

## Quarterly Activities Report

December 2018



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### ASX: PNX

Issued Capital as at 31/01/19:  
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: Angelo Gaudio

### Top Shareholders as at 31/01/19:

Delphi Unternehmensberatung 18.2%  
Marilei International Limited 10.3%  
BNP Paribas Nominees 6.2%  
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)

#### Successful follow-up drilling at Cookies Corner Gold prospect, and the Fountain Head gold project

- Assay results were received from three diamond drill holes at the Fountain Head project where high-grade gold mineralisation continues to be intersected. The Tally Ho mineral lode has been extended down-plunge by at least 100 metres, (ASX release 20 December). Significant results included:
  - **6.67m at 11.35 g/t Au** from 201.15 metres in FHRC077D, including
    - **0.85m at 84.9 g/t Au** from 201.15 metres
- Extensive gold mineralisation was identified in drilling over an 800m strike at Cookies Corner, targeting a 1km long >0.1 g/t Au in soils anomaly (ASX releases 9 October 2018, and 28 January 2019). All 24 holes drilled to date at Cookies Corner have intersected gold mineralisation (including the new follow-up drilling, see below)
- Follow-up drilling at Cookies Corner was only partly completed due to wet weather constraints with 8 new holes drilled and 3 original holes extended. Results from this drilling included:
  - **2m at 4.35 g/t Au from 61 metres** in CCRC018 (new hole), and
  - **11m at 1.13 g/t Au from 75 metres** in CCRC023 (new hole),
  - **6m at 1.82 g/t Au from 133 metres** in CCRC003 (extended hole), and
  - **4m at 2.12 g/t Au from 44 metres** in CCRC004 (extended hole)
- Earn-in completed and 90% ownership interest earned in the Burnside and Chessman exploration areas in the Pine Creek region of the Northern Territory from a wholly owned subsidiary of Kirkland Lake Gold Ltd. PNX's 90% interest extends over 18 Exploration Licenses and one Mineral Lease covering ~1,150km<sup>2</sup> (ASX releases 14 December 2018 and 18 August 2014 for further details of certain rights in respect of precious metals projects).

### Corporate

- Second tranche of placement completed for \$1.4 million (ASX release 3 October 2018)
- Appointment of Angelo Gaudio as Company Secretary and CFO (ASX release 10 January 2019)
- \$1.6 million cash on hand at 31 December 2018

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## Planned Activities March 2019 Quarter:

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

- Generation of an updated mineral resource estimate for Mount Bonnie to include results of 2018 drilling
- Planning for two new diamond drill holes at Iron Blow for large-scale representative samples of the eastern and western massive sulphide lodes, and additional geotechnical information relating to the proposed underground development
- Environment Protection and Biodiversity Conservation (EPBC) referral of the development of the Hayes Creek project
- Progression of Environmental Impact Statement (EIS) related studies and addressing feedback from submission of Notice of Intent (NOI)

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

The majority of the work over the first quarter will be related to low cost geological modelling, drill target refinement and planning for the 2019 exploration/dry season. Expenditure will be significantly lower than during the field season which typically runs from April/May through to December.

- Given the successful drilling at Cookies Corner in 2018, modelling of the gold mineralisation will occur to determine the mineral resource potential, and assist with finalising the balance of the planned drilling
- A conceptual mining study will be completed for the Fountain Head project to determine the relative values of mining the gold mineralisation versus using the historic open pits as the (in-pit) tails location for the Hayes Creek project, and whether, and if so how, the two strategies might be combined
- Separately, CSA Global has been engaged to assist with generating a structural model that will help us understand controls around the gold mineralisation at Fountain Head, Tally Ho and Banner for future drill targeting and mineral resource estimation
- Assays from the Moline project RC and diamond drill program have been delayed, and as such commencement of sighter metallurgical test work and interpretation of information relating to estimation of resources was deferred. This is now planned to be completed during the March quarter
- Interpretation and modelling of aeromagnetic survey is to be completed at the Kilfoyle Project to assist with drill targeting for government co-funded drilling

## Activity during the Quarter

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

Successful exploration during the 2018 field season at the Fountain Head gold project, and the Cookies Corner gold prospect has reinforced the Company's belief in the significant untapped scale potential of these areas. We look forward to re-commencing drilling in the 2019 field season.

