

ASX Announcement

28 October 2020

This announcement has been authorised to be lodged with the ASX by Graham Ascough, Chairman.



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Chairman's Address – 2020 Annual General Meeting

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to welcome you to the 2020 Annual General Meeting for PNX Metals Limited ('PNX' or 'Company').

As I stated in my Letter to Shareholders that accompanied the Annual Report, 2020 has set the stage for a transformational year for PNX. As announced subsequent to the year-end, the Company has signed a non-binding term sheet for a proposed A\$40 million financial commitment by private company Halifax Capital (HC) to fund gold carbon-in-leach processing infrastructure and related costs that would fast track the development of Fountain Head. The transaction includes a 50/50 production joint venture (JV) with HC's subsidiary Bridge Creek Mining Ltd.

Significantly, the proposed transaction provides the Company with a clear pathway for development of Fountain Head. The executive team is currently working to finalise the formal documentation for this transaction, and we look forward to updating shareholders and investors on the final details once the binding documentation is complete.

Fountain Head hosts a significant amount of gold and the updated Mineral Resource announced in June 2020 estimates 156,000oz of contained gold in the Indicated and Inferred categories at an average grade of 1.7g/t.

In addition to Fountain Head, the Company's 100% owned Mineral Leases also include the Mt Bonnie and Iron Blow polymetallic deposits ("Hayes Creek") which are estimated to contain 238,000oz of gold, 16.2Moz silver and 177,000t of zinc. Hayes Creek also presents a significant development opportunity and technical studies to support a Definitive Feasibility Study (DFS) have commenced on the Project. However, in order to accelerate activities at Fountain Head, funds were re-allocated from the Hayes Creek DFS and activities deferred until the completion of the Fountain Head studies. There is good rationale behind this decision as the early development of Fountain Head should enhance the economics at Hayes Creek and the mined-out Fountain Head pit would be available for use as tailings storage from subsequent processing of Hayes Creek ores.

The Company also holds a 90% interest in a large and very prospective land holding (in excess of 1,500km²) in the vicinity of Fountain Head and Hayes Creek. As recently announced, the Company has identified multiple high-priority regional gold targets within the Burnside portion of this regional landholding, reinforcing our belief that the Project has the potential to support a long-life gold mining operation starting at Fountain Head and then being supported by new regional discoveries in the longer term.

The Board and Management are confident that continued technical studies and exploration work will be successful in growing our resource base and that the completion of development studies at Fountain Head will provide a clear pathway for this exciting production opportunity, that has the potential to deliver strong returns for PNX stakeholders.

I would like to take this opportunity to express my thanks to my fellow directors, management and staff for their dedication and work during the past 12 months. We are committed to progressing the Company and growing our flagship Fountain Head and Hayes Creek projects towards development for the benefit of all stakeholders.

I also take this opportunity to thank all shareholders for your continued support of PNX and I look forward to providing further updates as our activities move forward in 2021.

Yours sincerely,

Graham Ascough
Chairman

PNX Metals Limited