

## Quarterly Activities Report

September 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 31/10/18:  
1,522,055,020

### 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 31/10/18:

Delphi Unternehmensberatung 17.1%  
Marilei International Limited 10.3%  
BNP Paribas Nominees 6.8%  
Sochrastem SA 6.2%  
Potezna Gromadka Limited 5.9%

### 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:

### NT Regional Exploration (Pine Creek region, in vicinity of Hayes Creek Project)

#### Immediate exploration success at two newly drilled target areas

- Discovery of new high-grade gold mineralisation at the Banner prospect (Fountain Head project) with a best result of:
  - 6m at 39.5g g/t Au from 54 m in FHRC085 (ASX release 23 August 2018)
  - Follow up diamond drill hole completed with assays pending
- New drilling at the Fountain Head project continues to intersect high-grade gold mineralisation over more than 1.6km strike length, (ASX releases 2 August 2018 and 22 August 2018), results include
  - 5m at 3.96 g/t Au from 107m in FHRC076 (Tally Ho lode),
  - 3m at 11.09 g/t Au from 93m in FHRC062, and
  - Initial diamond drill program completed with assays pending and further drilling to commence late November
- Extensive gold mineralisation over a continuous 500m strike discovered at Cookies Corner, from targeting a 1km long >0.1 g/t Au in soils anomaly (ASX release 9 October 2018)
- All 16 holes drilled at Cookies Corner intersected gold mineralisation, including
  - 20m at 1.93 g/t Au from 12m in CCRC005, and
  - 6m at 3.72 g/t Au from 71m in CCRC002
- Cookies Corner mineralisation open in all directions, follow up drilling planned to commence early November
- Completion of aeromagnetic survey at new Kilfoyle farm-in project

### Corporate

- Completion of \$3.5 million capital raising
- \$2.9 million cash on hand at 30 September 2018

## Planned Activities December 2018 Quarter:

### ***NT Regional Exploration***

- Follow up drilling at Cookies Corner (approx. 2,000m of RC drilling) to commence early November subject to access and statutory approvals
- Planning for and undertaking follow up drilling at Fountain Head and the Banner prospect subject to receipt of pending assays and interpretation of diamond drilling geological information
- Receipt of full assays from Moline project RC and diamond drill program, commencement of sighter metallurgical test work and interpretation of information relating to estimation of resources
- Interpretation and modelling of aeromagnetic survey completed at the Kilfoyle Project and finalising targets for government co-funded drilling

### ***Hayes Creek DFS***

- Further metallurgical optimisation targeting further impurity rejection
- Advancing marketing and offtake discussions
- Progression of Environmental Impact Statement (EIS) related studies and addressing feedback from submission of Notice of Intent (NOI)

## Activity during the Quarter

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

PNX is well funded to continue its exploration programs in the Pine Creek region of the Northern Territory and is growing increasingly confident in the potential for all three areas drilled so far this year – Fountain Head, Cookies Corner and Moline – to deliver significant shareholder value.

All three areas have the potential for achieving significant gold mineralisation that either

- complements and enhances the Hayes Creek Project, or
- is of sufficient scale to:
  - warrant being processed via existing infrastructure in the region capable of treating free-milling gold ore; or
  - supports a standalone mine development.

### **Fountain Head project, including the Banner prospect**

During the quarter a large drill program was completed at PNX's 100% owned Fountain Head project consisting of approximately 2,700 metres of RC and 770 metres of diamond drilling (ASX releases 23 July 2018, 2 August 2018, 22 August 2018, 23 August 2018, and 19 September 2018).

The program was designed to test for gold mineralisation directly under the existing Fountain Head and Tally Ho historic mining areas and over an approximate 1.6km strike extent to the north-west along the Fountain Head anticline (Figures 1 and 2). The discovery of new coarse gold mineralisation at the Banner prospect which lies at the furthest extent of drilling along the anticline, and numerous other high-grade gold intersections returned over a significant strike extent, demonstrate that a sizeable gold system is emerging at the Fountain Head project.