PNX is pursuing regional exploration targeting gold and base metals mineralisation that has the potential to either

- complement and enhance 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
  - support a standalone mine development.

## Fountain Head project

During the quarter the balance of assays from the diamond drilling component of a large drill program at PNX's 100% owned Fountain Head project was reported, consisting of approximately 2,700 metres of RC and 770 metres of diamond drilling (see ASX releases 23 July 2018, 2 August 2018, 22 August 2018, 23 August 2018, 19 September 2018, and 20 December 2018).

The diamond drill component of 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 (Figure 1). New assays results containing high-grade gold include:

- **6.67m at 11.35 g/t Au** from 201.15m in FHRC077D (Tally Ho lode), including;
  - **0.85m at 84.8 g/t Au** from 201.15m
- **1m at 6.64 g/t Au** from 172.48m in FHDD092 (Tally Ho lode)

Analysis of these assay results indicate that high-grade gold mineralisation exists along strike and down dip of the known mineralised structures. Importantly mineralisation exists outside of the previously known zones that had been modelled prior to drilling (Figure 2), and below historic mining which was limited to approximately 60m below surface.

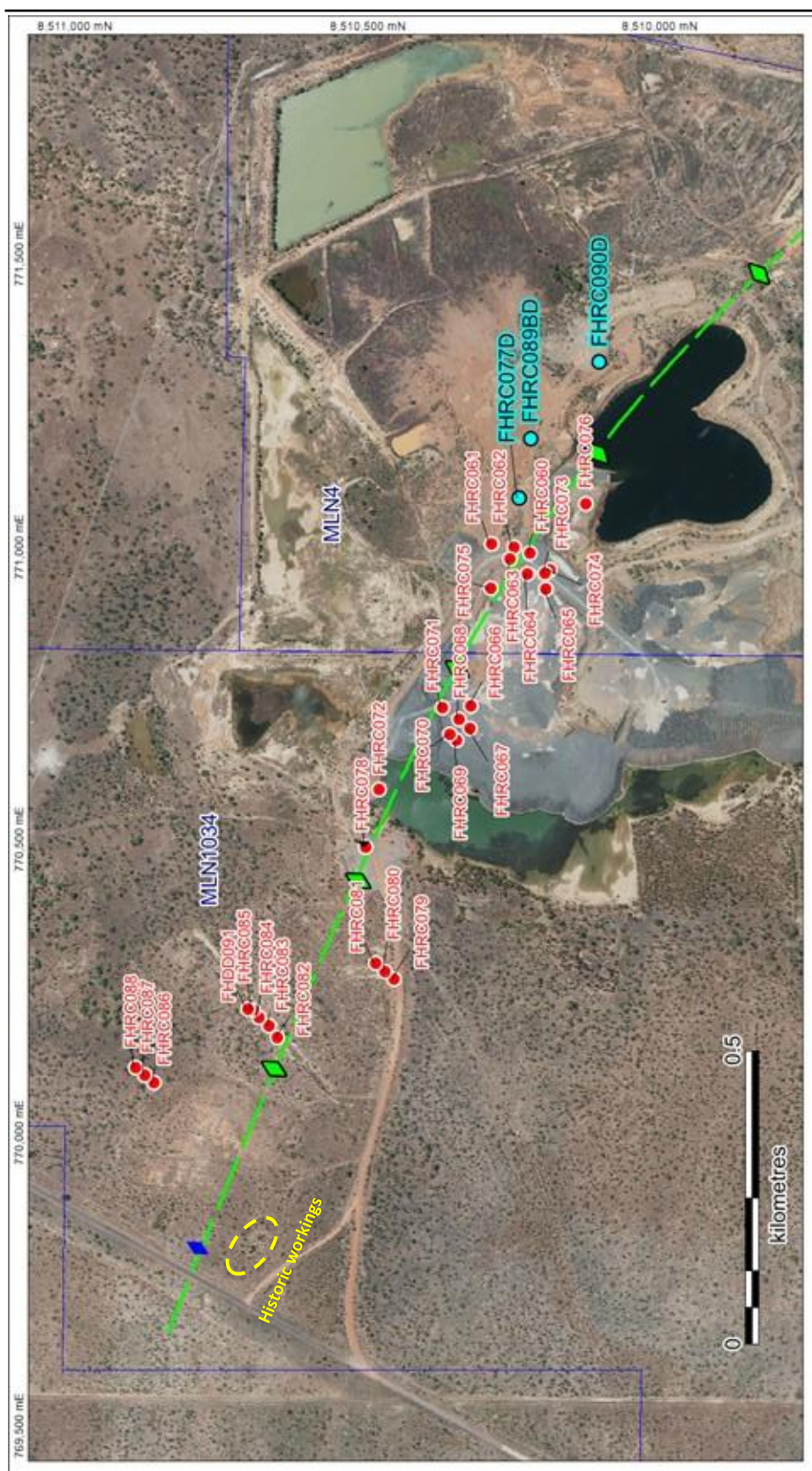
The mineralisation intersected at Fountain Head contains coarse and 'nuggety' gold, and as such it can be highly variable in grade and width. Detailed structural analysis will be required for accurate assessment of grade continuity, to identify potentially larger "trap sites" for mineralisation, and to assist with resource estimation. PNX has engaged CSA Global to undertake this work. Additional screen fire assays of nuggetty gold intercepts is also planned to be completed prior to the commencement of new drilling during the 2019 dry season.

