has completed a 16 hole, ~1,100 metre reverse circulation (RC) drill program at the Cookies Corner prospect located in the Pine Creek region of the Northern Territory, and less than 30km from PNX's flagship Hayes Creek Zn-Au-Ag project. The Pine Creek region has produced over 3.2Moz of gold and approximately 9Moz of gold resources have been reported from this area.

Cookies Corner is one of a cluster of gold targets in the north-west of PNX's Burnside exploration project (Figure 3) at the convergence of two major gold-producing structural corridors, the Pine Creek Shear Zone and the Howley Anticline (host to Kirkland Lake Gold Limited's Cosmo gold mine). The Cookies Corner geochemical anomaly is directly analogous to that observed over the historic Goodall Mine located 4km to the south-west. Goodall was discovered via geochemical sampling in 1981, mined from 1988-1993 and produced, on average over that time, 41,500 oz Au per year[1].

Drilling consisted of five RC traverses spaced approximately 100 metres apart with the aim of identifying the source of a 1km long, >0.1g/t gold-in-soils anomaly with surface rock chips grading up to 28.7 g/t Au (Figures 1 and 2).

All of the 16 holes drilled intersected zones of gold mineralisation associated with quartz-sulphide veins (similar to the Goodall deposit) and assays indicate that several drill holes ended in mineralisation (Table 1). Higher gold grades generally occur in the fresh rock below the base of oxidation at a vertical depth of approximately 25 metres and mineralisation remains open in all directions. ***This initial program was designed only to test a portion of the large geochemical anomaly, but these excellent results demand a follow-up program including extending several holes that ended in mineralisation.*** New drilling is to commence in late October.

A number of samples analysed were 4 metre composites and individual one metre samples have now also been collected and submitted for analysis to assist with detailed modelling and drill targeting.

[1] Exploration and Geology of the Goodall Gold Mine, D R Quick, AusIMM Annual Conference 1994

Managing Director Comment

PNX Managing Director James Fox said: "There is compelling data to support the prospect of a new gold camp within the north-west corner of the Burnside project, which adds to a number of significant gold systems already identified by PNX in the NT. The success of this program at Cookies Corner, which is still in its early stages, gives us a new level of confidence regarding the other numerous soils anomalies within our NT tenements that are either untested or have received virtually no exploration for decades. We look forward to continuing to advance these exploration prospects."

The Cookies Corner drilling program is part of a broader exploration campaign PNX is currently undertaking on its NT projects aimed at defining additional resources that can either supplement the Hayes Creek project or support the development of a stand-alone mining operation.

