

Drilling to recommence at Fountain Head gold Project

- **RC drill program to commence at Fountain Head to test:**
 - areas of open mineralisation beyond the current resource envelope, and
 - potential high-grade mineralisation trap sites at the junctions of vertical feeder structures and anticline hinge zones
- **Drilling to take approximately three weeks to complete with assays due from late September**
- **Recently released Mineral Resource estimate for the Fountain Head Project (Indicated and Inferred, reported in accordance with JORC Code, 2012):**
 - **2.58Mt at 1.7 g/t Au for 138koz Au**
- **Potential for future growth in resources through further exploration along strike**

PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**") is pleased to announce a follow-up reverse circulation (RC) drill program of approximately 2,000m at its 100% owned Fountain Head gold Project. This will be the first drilling since the Company released a Mineral Resource estimate¹ for the Project (reported in accordance with the JORC Code, 2012). Fountain Head, together with the Iron Blow and Mt Bonnie VMS deposits, comprise the Hayes Creek zinc-gold-silver Project ("**the Project**") in the Pine Creek region of the Northern Territory.

The aim of this drill program is to test areas of unbounded mineralisation beyond the current resource envelope and potential higher-grade 'trap sites' within the resource estimate (Figure 1). Interpretation of controls over the gold mineralisation suggest increased grades and thicker intercepts typically occur at the intersection between vertical feeder structures and the anticline fold axis. The drill program will target these structural areas as they appear to provide the greatest potential to deliver significant intersections.

Once this phase of drilling is complete, further drilling is planned to target extensions to any new mineralised zones at depth and to increase the density of drill data along the 1.6km strike to support the potential for additional Mineral Resources.

Managing Director Comment

PNX Managing Director James Fox said: "We are excited to recommence drilling at the Fountain Head gold Project where the defined gold lodes are interpreted to represent the possible near-surface expression of a much larger and previously overlooked gold system. Mineralisation extends over 1.6km at surface and remains open at depth along the strike extent."

¹ See PNX ASX release 11 July 2019 'New Gold Mineral resource at Fountain Head Project' for further details

The recent completion of a new gold Mineral Resource at Fountain Head is an important development for the Company and has led to a much better understanding of the geology and controls over the gold mineralisation in the area. Continued exploration success, enhanced by this understanding, will likely add significant value to the Hayes Creek Project and improve the already robust case for its development”