**The scale of the mineralised envelope at the Fountain Head project is significant.** Drilling has intersected gold mineralisation from the south-eastern corner of the existing historic open-pits to the Banner prospect which amounts to an approximate 1.6km strike, and down to a vertical depth of ~250m. **Almost the entire strike extent remains open.**

In addition, small-scale historic hard-rock workings have been identified a further 400m to the west of the Banner prospect along the interpreted Fountain Head anticline, suggesting there is potential for further gold mineralisation in this area. The outcrop that contains the historic workings has been mapped at surface and the depth extent will be drill tested in 2019.

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 and associated infrastructure.

A desktop conceptual mining study has commenced to determine the relative values of the gold mineralisation versus using the existing historic open pits as the in-pit tails location, or a combination of both for the Hayes Creek project. This study will assist with the development strategy for the project.



**Figure 1:** Image shows the historic Fountain Head and Tally Ho mining area situated on granted MLs and the location of PNX drill holes. The green line is the Fountain Head Anticline that is thought to control mineralisation and the blue holes are those reported during the December quarter.



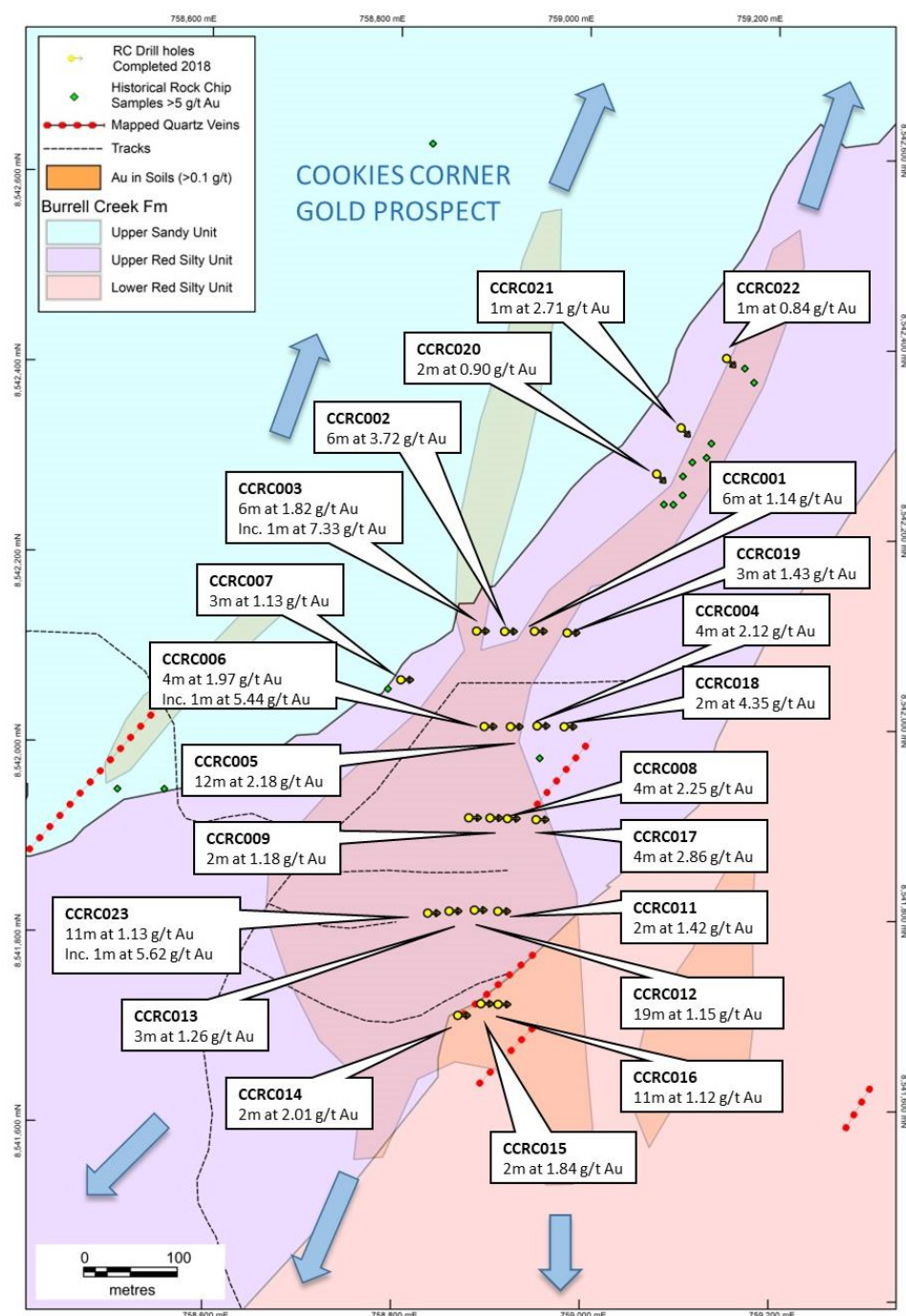
### Cookies Corner prospect (Burnside project)

- **8m at 3.13 g/t Au from 12 metres in CCRC005, including;**
  - **1m @ 11.7 g/t Au from 12 metres;**
- **6m at 3.72 g/t Au from 71 metres in CCRC002,**
- **19m at 1.15 g/t Au from 10 metres in CCRC012,**
- **11m at 1.13 g/t Au from 75 metres in CCRC023, including;**
  - **1m at 5.62 g/t Au from 75 metres**

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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> when gold prices at the time were less than a third of prices today.

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, location of surface rock chip samples and quartz veining mapped at surface over simplified geology.