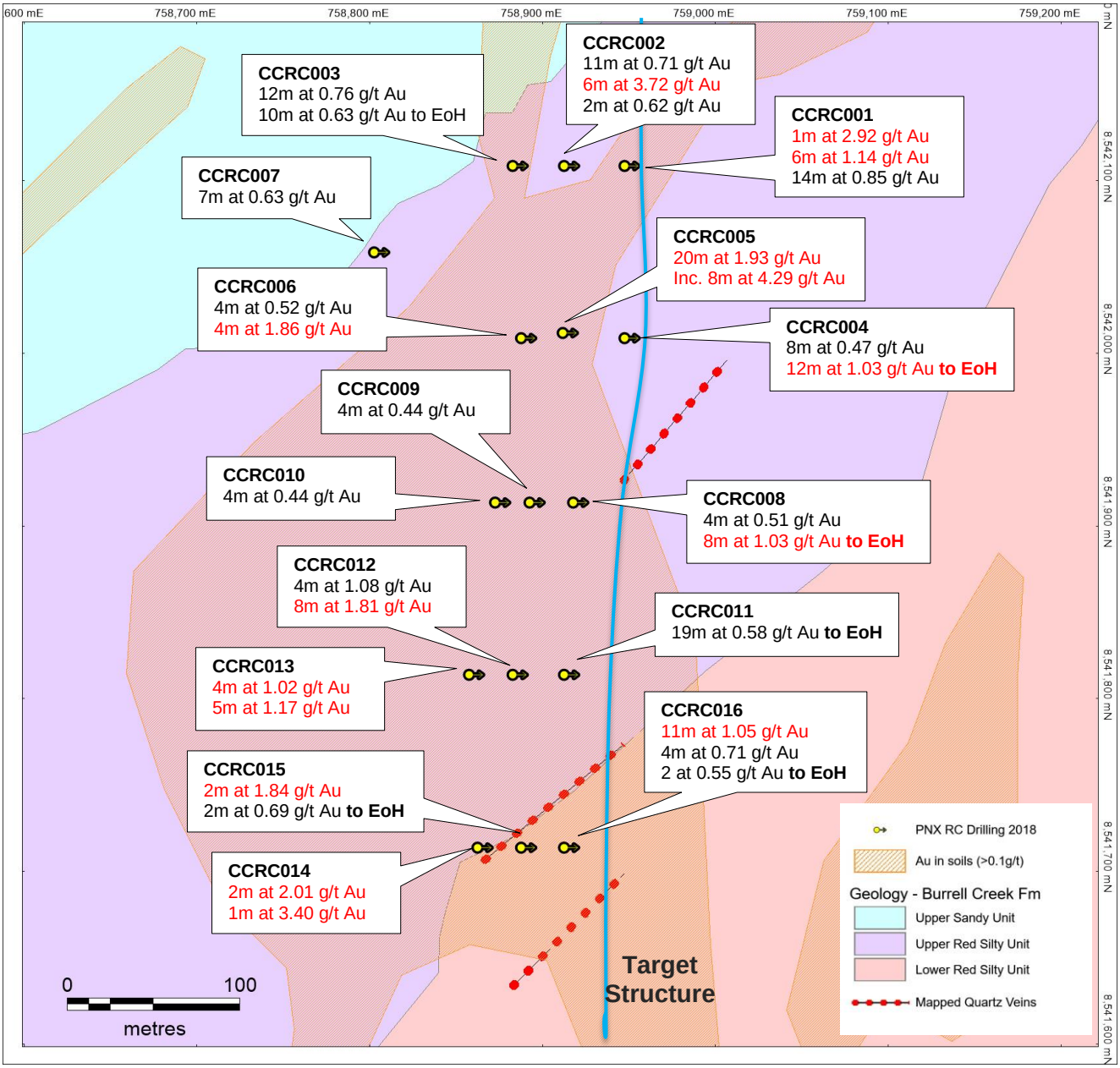

Figure 1: Cookies Corner plan showing PNX drilling, gold-in-soil anomaly and target structure on geology