Assays are pending from the four diamond holes drilled, and once results have been received and assessed a follow-up program will be designed to commence later in the year. Core processing and logging has taken longer than anticipated due to the amount of information being collected. Highlights from the drill program to date include:

### Banner prospect

- 6m at 39.5 g/t Au from 54m in FHRC085 including
  - 1m at 215 g/t Au from 54m

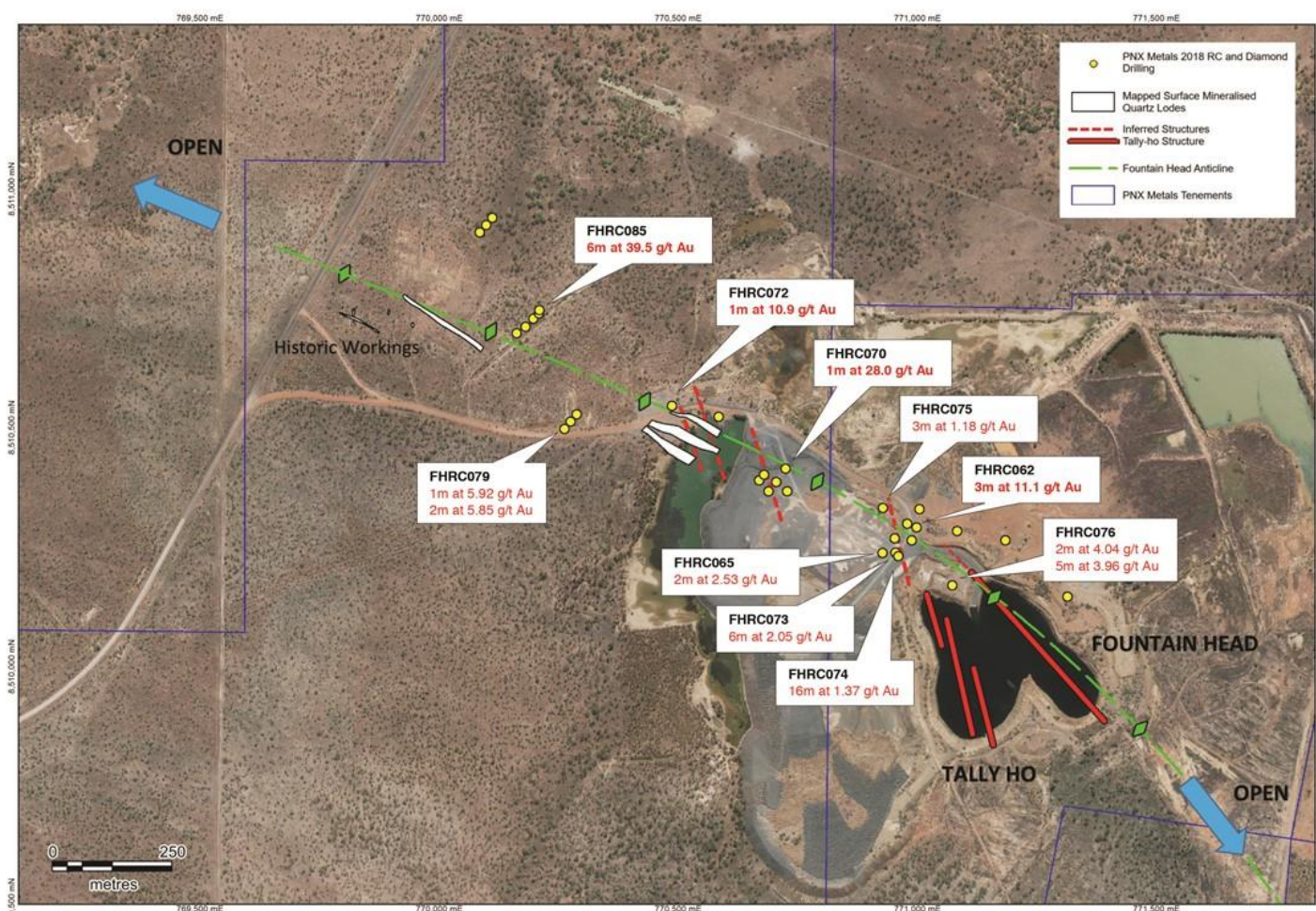
### Fountain Head lode

- 1m at 10.86 g/t Au from 29m in FHRC072;
- 3m at 11.09 g/t Au from 93m in FHRC062; and
- 1m at 28.00 g/t Au from 83m in FHRC070
- 16m @ 1.37 g/t Au from surface in FHRC074, including:
  - 1m @ 8.39 g/t Au from 5m.