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

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## **Moline project**

Delays due to prioritisation of core processing and subsequent laboratory analysis have meant that assays from 2018 drilling at Moline are incomplete. Diamond drilling at Moline in late September aimed to extend three previously drilled RC holes that did not reach target depth, and to obtain samples for further metallurgical flotation test work. Final assays are expected shortly.

Wireframing and modelling of the mineralisation at the Moline and Tumbling Dice prospects is planned to be completed during the current quarter, with the Hercules and School zones to be separately assessed as less drilling has been completed in these areas.

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

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 March quarter.

## **Other Regional Exploration**

PNX finalised its required expenditure and reporting and has now earned a 90% interest (excluding uranium) in the Burnside and Chessman projects in the Northern Territory from a subsidiary of Kirkland Lake Gold Ltd (ASX release 14 December 2018).<sup>2</sup>

The Burnside and Chessman projects cover approximately 1,150km<sup>2</sup> in the Pine Creek region, comprising 18 Exploration Licences and one Mineral Lease, 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 further exploration success within the Burnside and/or Chessman projects could extend the Hayes Creek mine life and improve its already robust economics.

## **Kilfoyle Farm-in - Litchfield Area NT**

PNX is a successful applicant for NT government 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.

The Kilfoyle drilling was to be completed and reported by mid-December, however due to limited access, prioritisation of Cookies Corner drilling, and the incoming wet-season PNX was given approval to defer the Kilfoyle drill program which must now be complete by mid-June 2019 to qualify for the co-funding.

