

\$5.48 Million Underwritten Rights Issue to Complete Hayes Creek Project DFS

- **Non-renounceable Rights Issue to raise \$5.48 million**
- **Underwritten by Hartleys and key shareholder DELPHI**
- **Non-shareholders invited to participate via a Sub-Underwriting Invitation Facility**
- **Capital raising to fund significant conclusive work at the Hayes Creek zinc-gold-silver Project including completion of a Definitive Feasibility Study**

PNX Metals Limited (**ASX: PNX**) (“PNX”, “the Company”) is pleased to announce the launch of a three (3) for five (5) non-renounceable pro-rata rights issue at an issue price of \$0.006 per new fully paid ordinary PNX share (“New Shares”) to raise approximately \$5.48 million (before costs and expenses) (“Rights Issue” or “Offer”).

With strong support from key shareholders, and engagement of Hartleys Limited as Lead Manager to the Offer, PNX has secured commitments and underwriting for the full amount of the Rights Issue (subject to the terms of the underwriting agreements).

The proceeds of the Offer will be used to undertake significant activity at PNX’s flagship Hayes Creek zinc-gold-silver project (“Project”), including completion of the Definitive Feasibility Study (“DFS”), and ongoing assessment of the high-grade Fountain Head gold project.

Managing Director James Fox said:

“This support for the Rights Issue is a strong endorsement of the quality of the Hayes Creek zinc-gold-silver project and PNX’s NT exploration assets. We thank existing major shareholders for their backing, and Hartleys Limited for acting as Lead Manager to the rights issue.

This funding will see the Company through a transformative period over the next 12 months. It allows for all technical aspects of the project to be de-risked through the completion of a DFS, as well as for the relevant project Government and Environmental applications to be progressed for approval.

Additionally, and following on from successful exploration in 2018 where drilling highlighted exceptional grades and scale potential of a gold system at the Fountain Head project, this new project will be advanced as a distinct opportunity to augment the already robust economics of the Hayes Creek project.

We look forward to delivering on the potential for Hayes Creek to become a future low-cost, high margin zinc and precious metal mine that creates significant value for the Company’s shareholders.”

Details of the Offer

The non-renounceable pro-rata Rights Issue will be undertaken on the basis of three (3) New Shares for five (5) shares held, at an issue price of \$0.006 to raise approximately \$5.48 million (before costs and expenses).

The issue price for the Rights Issue represents a discount of approximately 8.4% to the volume weighted average market price of PNX shares for the five trading days prior to 18 April 2019, and a discount of approximately 14.3% to the last traded price of PNX shares on 16 April 2019.

The maximum number of New Shares to be issued under the Rights Issue is 913,233,012 (based on the undiluted share capital of PNX Metals as at the close of trade on 15 April 2019, without taking into account the impact of rounding).

The issue is expected to raise approximately \$5.48 million (before costs and expenses).

The Rights Issue is non-renounceable. This means that shareholders' rights to subscribe for New Shares under the Rights Issue are not transferable.

Underwriting & Support from Shareholders

PNX has received irrevocable undertakings from existing shareholders, including from substantial shareholder Sochrastem SAS, to apply for \$850,000 in total of shares under the Rights issue (Existing Shareholder Commitments).

Major shareholder DELPHI Unternehmensberatung Aktiengesellschaft ("DELPHI") has agreed to take up its entitlements and underwrite the balance of the Offer, excluding the Existing Shareholder Commitments, subject to the terms of the DELPHI Underwriting Agreement.

This support by existing shareholders including DELPHI and Sochrastem SAS is a strong endorsement of the Hayes Creek project and will facilitate funding to de-risk the next stage of the Project.

Sub-Underwriting Invitation Period

PNX, through underwriter Hartleys, will invite eligible investors to participate in the Offer by way of a sub-underwriting, during an invitation period, which will commence on Monday 29 April 2019 and run to 5:00pm (Adelaide time) on Wednesday 8 May 2019 ("Invitation Period").

DELPHI's underwriting commitment will be reduced to the extent of allocations to eligible shareholders that subscribe for their entitlements and any shortfall and to sub-underwriters secured by Hartleys Limited during the Invitation Period. This is intended to mitigate the increased ownership in the Company by DELPHI to the extent that further investment demand is sourced.

