

ASX Announcement

18 March 2020

This announcement has been authorised to be lodged with the ASX by the Board of Directors of PNX Metals Limited.



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

PNX receives \$1.6 million to advance Fountain Head Gold Project development

- **\$1.1 million received via options exercised by substantial shareholder at 1.5c each, a significant premium to the Company's current share price**
- **\$0.5 million raised additionally via the placement of approximately 33.3 million shares at 1.5c per share**
- **Funds to be used to significantly advance feasibility studies and approvals for a heap leach operation as a low-cost, scalable option for generating early cashflow from the Fountain Head gold Project**

PNX Metals Limited (**ASX: PNX**) ('PNX' or 'the **Company**') is pleased to advise that it has received \$1.1 million from the exercise of 74 million options with an exercise price of 1.5 cents ('Options') by cornerstone investor and existing substantial shareholder DELPHI Unternehmensberatung Aktiengesellschaft.

The Company has also signed Subscription Agreements with sophisticated investor shareholders to raise a further \$0.5 million before costs via the placement of approximately 33.3 million ordinary shares, also at a price of 1.5 cents per share ('Placement').

The exercise price of the Options and the Placement price represent a significant premium to PNX's last closing price on the ASX. The Company continues to be well-funded and well-supported in its goal of generating early and sustainable cashflow from the Fountain Head gold Project using heap leaching as a low-capital and operating cost process. Feasibility and technical studies relating to Project approvals are ongoing, with the submission of an Environmental Impact Statement expected in late April.

The Company recently released excellent near-surface gold assay results from drilling at the Fountain Head gold Project (see ASX release 16 March 2020).

Managing Director Comment

PNX Managing Director James Fox said "*We are very pleased to have received \$1.6 million on the back of releasing excellent high-grade gold assay results from the Fountain Head gold Project.*

The significant underlying value in our NT assets and potential value in developing the Fountain Head gold Project is recognised by our major shareholders and the exercise of Options and Placement at a significant premium to market demonstrates their strong support for the Company's near-term development strategy which aims to generate early cashflow from the Project and transition PNX to a producing gold company."

Details of Placement

The issue of Placement shares (33.3 million shares for \$0.5 million) will be undertaken without shareholder approval utilising the Company's existing capacity under ASX Listing Rule 7.1. Completion of the Placement is scheduled for 20 March 2020.

Fountain Head background

The Fountain Head Gold Project hosts a Mineral Resource estimate in mid-2019 for Fountain Head of **2.58Mt at 1.7g/t Au for 138,000 oz Au** (reported in accordance with the JORC Code, 2012, see ASX release 11 July 2019 for full details including JORC tables).

The Company is currently assessing the feasibility of a heap leach operation as a low-cost, scalable option for generating early cashflow from existing gold resources.

Excellent gold recoveries with low reagent consumption were achieved from metallurgical testwork (see ASX release 7 November 2019) resulting in PNX accelerating studies and the approvals process for the development of a gold heap leach operation at Fountain Head.

New zones of broad, high-grade gold mineralisation have been intersected near surface in the area between the Fountain Head and Tally Ho mineral lodes over a strike extent of approximately 100m, including **14m at 9.22 g/t Au from 17m in FHRC156** (see ASX release 16 March 2020).

In this area, historically known as 'Ladder-Vein west', material previously classified as waste or low-grade ore is being assessed as hosting grades that will potentially support early mining and an increase in gold resources.

Successful gold heap leaching may also lead to the development of other gold deposits in the region, many of which lie within PNX's project areas. Some of these deposits are currently considered "stranded" due to their modest grades and distance from existing processing infrastructure. PNX's longer-term aim is to evolve Fountain Head into a regional processing hub capable of monetising a pipeline of gold and base metals assets.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Charles Nesbitt, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Nesbitt 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 Nesbitt is a full-time contract Exploration Manager with 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:

James Fox

Managing Director & CEO

Telephone: +61 (0) 8 8364 3188