### Tally Ho lode

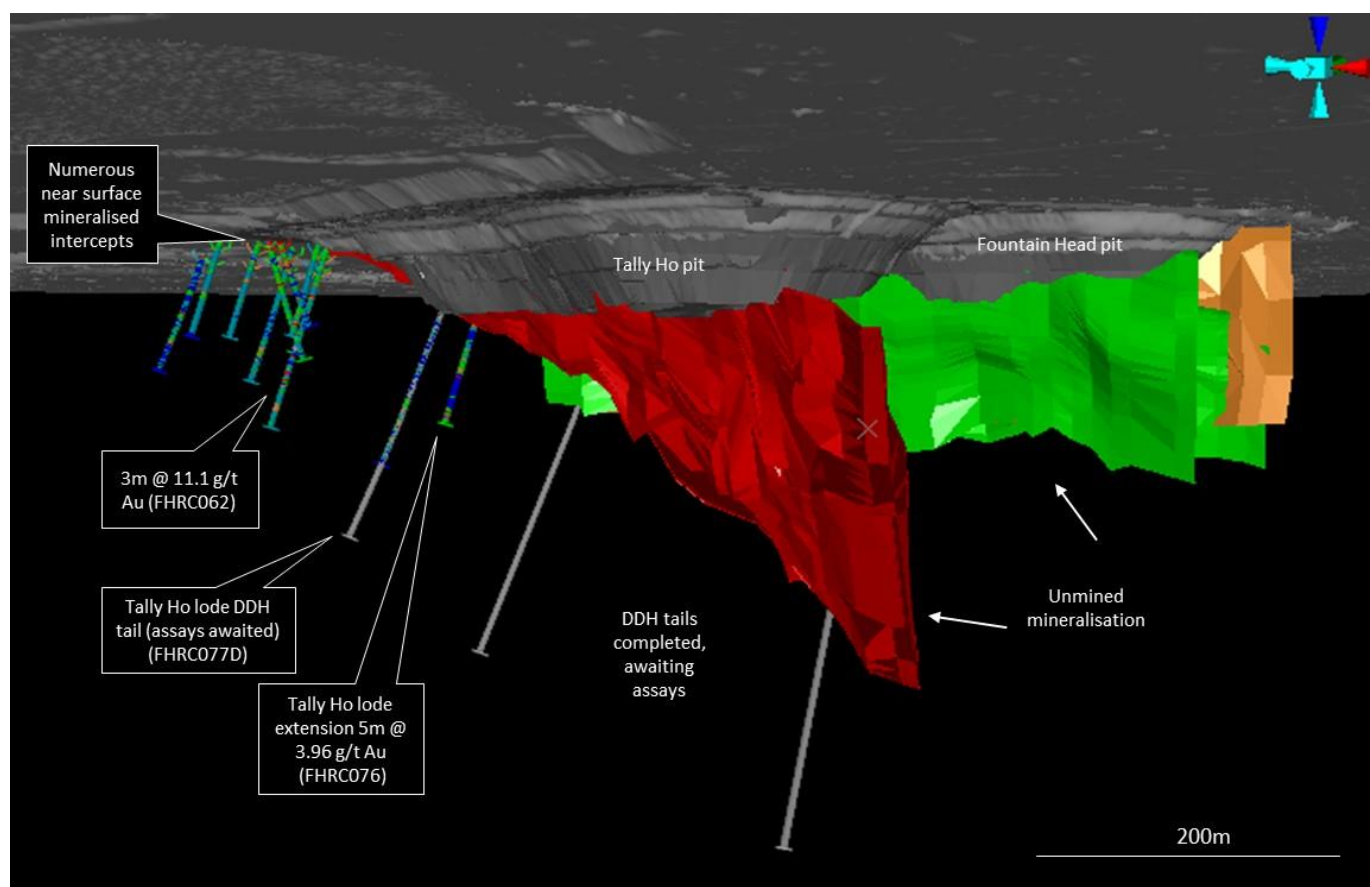
- 5m @ 3.96 g/t Au from 107m in FHRC076, including:
  - 2m @ 9.17 g/t Au from 110m.

The Fountain Head Mineral Leases (MLs) are located less than 15km from the Hayes Creek Project and provide PNX with the ideal location for the proposed Hayes Creek Project process plant.



**Figure 1:** Historic Fountain Head and TallyHo mining area situated on granted MLs. The green line is the Fountain Head Anticline that is thought to control mineralisation.





**Figure 2:** Isometric view of mineralisation (modelled from historic drilling) looking approximately north-east from below surface showing Tally Ho lode (red), Fountain Head lodes (green/orange), and PNX drill holes. The limited extent of historic mining is also shown.

### Cookies Corner prospect (Burnside project)

All 16 RC holes drilled to target the source of a consistent >0.1g/t gold in soils anomaly intersected gold mineralisation, over more than 1 km strike length. The anomaly is associated with quartz-sulphide veins over a continuous 500m strike (Figure 3) (ASX release 9 October 2018). Results reported include:

- **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**

Cookies Corner is one of a cluster of gold targets in the north-west of PNX's Burnside exploration project located 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<sup>1</sup>.