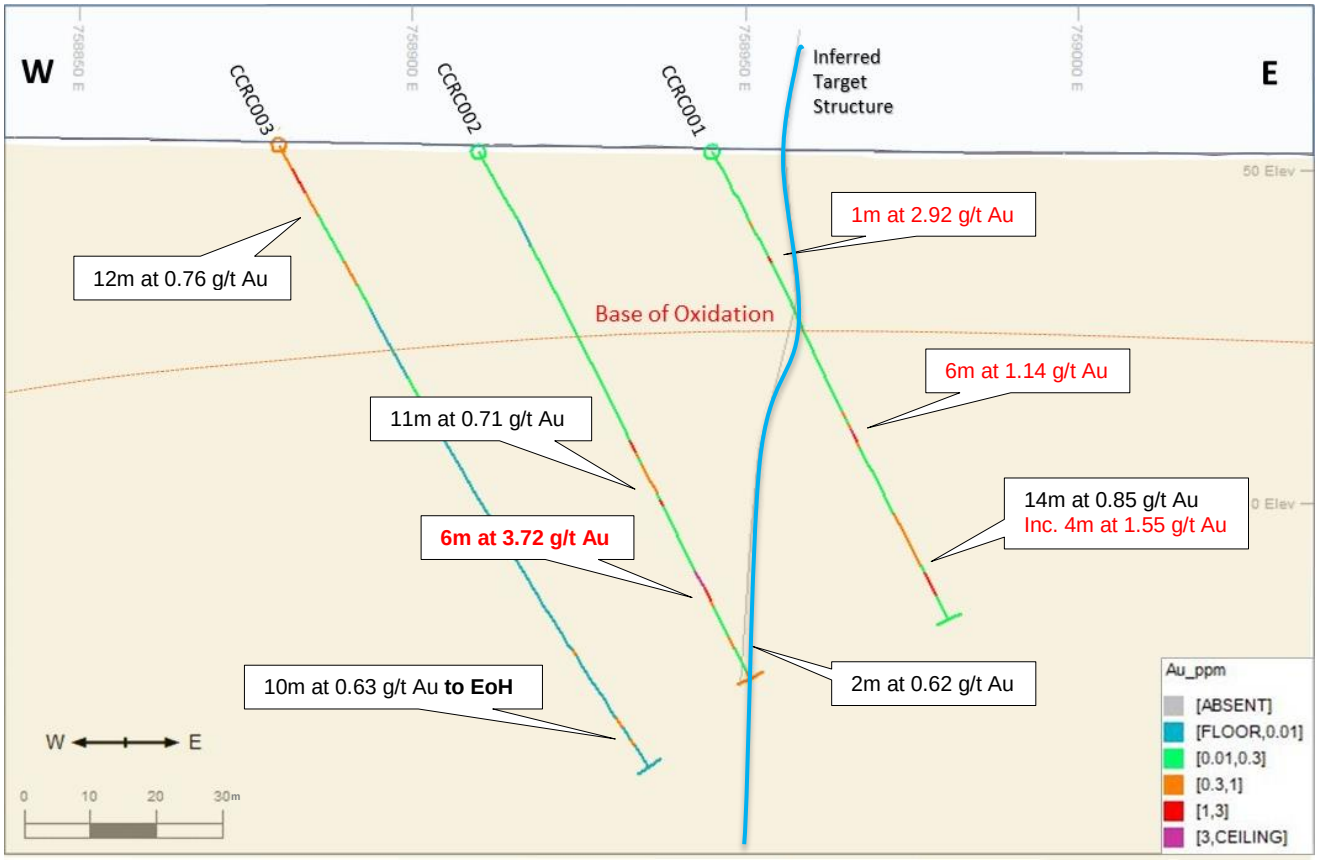

Figure 2: Northern most section drilled

PNX holds a 51% interest (excluding uranium) in the Burnside project (16 tenements) covering ~940 km^2 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 area to 90% with the completion of the drill program at Cookies Corner.[2]