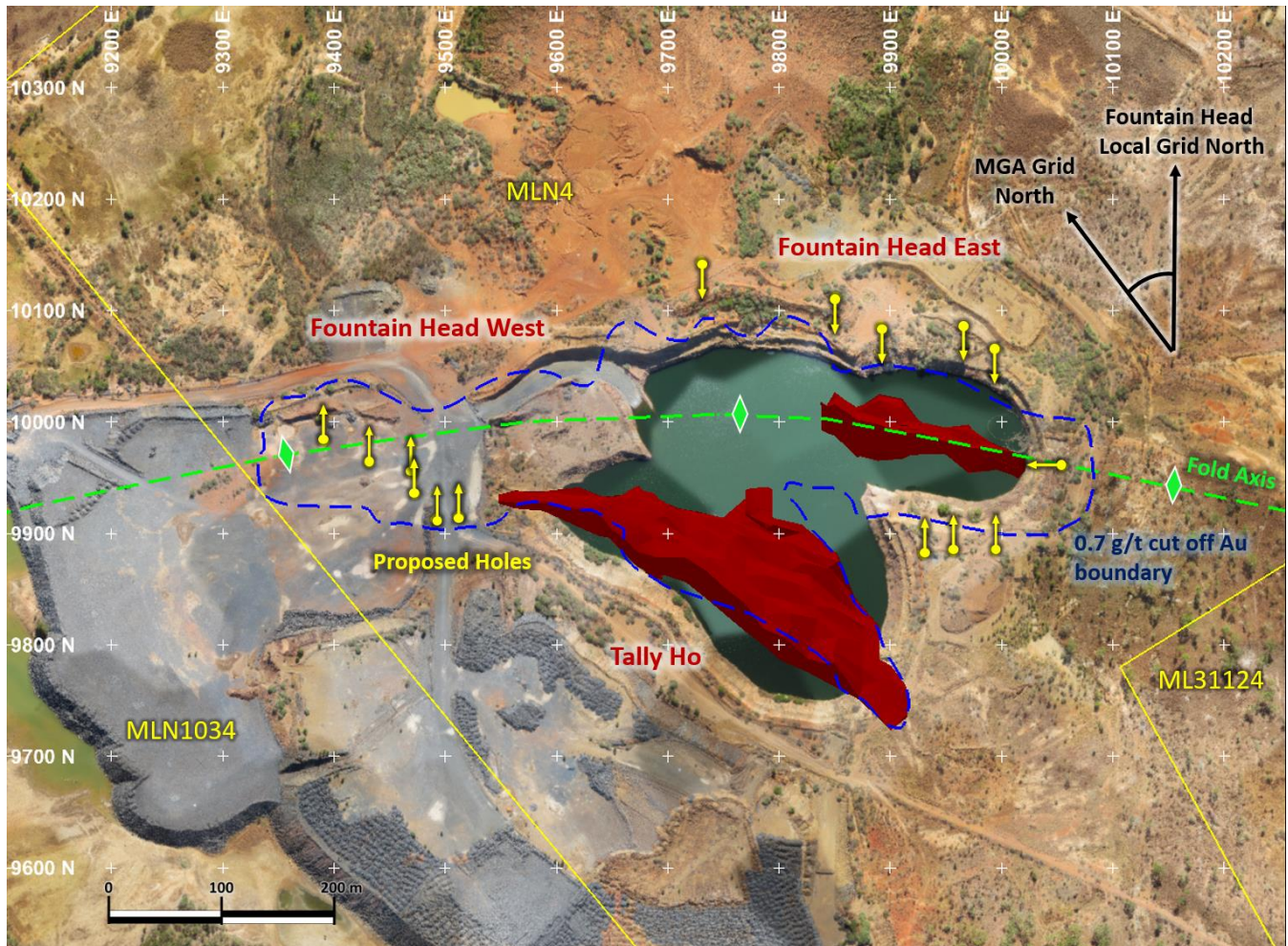


Figure 1: Plan view of the Fountain Head Mineral Resource (lodes in red and outline in blue) showing proximity to historic mining areas, mineral leases and new proposed drill collar locations (yellow). Fountain Head anticline shown in green.

About Fountain Head

The scale of the mineralised envelope within the Fountain Head gold Project is significant as gold mineralisation has been intersected from the north-western edge of the existing historic open-pits, being the limit of the current Mineral Resource, to the Banner prospect - an approximate 1.6km strike, and down to a vertical depth of ~250m. Almost the entire strike extent remains open providing numerous exploration targets.

In addition, small-scale historic hard-rock workings have been identified a further 400m to the west of the Banner prospect (ASX release 23 August 2018) along the interpreted Fountain Head anticline. This suggests there is potential for further gold mineralisation in this area² (Figure 2).

The relative values of mining some or all of Fountain Head Mineral Resource versus using the historic open pits for tails from the Hayes Creek project are being assessed, with a strategy being developed to incorporate all or some of this Mineral Resource into the overall Hayes Creek project.

² Refer PNX ASX announcement 23 August 2018 'High-grade Gold Discovery at the Banner Prospect, NT'

To assist with determining the most appropriate processing route to maximise value from the gold resources at Fountain Head, bulk samples have been collected to commence metallurgical analysis, including bottle roll and column tests to evaluate the processing option of gold heap leaching.

