PNX Metals Limited (ASX: PNX) is pleased to advise that it has now earned a 90% interest (excluding uranium) in the Burnside and Chessman projects in the Northern Territory from Newmarket Gold NT Holdings Pty Ltd a subsidiary of Kirkland Lake Gold Ltd.¹

The Burnside and Chessman projects cover approximately 1,150km² in the Pine Creek region, comprising 18 Exploration Licenses and one Mineral Lease (Figures 1 and 2), and contain multiple, high value exploration targets that PNX is systematically assessing with a view to defining additional resources that can be incorporated into its 100%-owned Hayes Creek zinc-gold-silver project.

Hayes Creek is located within the south-east corner of the Burnside project and ongoing exploration success within the Burnside and Chessman projects could extend the Hayes Creek mine life and improve on its already robust economics.

PNX Managing Director James Fox said:

“We are very pleased to have completed our earn-in over the Burnside and Chessman exploration projects in the Pine Creek region of the NT, which are integral to our plans for Hayes Creek. The areas possess significant exploration potential, as demonstrated by recent success at the Cookies Corner gold prospect.

We are eagerly awaiting assays from follow-up drilling from a further 17 drill holes which include Cookies Corner and the 100% owned Banner prospect.”

“The aim of the exploration undertaken on these projects to date and going forward is to identify additional resources that can be incorporated into the Hayes Creek mine plan in order to augment the economics and extend the life of the project.”

¹ Refer ASX release 18 August 2014 for full terms of the Agreement
Western Burnside

The recently drilled **Cookies Corner** gold prospect is one of a cluster of gold targets situated at the convergence of two major gold-producing structural corridors, the Pine Creek Shear Zone and the Howley Anticline (host to Kirkland Lake Gold’s Cosmo gold mine) located in the western side of the Burnside tenement.

Drilling conducted by PNX intersected gold mineralisation over a continuous 500m strike (See ASX announcement 10 September 2018), 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

A further eight holes have been drilled (with assays pending) as part of a larger follow-up program, with the remaining 15 planned holes being deferred until the commencement of the 2019 dry-season due to wet-weather access limitations.

Approximately 12km to the south, along the same structural corridor, sits the **Ithica trend**, a 5km long near-surface mineralised zone with limited historic drilling and scale potential. This area includes the Santorini, F16, J25, Quest Far South and Ithica prospects. Multiple mineralised zones exist along a major structural corridor with sparse historic drilling intersecting high-grade gold mineralisation associated with cross-cutting NE/SW structures, including 12m at 11.40g/t Au from 6m.

Historical geochemical results at Santorini had defined a large >0.1g/t gold in soils anomaly extending over 2km in length and 400m in width. Drilling had been planned at the Santorini prospect for 2018 but this was deferred given the success of Cookies Corner drilling and will now be followed up in 2019.

Eastern Burnside

The eastern side of the Burnside tenement is equally prospective with the Golden Dyke Dome group located immediately to the south of the 100%-owned Hayes Creek MLs (which include the Fountain Head, Tally Ho and Banner prospects, and the preferred location for the Hayes Creek process plant).

PNX recently intersected 6m at 39.5 g/t Au from 54m at Banner where a further eight reverse circulation (RC) and one diamond drill hole have been completed, with results pending.

The Golden Dyke Dome group contains numerous shallow open-pits that were mined to target near-surface oxide gold mineralisation, including the Fishers, Davies and Langleys prospects. Very little drilling has tested the fresh rock which is common throughout the project as the majority of exploration in the 1980s and 1990s was completed in a much lower gold price environment. Given this area is less than 2km to the south-west of Hayes Creek and that its empirical ranking puts it on par with Cookies Corner, further fieldwork is warranted.

To the north of Hayes Creek lies the Mt Ellison and Deloraine prospects and a trend of base metal geochemical anomalism which is open and extends to the north. This area is very much underexplored and is early stage with further mapping and sampling required.

Chessman

The Chessman area is a smaller tenement package surrounding Kirkland Lake’s Maud Creek gold deposit, located near the town of Katherine approximately 150km to the south-east of the Hayes Creek project. A large zone of base metal anomalism (in soils and stream sediments) occurs at the base of the Tindall Limestone. The potential of this area has not been fully evaluated, but is considered to be a SEDEX-style (Sedimentary Exhalative Deposits) target. The area is underexplored with very little subsurface drilling.

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2 See PNX ASX release 10 September 2018
3 Hancock et al, 1986 – Amalgamated Annual Report 1985 from ELs 3565, 4066, 2696, 2697, 3642 & 3643 (Western Mining Corporation)
4 Hancock et al, 1986 – Amalgamated Annual Report 1985 from ELs 3565, 4066, 2696, 2697, 3642 & 3643 (Western Mining Corporation)
5 See PNX ASX release 23 August 2018
Figure 1: Image shows Burnside Project Area (Blue) on a greyscale magnetic image. Yellow = Mineral leases owned by others with the exception of Fountain Head which is 100% PNX, Green stars = PNX targets, Red = existing and historic predominantly gold deposits, Red hashes contain major structural zones.
Competent Person’s Statement
The information in this report that relates to Exploration Results is based on information reviewed by Mr Graham Ascough, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Ascough has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Ascough is the non-executive Chairman of PNX Metals Ltd and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

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