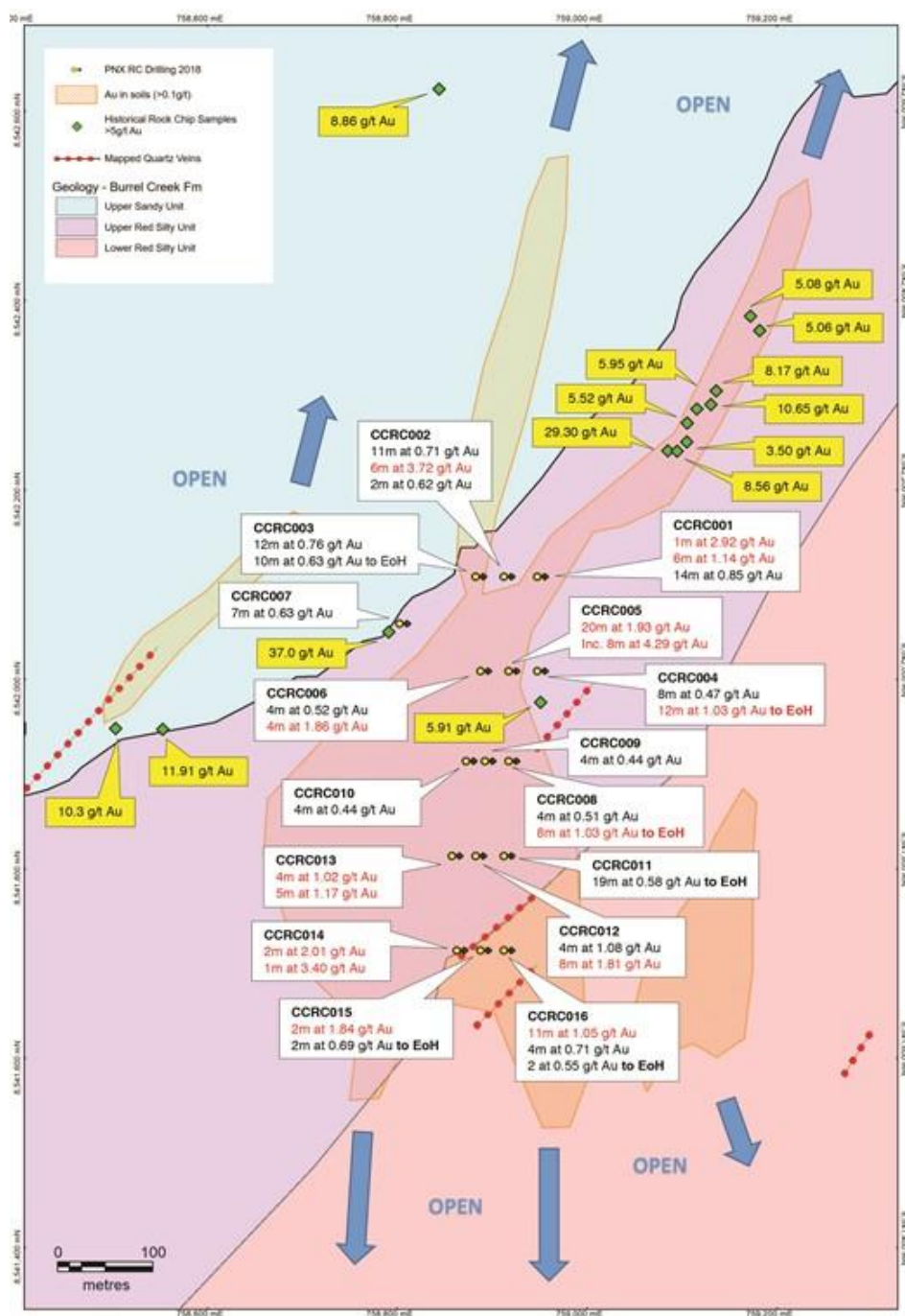
Initial drilling was designed to test a portion of the large geochemical anomaly and the excellent results received warrant a follow-up program including extending several holes that ended in mineralisation. This follow-up

<sup>1</sup> Exploration and Geology of the Goodall Gold Mine, D R Quick, AusIMM Annual Conference 1994

program will commence in early November and aims to extend the strike extent and depth of the mineralisation identified.

High-grade rock chips extend to the north, demonstrating the potential for strike extensions and quartz veins mapped at surface will also be followed up (Figure 3).

Drilling in this area has been prioritised and accelerated whilst assays are still pending from diamond holes drilled at Fountain Head. Multiple gold zones have been identified at Cookies Corner, and a number of untested soil anomalies exist in this area. The Company looks forward to advancing this exciting new opportunity.