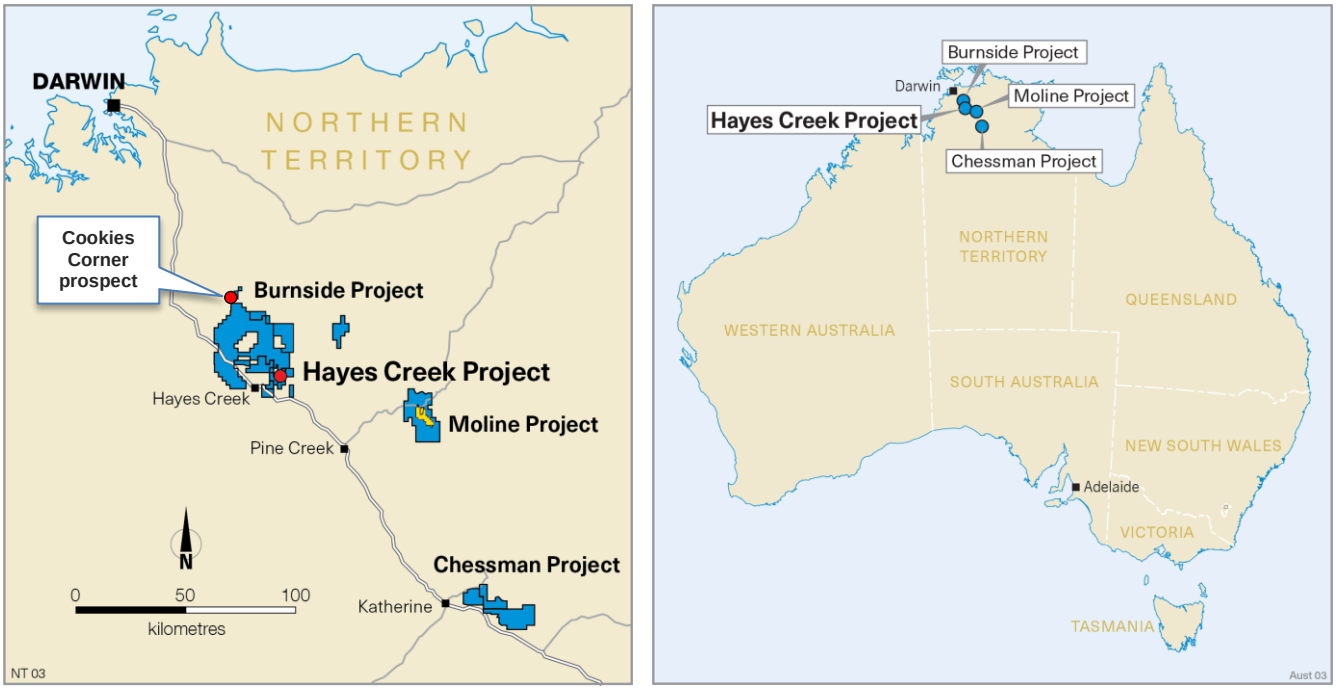

Figure 3: NT Project locations

[2] Refer ASX release 18 August 2014 for full terms of the farm-in

~ ENDS ~

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

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***Table 1** – 2018 PNX Drill hole assay summary Cookis Corner prospect. Note: All intersections are downhole widths as orientations are not confirmed. True widths will likely be less that downhole widths.*

Hole ID	Type	East MGA	North MGA	RL (m)	Dip	Azi	EOH (m)		From	To	Interval	Au (g/t)	Comment
CCRC001	RC	758945	8542110	53	-60	90	79		18	19	1	2.92	
								and	44	50	6	1.14	
								incl	*47*	*49*	*2*	*2.22*	
								and	61	75	14	0.85	Contains composites
								incl	*71*	*75*	*4*	*1.55*	Composite
CCRC002	RC	758910	8542110	53	-60	90	89		49	60	11	0.71	
								incl	*49*	*51*	*2*	*1.20*	
								incl	*59*	*60*	*1*	*1.56*	
								and	**71**	**77**	**6**	**3.72**	
								incl	***71***	***73***	***3***	***6.16***	
								and	82	84	2	0.62	
CCRC003	RC	758880	8542110	54	-60	90	109		1	12	12	0.76	Composites from surface
								incl	*4*	*8*	*4*	*1.23*	Composite
								and	76	77	1	0.62	
								and	87	89	2	0.62	
									99	109	10	0.63	**To EoH**
								incl	*100*	*102*	*2*	*1.31*	
CCRC004	RC	758945	8542010	55	-60	90	61		2	3	1	0.88	
								and	17	25	8	0.47	Composites
								and	49	61	12	1.03	Composites
								incl	*57*	*61*	*4*	*1.69*	Composite **to EoH**
CCRC005	RC	758915	8542010	55	-60	90	73		**12**	**32**	**20**	**1.93**	Composites
								incl	***12***	***20***	***8***	***4.29***	Composites
CCRC006	RC	758885	8542010	55	-60	90	82		34	38	4	0.52	Composite
								and	66	70	4	1.86	Composite
CCRC007	RC	758800	8542060	50	-60	90	100		58	65	7	0.63	
								incl	*63*	*65*	*2*	*1.43*	
CCRC008	RC	758915	8541915	61	-60	90	49		32	36	4	0.51	Composite
									40	49	8	1.03	Composites **to EoH**
								incl	*44*	*48*	*4*	*1.71*	Composite
CCRC009	RC	758890	8541915	60	-60	90	67		32	36	4	0.44	Composite
CCRC010	RC	758870	8541915	59	-60	90	79		32	36	4	0.31	Composite
CCRC011	RC	758910	8541815	70	-60	90	55		36	55	19	0.58	Composites **to EoH**
CCRC012	RC	758880	8541815	69	-60	90	67		0	29	29	0.86	Composites from surface
								incl	*10*	*14*	*4*	*1.08*	
								incl	*18*	*26*	*8*	*1.81*	
CCRC013	RC	758855	8541815	67	-60	90	73		3	5	2	0.45	
								and	24	28	4	1.02	Composite
								and	32	37	5	1.17	Contains composite
								incl	*36*	*37*	*1*	*3.21*	