Subject to the terms of the Underwriting Agreements and restrictions of a shareholder or sub-underwriter exceeding 20% voting power, it is intended that Shortfall shares will first be allocated to eligible shareholders that apply for shortfall in accordance with the terms of the Offer and any remaining shortfall will then be allocated to any sub-underwriters that apply for shares in accordance with the Hartleys Underwriting Agreement. After that, any remaining shortfall will then be allocated to DELPHI in accordance with the DELPHI Underwriting Agreement.

Other Matters

New Shares being offered under the Rights Issue will only be offered to registered holders of shares with registered addresses in Australia, New Zealand, Germany and Singapore as at 18:30pm Adelaide time on 26 April 2019 ("Eligible Shareholders"). No offer will be made to shareholders with registered addresses outside of Australia, New Zealand, Germany and Singapore.

Existing shareholders and new investors can apply for additional New Shares above their allocated rights in accordance with the Offer.

Holders of existing options for PNX shares have been given notice of their right to exercise their options in order to be eligible to participate in the Rights Issue in respect of the shares underlying their options.

The Rights Issue will be conducted without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (Act).

The application for quotation of New Shares will be lodged with the ASX on completion of the Rights Issue.

Full details of the Rights Issue, including details of the underwriting and sub-underwriting, Shortfall applications and the allocation policy for Shortfall are set out in the Offer Memorandum and Appendix 3B lodged with ASX today. The Offer Memorandum will be sent to Eligible Shareholders on 1 May 2019.

Indicative Timetable

The anticipated timetable for the Rights Issue is as follows:

MILESTONE	ACTIVITY	DATE
Announce Rights Issue	Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with ASX.	18 April 2019
Notice to Shareholders	Notice of Offer sent to Shareholders containing information required by Appendix 3B.	23 April 2019
Ex date	The date on which Shares commence trading without the entitlement to participate in the Offer.	24 April 2019
Record Date	The date for determining entitlements of Shareholders to participate in the Offer (6:30pm Adelaide time).	26 April 2019
Invitation Period Starts	Opening date for investors to bid for sub-underwriting commitments.	29 April 2019
Offer Memorandum	Despatch of Offer Memorandum and Acceptance Forms, and Offer opens for acceptance.	1 May 2019
Invitation Period Ends	Last day for receipt of offers for sub-underwriting commitments (5:00pm Adelaide time).	8 May 2019
Rights Issue Closing Date	The last day for receipt of Acceptance Forms (5:00pm Adelaide time).	10 May 2019
Deferred Settlement Trading Commences	New Shares commence quotation on ASX on deferred settlement basis.	13 May 2019
Shortfall Notification	PNX to notify ASX of Rights Issue shortfall.	15 May 2019
Allotment of New Shares	Allotment of New Shares including Underwritten Shares. Deferred settlement trading ends.	20 May 2019
Normal Trading	Expected commencement of normal trading in New Shares on ASX.	21 May 2019
Holding Statements	Despatch of holding statements to Shareholders who accepted the Offer.	22 May 2019

PNX Metals reserves the right to amend this timetable subject to the Listing Rules and the terms of the underwriting agreements.

Use of Funds

After payment of the costs and expenses of the Rights Issue, PNX intends to apply the funds raised from the Rights Issue to complete of all studies and works to support the Definitive Feasibility Study for the Hayes Creek Project including;

- all works related to applying for environmental and government approvals;
- project management, drilling and assays, technical studies relating to geology, resources and mining;
- metallurgical testwork including process plant engineering and design;
- an options study for the Fountain Head project;
- project holding and management costs including rentals, environmental and statutory reporting;

-
- exploration activities required to keep all of PNX's tenements in good standing and meet minimum expenditure commitments;
 - working capital; and costs of the Rights Issue.

For those shareholders that do not receive shareholder communications electronically please be aware of the short offer period. If a personalised copy of the entitlement and acceptance form is required, or for any other queries concerning the Rights Issue please contact the Company directly.