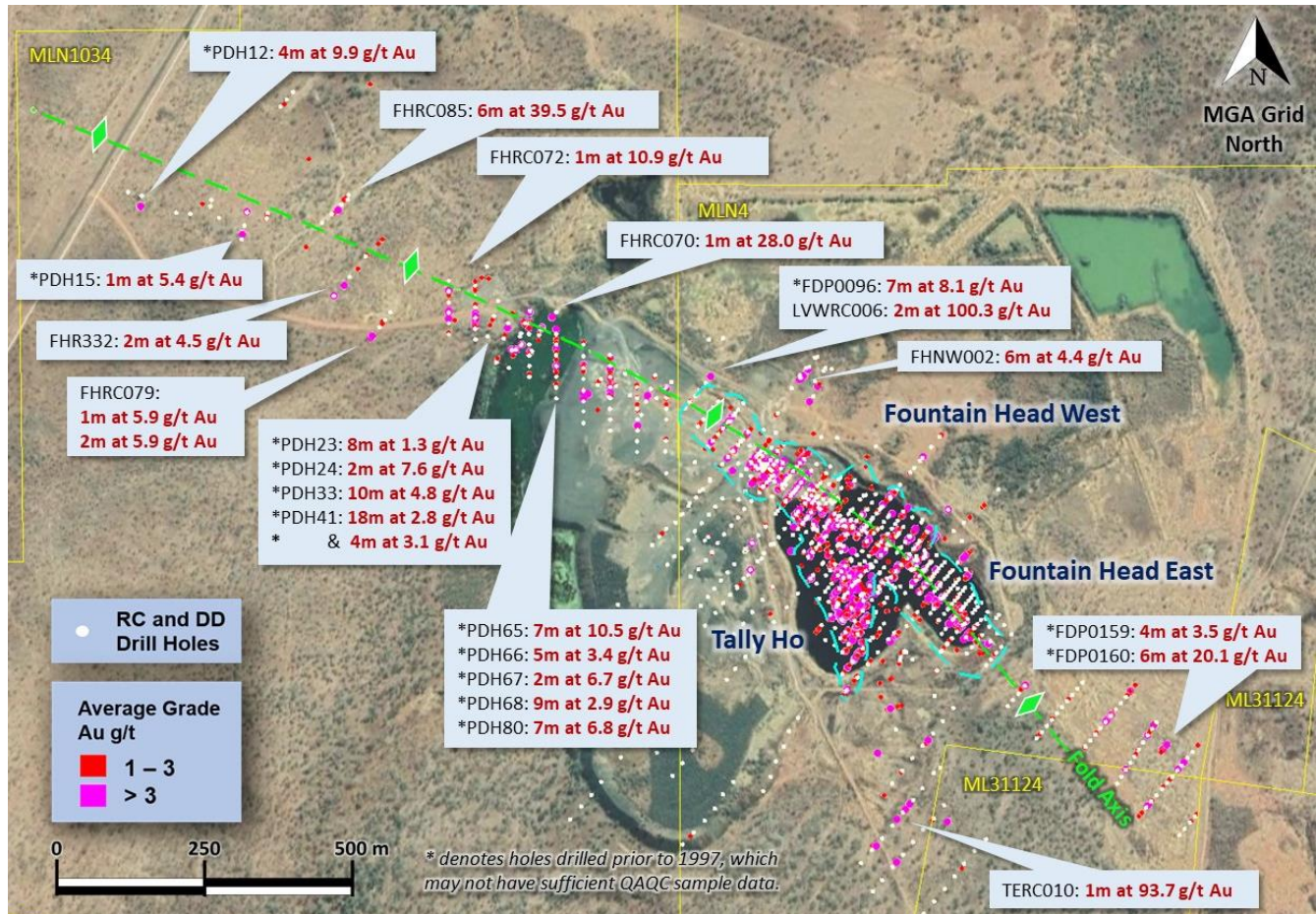


Figure 2: Fountain Head plan showing selection of mineralised drill hole intercepts greater than 1 g/t Au outside of resource

Hayes Creek DFS update

The Company is progressing well with the Hayes Creek Definitive Feasibility Studies (DFS) which is on schedule and on budget, having recently completed a fully underwritten rights issue to raise \$5.48 million before costs (ASX release 15 May 2019).

The DFS is expected to provide increased confidence in all aspects of the Project as well as investigate opportunities to improve mine life and overall Project economics, thereby increasing the prospect of favourable development finance terms and structure.

The development of a Mineral Resource at the Fountain Head Project and the intersection of new near-surface gold/silver mineralisation at Iron Blow (ASX release 27 June 2019) has the potential to augment this strategy combined with the opportunity to assess the potential for additional feedstock for Hayes Creek.