								and	59	67	8	0.54	Composites
CCRC014	RC	758860	8541715	65	-60	90	61		44	46	2	2.01	
								incl	*44*	*45*	*1*	*3.40*	
								and	53	55	2	1.69	
CCRC015	RC	758885	8541715	64	-60	90	55		0	2	2	0.54	From surface
								and	29	31	2	1.84	
								and	39	42	3	0.47	
								and	53	55	2	0.69	**To EoH**
CCRC016	RC	758910	8541715	63	-60	90	43		21	32	11	1.05	
								incl	*25*	*27*	*2*	*1.86*	
								and	35	39	4	0.71	
								and	41	43	2	0.55	**To EoH**

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Samples are derived reverse circulation (RC) chips which are cone-split for sampling • All core and chips have been geologically logged by the onsite geologist • Sampling intervals are at 1m intervals for RC chips. Samples were either submitted in 1m intervals, or composited as a 4m interval. • Sample weights were typically 2-3 kg • Magnetic susceptibility measurements were taken using KT-10 meter • Field portable XRF measurements taken for 34 elements (Ca, Ti, V, Cr, Mn, Fe, Co, Ni, Cu, Zn, As, Rb, Sr, Zr, Mo, Ag, Cd, Sn, Sb, W, Hg, Pb, Bi, Th, U, Pd, S, Ba, K, Cs, Sc, Se, Te, and Au) using an Niton XL3T 950 device
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• All RC drilling was from surface with 5.25" bit with a face sampling hammer. Drilling was carried out by Geo Drilling Pty Ltd, Northern Territory using a truck mounted Schramm 450 drilling rig. • A Relfex downhole survey instrument was used to take single shot positional surveys approximately every 30m downhole
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Sample recovery was estimated visually by inspecting the size of the sample collected, and recorded in the geological log at 1m intervals. Recovery of insitu regolith and fresh rock was excellent. • No relationship has yet been established between sample recovery and grade. The vast majority of RC samples were dry, but when samples became wet, there was unavoidable loss of fines (typically 5-10% of the sample weight). This has the possibility of introducing a sample bias. Geological logs include the wet or dry nature of the sample

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All RC chips have been geologically logged by the onsite geologist at 1m intervals and chip trays have been retained and photographed • Log fields include lithology, colour, grainsize, texture, veining, sulphide mineralisation, alteration, strength, recovery and sample moisture • Logs have been aided by the use of magnetic susceptibility and portable XRF measurements on each metre sample
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All samples were cone split. The splitter was blown with compressor air and cleaned at the end of each rod (6m) to reduce sample contamination. • Duplicate field samples were taken each 25th sample by using a dual outlet on the cone splitter to check representivity of sample • Individual samples are placed in individual sample bags and clearly identified prior to submission to the laboratory for assay • The sample sizes are typical for the RC drilling method but caution is warranted given reports of coarse gold during historical mining operations
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples were submitted to Northern Australian Laboratories (NAL) in Pine Creek, Northern Territory • After crushing and pulverizing to – 100 microns, each sample is roll mixed on a rubber mat after pulverizing, a barren flush is pulverized between each sample. A sub-sample of the pulverized sample is submitted for conventional fire assay for gold (FA50). • PNX submitted certified reference materials and duplicates samples every 25th sample and also submitted blank quartz material to check laboratory analytical and sample preparation quality at a rate of 3 blanks per 100 • NAL have internal QAQC procedures, including certified reference materials, duplicates and blanks, results of which are reviewed by NAL prior to reporting to PNX • Visual assessment of the standards, blanks and duplicates shows that a high degree of confidence can be placed in the accuracy and precision of the assay data

