

ASX Announcement

16 November 2020

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



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Fountain Head development Update

- **Significant upside at the Fountain Head gold and Hayes Creek zinc-gold-silver Projects prompts PNX to revert to sole ownership and full control over future development**
- **Exclusivity period relating to a proposed JV for infrastructure and production share at Fountain Head has been allowed to lapse**
- **Fountain Head Project feasibility to be completed early 2021**
- **Evaluation of expansionary gold prospects ongoing**
- **Exploration to re-commence with airborne magnetic survey followed by drill-testing**

PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**") advises that the exclusivity period for negotiation of a proposed Joint Venture for the funding of gold processing infrastructure at PNX's 100% owned Fountain Head Gold deposit ("**Project**" or "**Fountain Head**") and production sharing agreement with Halifax Capital Pty Limited (**HC**) and its subsidiary Bridge Creek Mining Pty Limited (**BCM**) has been allowed to lapse.

As no agreement satisfactory to PNX has been reached, the Company has elected not to extend the negotiations (or negotiating period) and will retain 100% of the Project on its own terms.

PNX MANAGEMENT COMMENTS

PNX Managing Director James Fox said: "The Fountain Head Gold Project and high-grade zinc-gold-silver Hayes Creek Project continues to evolve and our discussions with potential earn-in partners has served to highlight the significant opportunities to grow the scale of the Project both from within existing PNX tenements and from the numerous 'stranded assets' within the region. With the backing of major shareholders and support from NT Governments eager to see expanding business and employment opportunities, we expect to expedite the Feasibility Study with the aim of commencing development activities during 2021".

There has been a significant improvement in the Fountain Head and Hayes Creek Projects economics during the period of JV negotiations, particularly related to silver and zinc prices, with forecasts for metal prices remaining strong. In addition, the Company is progressing evaluation of additional gold prospects that may have the potential to augment overall Project returns. The Project Feasibility Study (FS) and development approvals process will continue to be fast-tracked by PNX.

Fountain Head hosts a Mineral Resource Estimate of 2.94Mt at 1.7g/t Au for 156,000 oz Au (refer PNX ASX release 16 June 2020 for full details including JORC tables). In addition, material quantities of gold and silver contained in oxide mineralisation at Mt Bonnie will be assessed in the FS along with the now preferred processing route of a conventional gravity, milling and Carbon-in-Leach (CIL) plant.

The expanded FS aims to confirm the technical and economic viability of the Project as Stage 1 of a multi-asset development, with the Hayes Creek zinc-gold-silver sulphides to follow as Stage 2 (refer PNX ASX release 17 July 2017 for the Hayes Creek PFS). Both Fountain Head and Hayes Creek are situated on 100% owned Mineral Leases and are located in close proximity to each other within a historic mining area that contains existing haul roads, water, rail, gas, grid power and telecommunications infrastructure.

The Mt Bonnie deposit (part of the Hayes Creek project), is located only 15km south by road to Fountain Head, and hosts a Mineral Resource Estimate of:

- 1.55 million tonnes @ 3.8% Zn, 1.34 g/t Au, 127 g/t Ag, 1.1% Pb, and 0.2% Cu, for a 66,800 oz Au and 6.3Moz Au (refer PNX ASX release 9 February 2017 for full details including JORC tables)

Including existing stockpiled material at Mt Bonnie, up to 28,000 oz of gold and 1.5Moz of silver are present in the oxide/transitional zone and may be recovered through the proposed CIL plant. Confirmatory metallurgical test-work will commence shortly.

Next steps

- Continue discussions relating to infrastructure funding with prospective parties, including HC and BCM, if appropriate
- Finalise evaluation of known gold prospects in the region (so-called ‘stranded assets’) which have the potential to augment the Project by providing additional feed material to the proposed plant, thereby increasing project life and lowering amortised capital costs
- Finalise assessment of currently available and suitable 2nd hand CIL plant and equipment which may result in considerable Project capital cost savings
- Follow up initial discussions in order to finalise modifying the Project Government and Environmental approvals to include change in the processing methodology
- Advance exploration activities on gold targets within the Company’s significant exploration tenure within the Pine Creek region with the aim of providing a continuing series of gold mineral resources to process at Fountain Head

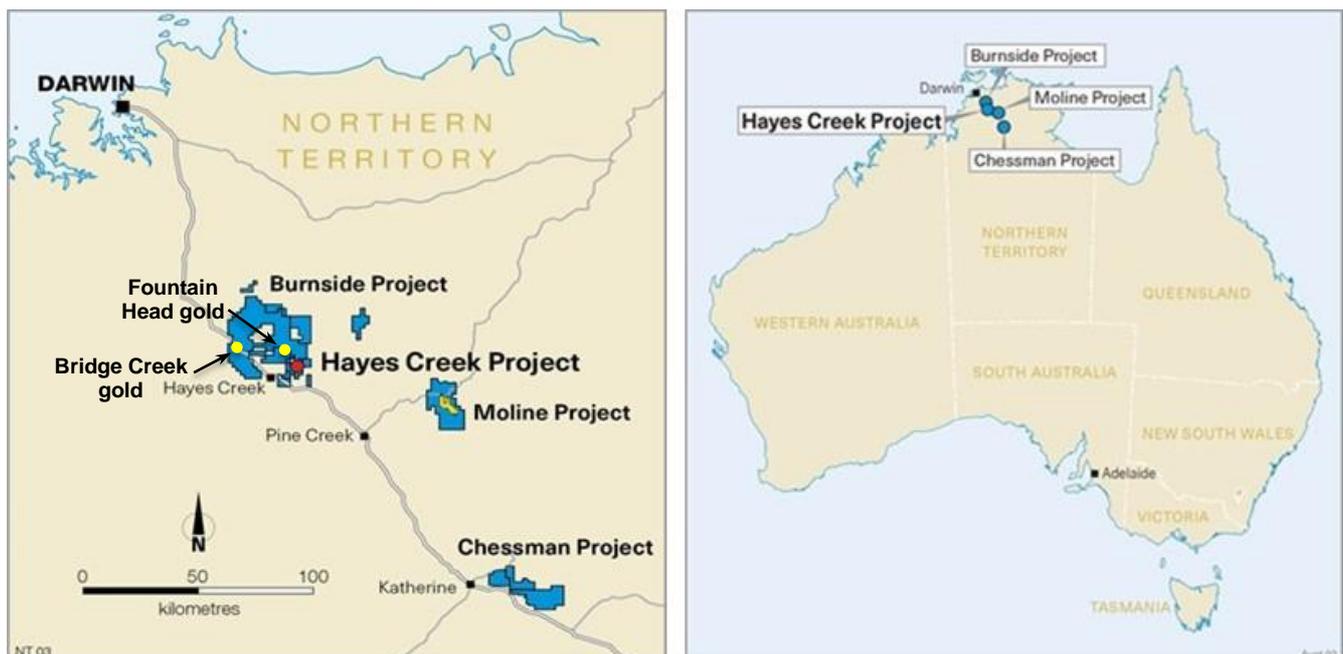


Figure 1: Project Locations

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:

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