**Figure 3:** Plan view of the Cookies Corner prospect showing drilling previously reported, surface rock chip samples and quartz veining mapped at surface over simplified geology.

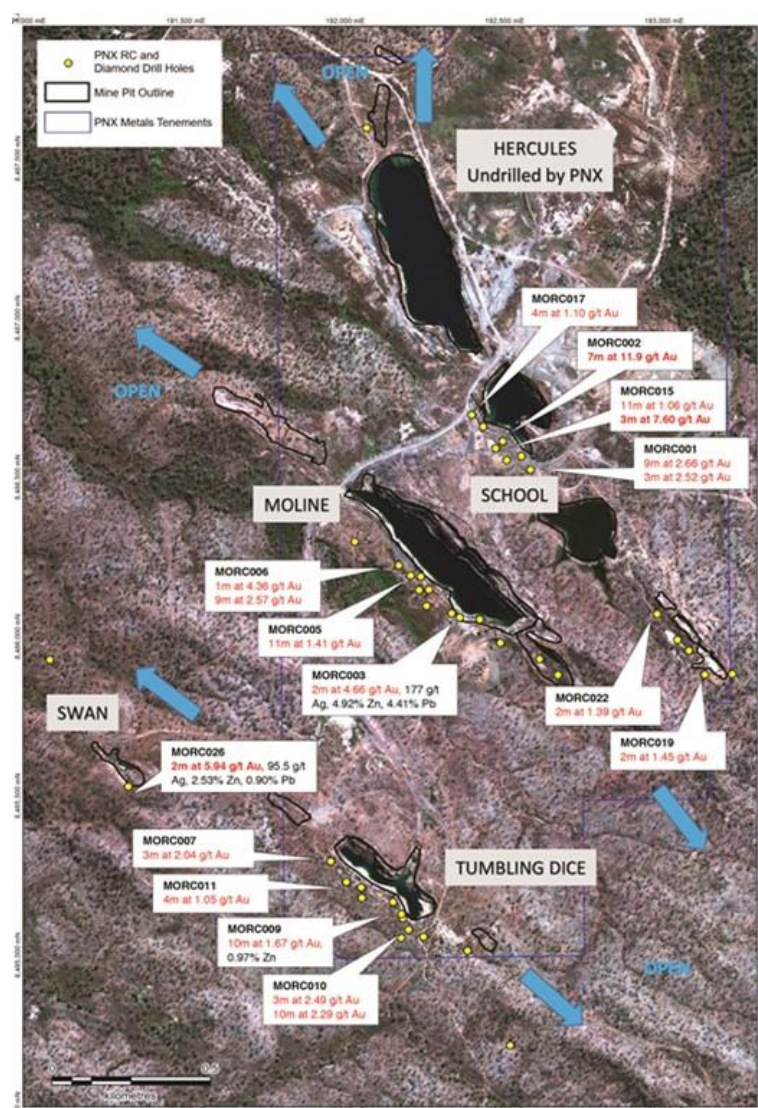
## Moline project

The 100% owned Moline project has strong synergies with, and is located approximately 65km by sealed road east of the Company's Hayes Creek Project. The area has been mined periodically, typically only down to the transitional zone. PNX has identified open primary gold and base metals mineralisation along three parallel trends over a total approximate strike extent of 5km (Figure 4).

The Company now has sufficient confidence in the scale of this unmined primary mineralisation to undertake a maiden mineral resource estimate at the Moline and Tumbling Dice prospects. This is expected to take several months to complete. The Hercules and School zones will be assessed separately as less drilling has been completed in these areas.

Diamond drilling commenced at Moline in late September to extend three previously drilled RC holes that did not reach target depth and to obtain samples for further metallurgical flotation test work. This drilling has now been completed with logging to be finalised before submission for analysis.

Studies indicate that Moline gold and base metals sulphide mineralisation is amenable to flotation and that a high-value concentrate can be produced through the proposed Hayes Creek Project process plant. Flotation test work will commence later in the year.



**Figure 4:** Plan view of the Moline project with selected drill intercepts shown.



## Other Regional Exploration

PNX continues to hold a 51% interest (excluding uranium) in the Burnside and Chessman Projects (19 tenements) covering ~1,150km<sup>2</sup> in the Pine Creek region of the NT, proximate to the proposed mine infrastructure at the Hayes Creek Project. PNX is finalising its expenditure reporting for the Burnside and Chessman areas and expects to have completed the required expenditure to have achieved a 90% interest<sup>2</sup>.

### Kilfoyle Farm-in - Litchfield Area NT

A detailed airborne aeromagnetic survey was flown over the Project area during the quarter in order to detect massive sulphide accumulations for further assessment and future drill testing. The information from this survey is being assessed by consultant geophysicists to provide targets.