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<sup>2</sup> Refer ASX release 18 August 2014 for full terms of the Agreement including Newmarket's buy back right in respect of precious metals projects

## 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 4).

In July 2018, the agreement with Newmarket 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.

During the 2018 field season there has been a renewed focus on regional exploration and as such the DFS progression was limited to studies relating to the Notice of Intent (NOI), Environmental Impact Statement (EIS) and ongoing metallurgical flotation test work. With increased investor interest in the project, in particular from new sophisticated investors the DFS will re-commence subject to funding availability. The longest lead-time items still relate to environmental and regulatory approvals with the submission of the EIS proposed for mid-2019. These approvals and finalisation of the DFS are expected to take until at least the first quarter of 2020, subject to any unplanned delays.

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>.

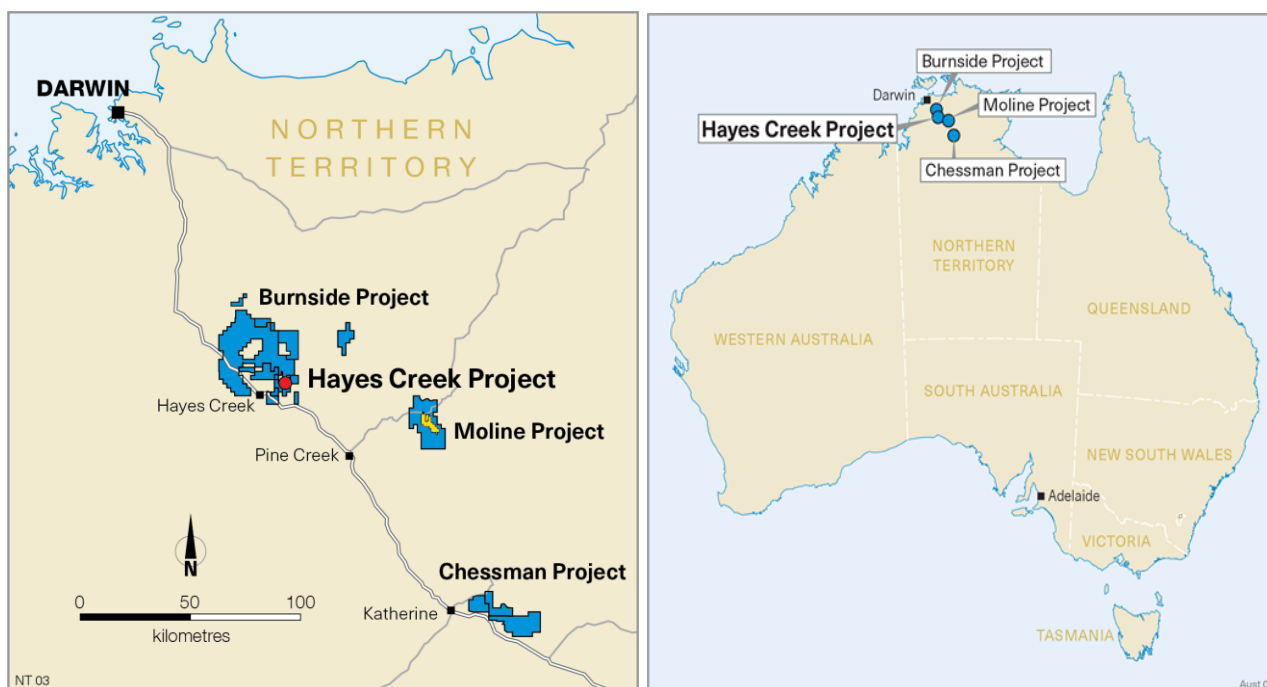
Investigations are ongoing into the production and marketing of a single concentrate stream vs the two concentrate streams proposed in the PFS. If successful this has the potential to improve the project economics and simplify the flowsheet. This will be further investigated as the DFS progresses, with ongoing work further discussed below (see Metallurgy and Process Design).

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.

<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 4: NT Project locations**

### **Hayes Creek Project Development**

A new updated Mine Management Plan for Hayes Creek has been submitted which includes new project monitoring bore locations and rehabilitation of 2017/2018 drill sites.