For further information please visit the Company's website www.pnxmetals.com.au

General Queries

James Fox

Managing Director, PNX Metals Limited

james.fox@pnxmetals.com.au

+61 (0) 8 8364 3188

Rights Issue Queries

Angelo Gaudio

Company Secretary, PNX Metals Limited

angelo.gaudio@pnxmetals.com.au

+61 (0) 8 8364 3188

Background to the Hayes Creek Zinc and Precious Metals Project

The Hayes Creek Project is comprised of the Iron Blow and Mt Bonnie zinc-gold-silver deposits, and the Fountain Head gold prospect, located less than 3km apart on wholly owned Mineral Leases within the Pine Creek region of the Northern Territory, 170km south of Darwin (Figure 1).

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 facility¹.

During the 2018 field season there was a renewed focus on regional exploration and as such the DFS progression was limited to studies relating to the environmental matters and ongoing metallurgical flotation test work.

With increased investor interest in the project, in particular from new sophisticated investors, the DFS has recommenced. The longest lead-time items still relate to environmental and regulatory approvals with the submission of the EIS proposed for mid-2019. Receipt of 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 NPV₁₀ of \$133 million, is 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 months².

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.

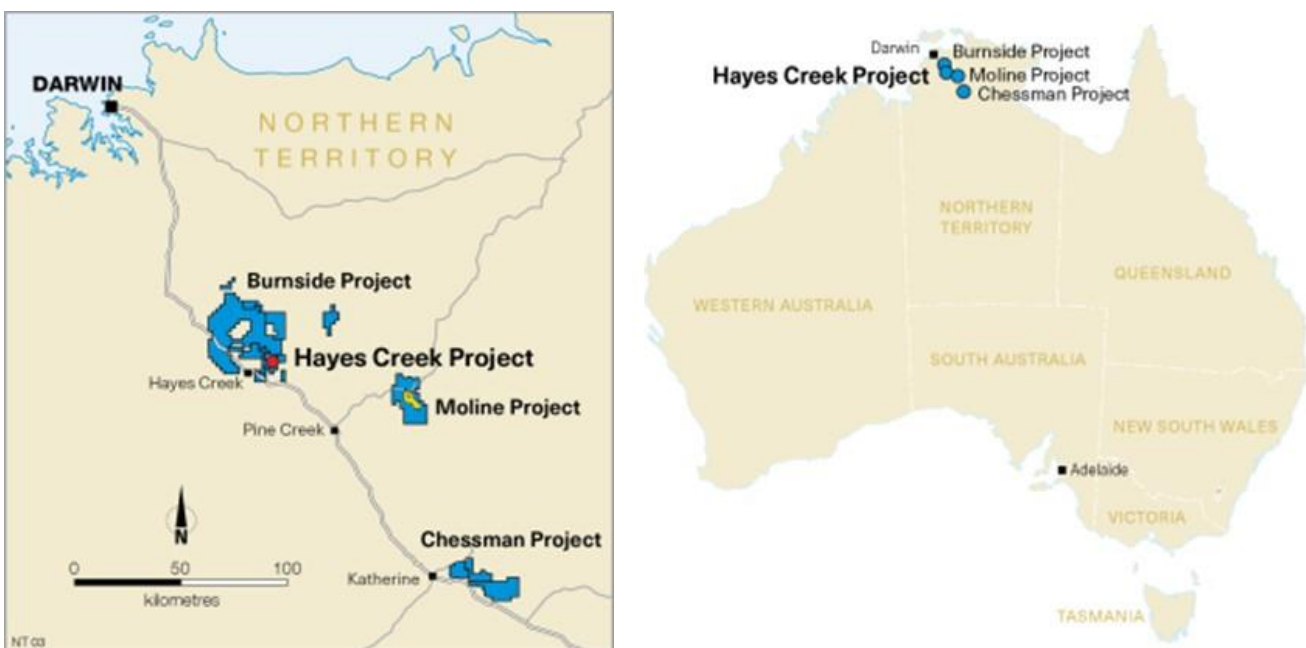


Figure 1: NT Project locations

¹ Refer ASX announcement 31 January 2018 for further detail

² 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.