PNX is a successful applicant for drill co-funding to test the potential for nickel-copper-cobalt (Ni-Cu-Co) sulphide mineralisation at the Kilfoyle Project. Fifty per cent 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 collection in greenfield areas of the Northern Territory.

## NT Project Development - Hayes Creek Zinc and Precious Metals Project

The Hayes Creek Project 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, 170km south of Darwin (Figure 5).

In July 2018, the agreement with Newmarket Gold NT Holdings Pty Ltd, a subsidiary of Kirkland Lake Gold Ltd, to acquire four mineral leases at Fountain Head was completed, thereby securing the preferred site for the Project's proposed processing plant and tailings facility<sup>3</sup>.

A Definitive Feasibility Study ('DFS') is currently underway on the Hayes Creek Project, following the successful completion of a Pre-Feasibility Study ('PFS') in July 2017 which confirmed the Hayes Creek Project 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 Hayes Creek Project as well as investigate opportunities to improve overall project economics thereby increasing the prospect of favourable development finance terms and structure.

The PFS forecast that the Hayes Creek Project would generate an NPV<sub>10</sub> 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 estimated \$58 million initial capital expenditure requirement, the Project is forecast to have a 73% IRR, and very short pay-back period of 15 months<sup>4</sup>.

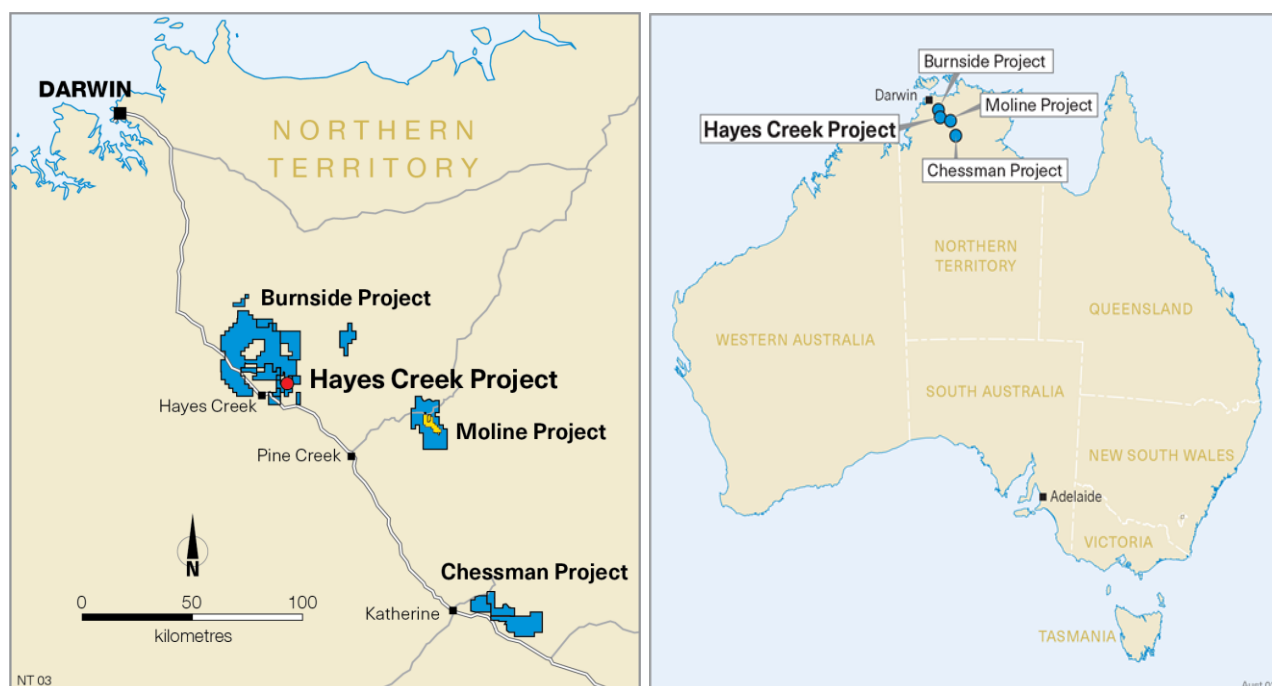
The Hayes Creek Project is located in a favourable mining jurisdiction where the development scenario considers and utilises existing infrastructure that includes rail, road, high voltage power lines and water, further enhancing project fundamentals and lowering development risks.