A NOI was submitted to the Northern Territory Environment Protection Authority (EPA) in August 2018. The NOI is the first step in the environmental approval process in the Northern Territory. The NOI provides a description of the project including the options that have or are being considered together with a background environmental description which utilised information obtained by PNX from ecological and hydrological investigations. As expected the EPA has determined that the appropriate level of assessment of the project should be an EIS. Terms of Reference are currently being developed by the EPA which will provide guidance for the EIS

### **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.

At the time of this report an Environmental Protection Biodiversity Conservation (EPBC) Act referral of the project was being finalised for submission to the Commonwealth Department of Environment and Energy.

A total of 12 leach columns were set up late in 2017 to assess the leaching characteristics of waste rock dumps, stockpiles, and materials in the final pit void and underground workings. These are long term tests, and typically run for 1-2 years.

Two of the NAF columns have been terminated as they have circum-neutral pH, steady alkalinity release and low metal/metalloid concentrations, and continuation is unlikely to provide any additional information.

The remaining leach columns are continuing and have been operating for 52 weeks with samples taken every 4 weeks. The results of this test work are being reviewed and evaluated with information collected to be used in future studies and planning of the Hayes Creek Project.

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## **Metallurgy and Process Design**

Existing pulps (150) have been re-sampled to allow for analysis of additional elements including Al, As, Ca, Fe, Mg, and Si, to be incorporated in the Iron Blow resource model. This analysis is pending and once complete will lead to the development of a more representative geo-metallurgical and mining model where the production output will also include potential deleterious elements as well as the payables.

A pre-DFS test work program was completed on Iron Blow samples (by BHM Metallurgical Consultants and Nagrom) and reported on late in 2018. This program analysed the opportunity to generate a single concentrate stream from the Hayes Creek project and analysis has shown the potential for improvements in metal grades and recovery and impurity element deportment in a single concentrate. Additionally, the proposed flowsheet would be simplified potentially resulting in capital and operating cost reductions.

Due to this test work a better understanding of the geometallurgical characteristics of the Iron Blow deposit along with a now improved metallurgical understanding of the mineralisation will be used to establish if it is possible to isolate both high and low impurity zones. Composite samples representing these will be treated metallurgically to determine optimal final product grades and recoveries.

Two new diamond holes are planned to be drilled at Iron Blow, one in the eastern, and one in the western lode in order to obtain the required mass of samples for larger-scale milling and a number of locked cycle flotation tests essential for the DFS.

Given the excellent access due to the existing infrastructure these holes are planned to be drilled as soon as the additional elements (as above) have been incorporated in the resource model, likely towards the end of the March quarter.

## **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.

- 4 October 2018 - Independent Expert validates potential world class IOCG and REE magmatic sulphide deposit at the Ausmex controlled Burra, SA
- 16 October 2018 - Ausmex completes Magnetotelluric (MT) Survey at Burra with initial modelling identifying 30 Km long shallow conductive drill target
- 30 October 2018 – Shallow conductive IOCG target identified commencing 200m below surface
- 12 December 2018 - Media Release - Burra, South Australia, Ausmex' pioneering use of technology uncovers enormous IOCG potential in its SA projects

## **Financial & Corporate**

Cash on hand at 31 December 2018 was \$1.6 million. During the quarter PNX completed the second tranche of a placement for \$1.6 million and issued the shares (169,375,000) on 2 October 2018. On 4 October 2018 participants in the placement received an entitlement to one attaching unquoted option for each share subscribed

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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 18% of PNX's issued capital as of the date of this report.

PNX has 1,522,055,020 fully paid ordinary shares on issue, and;

- 433,125,000 unquoted options (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