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No twinned holes have been carried out yet. • No external laboratory assays have been carried out yet • All logging has been carried out using standardised logging codes to professional standards. All geological, geotechnical and sampling information has been entered into a digital database which has been validated for sample overlaps and missing data • All hard copies of information are stored in a secure compound at site. Digital copies are held on site and at PNX's Adelaide office on a backed-up server • No adjustments to assays have been made. Where gold assay data has been repeated by the lab, the average value has been reported in the significant intersection calculations.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Downhole surveys have been collected by at approximate 30m intervals downhole and manually adjusted where magnetic interference is encountered • The drill collars were located using a Garmin GPS Map 60 hand-held GPS unit and verified using a second unit. The drill hole locations are considered accurate to within 5m and will be picked up with differential GPS prior to resource estimation. All coordinates are quoted using the GDA94 datum and projected to MGA zone 52 • Topographic control of drill collars is based on Garmin GPS Map 60 hand-held GPS unit and verified using a second unit. The drill hole locations are considered accurate to within 5m and will be picked up with differential GPS prior to any resource estimation.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The drill spacing of this program is approximately 30m on section and 100m between sections. • The sample spacing in many instances will be sufficient to establish the grade continuity of mineralised zones although no attempt to do so has commenced as yet • RC samples are collected at routine 1 metre downhole intervals, which is appropriate for RC drilling and for the thickness of the known mineralisation • 4m sample compositing has been carried out where the fpXRF show zones of low interest.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering*	• Most drill holes are oriented to intersect mineralisation close to perpendicular to the interpreted orientation of the main zone of

Criteria	JORC Code explanation	Commentary
relation to geological structure	*the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	mineralisation. The mineralisation may be folded in some areas, which could result in the possibility of drill holes being not optimally orientated. • Any biasing effect is yet to be determined
Sample security	• *The measures taken to ensure sample security.*	• Logging, and sampling has been carried out by PNX personnel who are always on site during drilling, and samples are submitted to the laboratory by the same people • No third parties have been allowed access to the samples
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been carried out at this point

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Cookies Corner prospect is located within EL10012, which are held by PNX (51%) and Newmarket Gold NT Holdings Pty Ltd (49%) which are subject to an earn in agreement (see PNX ASX announcement 14/8/14) whereby PNX can earn up to 90% interest through staged project based expenditure. PNX has elected to continue the farm-in to 90% (see ASX release 12/12/16). • The prospect and drilling is situated NT Parcel number 6298 known as Mount Ringwood Station. PNX have an access agreement with the Station • The Exploration Lease is in good standing and no known impediments exist
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The area has been explored by Western Mining, Dominion Mining, Northern Gold, Grace as well as data compilation and review by both Newmarket and PNX. • The Cookies Corner prospect was defined in 1986 via 80 soil samples (Hancock and Ward, 1987). The area was then followed up with mapping, rock chip sampling, gradient-array IP geophysics and a single traverse of RC percussion drilling. • Western Mining resumed exploration in 1988 with costeaning generally taken at 3m intervals and an additional 46 rock chip samples were selectively taken and assayed. The best result coming

Criteria	JORC Code explanation	Commentary
		from CCC3 returning an assay of 3m@ 1.46 g/t. Abundant ferruginous fracture networks and scattered thin quartz veins were found within the costeans. Of the 46 rock chip samples taken, 40 were low grade and the remaining 6 returned respectable grade (0.99-3.12 g/t with one sample at 37g/t). The six samples of note were from discrete areas with thin scale veining and ferruginous fracturing and would most like return low grade assays when diluted to 1m sample intervals in RC drilling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Using Goodall as an analogy for Cookies Corner gold mineralisation is likely to be epigenic and structurally controlled demonstrated by its association with cross-cutting quartz and sulphide veins and the mineralised vein assemblage. • The prospect is hosted by a sequence of turbidites within the Burrell Creek formation dominated by lithic sandstone to sub-greywacke, with subordinate intercalated shales.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Refer to table and diagram in main announcement for drill summary details
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Reported results are interval length weighted • No high cut-off grades have been applied • Reported intersections are classified as significant if they occur at a minimum of 0.3 g/t Au over at least 1m, although mining cut-offs may be higher, depending on the depth of the intersection

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• All significant intersections are quote as downhole widths • Due to the unknown geometry of mineralisation, there is no clear relationship yet between intersected width and true width
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to the main body of this announcement
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All matters of importance have been included
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All relevant information has been included
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work will be assessed once all the assays have been received • Diagrams will be generated when all information is received and assessed