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

<sup>2</sup> Refer ASX release 18 August 2014 for full terms of the farm-in

<sup>3</sup> Refer ASX announcement 31 January 2018 for further detail

<sup>4</sup> 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 5: NT Project locations**

### **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 Hayes Creek Project.

Long term column leach tests are ongoing and are expected to run until at least to 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 both during operations and following closure.

#### **Metallurgy and Process Design**

Further metallurgical optimisation targeting further specific impurity recognition and rejection at Iron Blow is ongoing. Results from this program are expected to be received by mid-November and will assist with advancing marketing and offtake discussions.

### **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.

See Ausmex Mining Group ASX releases for further information on work completed during the quarter on some or all of the area subject to the above farm-in.

- 5 July 2018 - Ausmex complete Stage 1 of the MT Geophysical Survey



- 19 July 2018 - Additional High-Grade Cobalt, Copper and Gold identified at the Burra Project, South Australia

## Financial & Corporate

Cash on hand at 30 September 2018 was \$2.9 million. During the quarter PNX completed a \$3.5 million capital raising via the issue of 433,125,000 shares at a price of 0.8 cents per share to sophisticated investors and Company directors (latter \$115,000). The share placement was conducted in two tranches, and the second tranche of shares (169,375,000) was issued on 2 October 2018. On 4 October 2018 participants in the placement received an entitlement to one attaching unquoted option for each share subscribed for (total 433,125,000 options). These options have an exercise price of 1.5 cents each and an expiry date of 30 September 2021.

The capital raise included a new cornerstone investor, Delphi Unternehmensberatung Aktiengesellschaft, who invested \$2 million into PNX, becoming PNX's largest shareholder with just over 17% of PNX's issued capital.

Following the issue of the second tranche of placement shares on 2 October 2018, and as at the date of this report, the Company has on issue 1,522,055,020 fully paid ordinary shares. PNX also has on issue

- 433,125,000 unquoted options on issue as described above
- 65,450,000 unquoted options with a 5.0 cent exercise price expiring 31 May 2019
- 20,000,000 unquoted options with a 1.47 cent exercise price expiring 30 October 2020; and
- 17,070,000 performance rights

During the quarter the Board approved the offer of 10,000,000 performance rights to the Company's MD & CEO James Fox, which was approved by shareholders at the 2018 AGM held on 24 October. The performance rights, which will be issued shortly, have the following vesting conditions:

- 5,000,000 to vest if the Company's share price exceeds 2.0 cents (10 day VWAP) within 2 years of the date of issue; and
- 5,000,000 to vest if the Company's share price exceeds 4.0 cents (10 day VWAP) within 3 years of the date of issue.

## James Fox

Managing Director & CEO

Telephone +61 (0) 8 8364 3188

Email: [info@pnxmetals.com.au](mailto:info@pnxmetals.com.au)

Website: [www.pnxmetals.com.au](http://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
<b>Total Hayes Creek</b>			<b>168.0</b>
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
<b>Total Other</b>			<b>122.6</b>
ML31124	Fountain Head	PNX Metals Ltd 100%	33.5
MLN1020	Fountain Head	PNX Metals Ltd 100%	12.0
MLN4	Fountain Head	PNX Metals Ltd 100%	529.9
MLN1034	Fountain Head	PNX Metals Ltd 100%	304.2
<b>^Total Fountain Head</b>			<b>879.6</b>
<b>Moline^</b>			
ML24173	Moline	PNX Metals Ltd 100%	3126.0
MLN1059	Moline	PNX Metals Ltd 100%	418.7
MLN41	Mt Evelyn	PNX Metals Ltd 100%	8.9
<b>Total Mineral Leases</b>			<b>4,723.4</b>
EL28616^	Moline	PNX Metals Ltd 100%	262.5 km <sup>2</sup>
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2km <sup>2</sup>
<b>Total Exploration Licences</b>			<b>322.7km<sup>2</sup></b>

^ acquisition of Fountain Head tenements and additional 49% of Moline was completed in July 2018