**James Fox**

Managing Director & CEO

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## TENEMENTS

### Northern Territory

Tenement	Name	Holder	Area Hectare
ML30512	Mt Bonnie	PNX Metals Ltd 100%	6.4
ML30589	Mt Bonnie		31.6
MLN1033	Mt Bonnie		4.8
MLN1039	Mt Bonnie		1.2
MLN214	Iron Blow		6.3
MLN341	Iron Blow		14.9
MLN342	Mt Bonnie		13.7
MLN343	Iron Blow		14.9
MLN346	Mt Bonnie		16.0
MLN349	Iron Blow		15.0
MLN405	Mt Bonnie		12.0
MLN459	Mt Bonnie		15.0
MLN811	Mt Bonnie		8.1
MLN816	Mt Bonnie		8.1
Total Hayes Creek			168.0
MLN794	Fishers-1	PNX Metals Ltd 100%	8.1
MLN795	Fishers-2		8.1
ML30936	Good Shepherd		106
Total Other			122.6
ML31124	Fountain Head	PNX Metals Ltd 100%	33.5
MLN1020	Fountain Head		12.0
MLN4	Fountain Head		529.9
MLN1034	Fountain Head		304.2
^Total Fountain Head			879.6
Moline^			
ML24173	Moline	PNX Metals Ltd 100%	3126.0
MLN1059	Moline		418.7
MLN41	Mt Evelyn		8.9
Total Mineral Leases			4,723.4
EL28616^	Moline	PNX Metals Ltd 100%	262.5 km²
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2km²
Total Exploration Licences			322.7km²

^ 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)
Burnside Project*			
EL10012	Mt Ringwood	PNX 90%, Newmarket 10%	14.9
EL10347	Golden Dyke		10.0
EL23431	Thunderball		13.4
EL23536	Brocks Creek		70.4
EL23540	Jenkins		16.7
EL23541	Cosmo North		3.3
EL24018	Hayes Creek		23.4
EL24051	Margaret River		86.9
EL24058	Yam Creek		3.3
EL24351	McCallum Creek		13.4
EL24405	Yam Creek		4.1
EL24409	Brocks Creek South		22.1
EL24715	Mt Masson		56.8
EL25295	Margaret Diggings		10.0
EL25748	Burnside		584.5
EL9608	Mt Bonnie		10.0
Chessman Project*			
Tenement	Name		
EL25054	Maud	PNX 90%, Newmarket 10%	64.0
EL28902	Maud		104.5
ML30293	Chessman		1.1
Killfoyle Project**			
EL29731	Kilfoyle	PNX 0%, May Drilling Pty Ltd 100%	51.5
EL28462	Kilfoyle		360.6
EL30521	Kifoyle		157.8
Total Exploration Licences			1,683

\*PNX earned a 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)
Adelaide Geosyncline***			
EL5382	Burra Central	PNX 100%	84
EL5874	Burra West		69
EL6150	Burra North		300
EL5411	Mongolata		60
EL5918	Princess Royal		314
EL5473	Bagot Well		71
EL5910	Spalding		157
EL5557	Washpool		135
			1,190
Yorke Peninsula			
ELA 2018/00013	Minlaton	Wellington Exploration Pty Ltd 100%®	509
ELA 2017/00169	Point Pearce		38
EL5491	Koolywurtie	PNX 100%	255
EL5196	Coonarie		254
Total Exploration Licences			1,056

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

® 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")**

31 DECEMBER 2018

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(6 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(862)	(1,968)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(134)	(269)
	(e) administration and corporate costs	(255)	(452)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	15
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>(1,241)</b>	<b>(2,674)</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	(20)	(20)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (6 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>(20)</b>	<b>(20)</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	2,862	860
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,241)	(2,674)



<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date</b>
		<b>\$A'000</b>	<b>(6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,435
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,601</b>	<b>1,601</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	601	1,562
5.2	Call deposits	1,000	1,300
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,601</b>	<b>2,862</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**

127

-

Transactions during the current quarter include:

- 1) Non-executive Director fees and superannuation of \$49k.
- 2) Legal costs of \$3k was 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**

-\*

-

\*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

350

9.2 Development

-

9.3 Production

-

9.4 Staff costs (net of outflows included in item 9.1 exploration)

130

9.5 Administration and corporate costs

200

9.6 Other (provide details if material)

-

**9.7 Total estimated cash outflows**

**680**

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.	EL's 10012, 10347, 23431, 23536, 23540, 23541, 24018, 24051, 24058, 24351, 24405, 24409, 24715, 25295, 25748 and 9608. All in Northern Territory.	During the quarter, PNX Interest earned in the tenements, increased from 51% to 90% pursuant to a farm-in agreement with Newmarket Gold NT Holdings Pty Ltd, a subsidiary of Kirkland Lake Gold Ltd.	All listed tenements 51%	All listed tenements 90%

## 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 January 2019.

Print name: Angelo Gaudio

## 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.