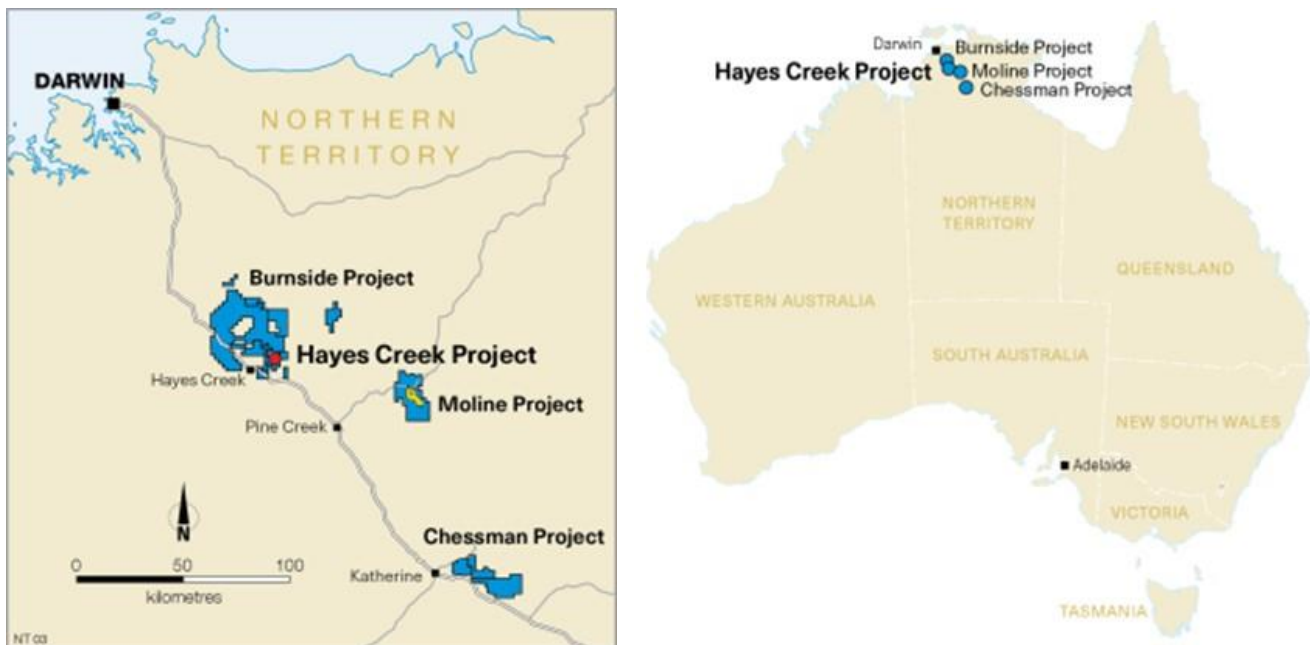


Figure 3: NT Project locations

Fountain Head Resource Estimate

Independent mining consultants CSA Global Pty Ltd (“CSA Global”) have estimated the Mineral Resource in accordance with the JORC Code³, which is summarised in Table 1.

Table 1: Fountain Head and Tally Ho Mineral Resources by JORC Classification as at 11 July 2019 estimated utilising a cut-off grade of >0.7 g/t Au which is consistent with the assumed open cut mining method (see PNX ASX release 11 July 2019).

JORC Classification	Tonnage (Mt)	Au (g/t)	Ounces (Koz)
Tally Ho			
Indicated	0.94	2.0	59
Inferred	–	–	–
Total	0.94	2.0	59
Fountain Head			
Indicated	0.50	1.5	23
Inferred	1.15	1.5	55
Total	1.64	1.5	79
Total Fountain Head + Tally Ho*			
Indicated	1.43	1.8	83
Inferred	1.15	1.5	55
Total	2.58	1.7	138

* Due to the effects of rounding, the total may not represent the sum of all components

³ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Bradley Ermel, a Competent Person who is a Member of the Australian Institute of geoscientists (AIG)). Mr Ermel 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 Ermel is a full-time employee 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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