## Northern Territory – Farm-in Tenements

Tenement	Name	Holder	(Area sq km)
<b>Burnside Project*</b>			
EL10012	Mt Ringwood	PNX 51%, Newmarket 49%	14.9
EL10347	Golden Dyke	PNX 51%, Newmarket 49%	10.0
EL23431	Thunderball	PNX 51%, Newmarket 49%	13.4
EL23536	Brocks Creek	PNX 51%, Newmarket 49%	70.4
EL23540	Jenkins	PNX 51%, Newmarket 49%	16.7
EL23541	Cosmo North	PNX 51%, Newmarket 49%	3.3
EL24018	Hayes Creek	PNX 51%, Newmarket 49%	23.4
EL24051	Margaret River	PNX 51%, Newmarket 49%	86.9
EL24058	Yam Creek	PNX 51%, Newmarket 49%	3.3
EL24351	McCallum Creek	PNX 51%, Newmarket 49%	13.4
EL24405	Yam Creek	PNX 51%, Newmarket 49%	4.1
EL24409	Brocks Creek South	PNX 51%, Newmarket 49%	22.1
EL24715	Mt Masson	PNX 51%, Newmarket 49%	56.8
EL25295	Margaret Diggings	PNX 51%, Newmarket 49%	10.0
EL25748	Burnside	PNX 51%, Newmarket 49%	584.5
EL9608	Mt Bonnie	PNX 51%, Newmarket 49%	10.0
<b>Chessman Project*</b>			
<b>Tenement</b>	<b>Name</b>		
EL25054	Maud	PNX 51%, Newmarket 49%	64.0
EL28902	Maud	PNX 51%, Newmarket 49%	104.5
ML30293	Chessman	PNX 51%, Newmarket 49%	1.1
<b>Kilfoyle Project**</b>			
EL29731	Kilfoyle	PNX 0%, May Drilling Pty Ltd 100%	51.5
EL28462	Kilfoyle	PNX 0%, May Drilling Pty Ltd 100%	360.6
EL30521	Kilfoyle	PNX 0%, May Drilling Pty Ltd 100%	157.8
<b>Total Exploration Licences</b>			<b>1,683</b>

\*PNX earning 90% interest under a farm-in agreement with Newmarket Gold NT Holdings Pty Ltd Pty Ltd

\*\*PNX earning 90% interest under a farm-in agreement with May Drilling Pty Ltd



## South Australia

Exploration Licences	Name	Holder	(Area sq. km)
<b>Adelaide Geosyncline***</b>			
EL5382	Burra Central	PNX 100%	84
EL5874	Burra West	PNX 100%	69
EL6150	Burra North	PNX 100%	300
EL5411	Mongolata	PNX 100%	60
EL5918	Princess Royal	PNX 100%	314
EL5473	Bagot Well	PNX 100%	71
EL5910	Spalding	PNX 100%	157
EL5557	Washpool	PNX 100%	135
			<b>1,190</b>
<b>Yorke Peninsula</b>			
ELA 2018/00013	Minlaton	Wellington Exploration Pty Ltd 100% <sup>@</sup>	509
ELA 2017/00169	Point Pearce	Wellington Exploration Pty Ltd 100%	38
EL5491	Koolywurtie	PNX 100%	255
EL5196	Coonarie	PNX 100%	254
<b>Total Exploration Licences</b>			<b>1,056</b>

\*\*\* Ausmex Mining Group earning up to 90% in these tenements over 2 stages under a farm-in agreement

<sup>@</sup> Wellington Exploration Pty Ltd is a wholly owned subsidiary of PNX

## 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 SEPT 2018

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,106)	(1,106)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(135)	(135)
	(e) administration and corporate costs	(197)	(197)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,433)</b>	<b>(1,433)</b>

\*excluding costs included in exploration expenditure

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (3 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
	(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	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	3,465	3,465
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	(30)	(30)
3.5	Loan repayment	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>3,435</b>	<b>3,435</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	860	860
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,433)	(1,433)



<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(3 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,435	3,435
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,862</b>	<b>2,862</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	1,562	360
5.2	Call deposits	1,300	500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,862</b>	<b>860</b>

**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**

68

-

Directors' fees of \$49k related to the June 2018 quarter were paid, as well as \$19k of legal costs paid to a firm associated with a director (Peter Watson).

**7. Payments to related entities of the entity and their associates**

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

**Current quarter  
\$A'000**

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\*None other than those payments described in Item 6 above.

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

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.

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

-

-

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Exploration and evaluation

860

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

220

9.6 Other (provide details if material)

-

**9.7 Total estimated cash outflows**

**1,160**

## Mining exploration entity and oil and gas exploration entity quarterly report

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 July 2018 the Company completed an agreement with a subsidiary of Kirkland Lake Gold Ltd for the acquisition of 4 mineral leases in Fountain Head area of the Northern Territory, and the acquisition of a further 49% interest (total PNX now 100%) in 4 tenements in the Moline area of the NT. In return, PNX has transferred its 51% interest in three exploration areas (represented by 3 new ELs) within the Burnside project area. Transfer documents were stamped in October 2018, and registration of the ownership changes with the NT Department of Primary Industry & Resources will occur in the Dec 2018 quarter. Full details of the new ownership interests will be reported in the Dec 2018 quarterly report, once registration has occurred.

## 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 October 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.