

## ASX Announcement

10 December 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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# PNX to acquire the Glencoe Gold Deposit, NT

- **PNX to acquire the nearby Glencoe gold deposit located less than 3km from PNX's 100% owned Fountain Head Gold Project**
- **Acquisition represents an opportunity to acquire a 'bolt on' asset that has the potential to significantly expand the Fountain Head gold development**
- **Historic gold resource at Glencoe remains open with strong exploration potential and numerous high-grade gold intercepts including:**
  - **6m @ 3.40g/t Au from 45m (GCRC227) mid-central lode**
  - **12m @ 1.82g/t Au from 25m (GCRC265) north-central lode**
  - **2.7m @ 28.38g/t Au from 25.5m (GCDDH058) west lode**
- **Drilling planned after the NT wet season to upgrade the historic resource to JORC 2012 compliance**

PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**") is pleased to advise that it has signed a non-binding Term Sheet with private Company, Ausgold Trading Pty Ltd ("**Ausgold**"), to acquire the Glencoe Gold Deposit (**Glencoe**) for a total staged consideration of \$1.875 million (see Key Terms for further information).

The acquisition represents an opportunity to acquire a 'bolt on' asset that has the potential to significantly expand the Fountain Head gold development. The Glencoe Mineral Leases (MLs) are situated less than 3km to the north of PNX's 100% owned Fountain Head Gold Project (**Fountain Head**) which hosts a JORC 2012 compliant mineral resource estimate of 2.94Mt at 1.7g/t Au for 156,000 oz Au (refer Table 1 below, and PNX ASX release 16 June 2020 for full details including JORC tables). Both projects are located approximately 170km south of Darwin in the Pine Creek region of the Northern Territory.

### Managing Director's Comments

*Commenting on the proposed transaction, PNX Managing Director James Fox said: "The Glencoe gold deposit lies on the same structural trend and within 3-kilometres of Fountain Head, and represents the first of many opportunities PNX has identified with the potential to significantly add to the Company's existing gold resource base, and to generate additional flexibility in its development strategy. We look forward to working with Ausgold to complete the acquisition, and to commence on-ground exploration drilling where the potential exists to materially increase the scale of historically defined gold mineralisation."*

Gold mineralisation at Glencoe (historic non-JORC mineral resource estimate of 0.7Mt @ 1.9g/t Au for 43Koz Au<sup>1</sup>) has been defined within four main mineral lodes over an approximate 500m surface strike extent that remains open at depth and along strike (see Figures 1-3). A large gold in soils RAB anomaly, approximately 200m x 300m,

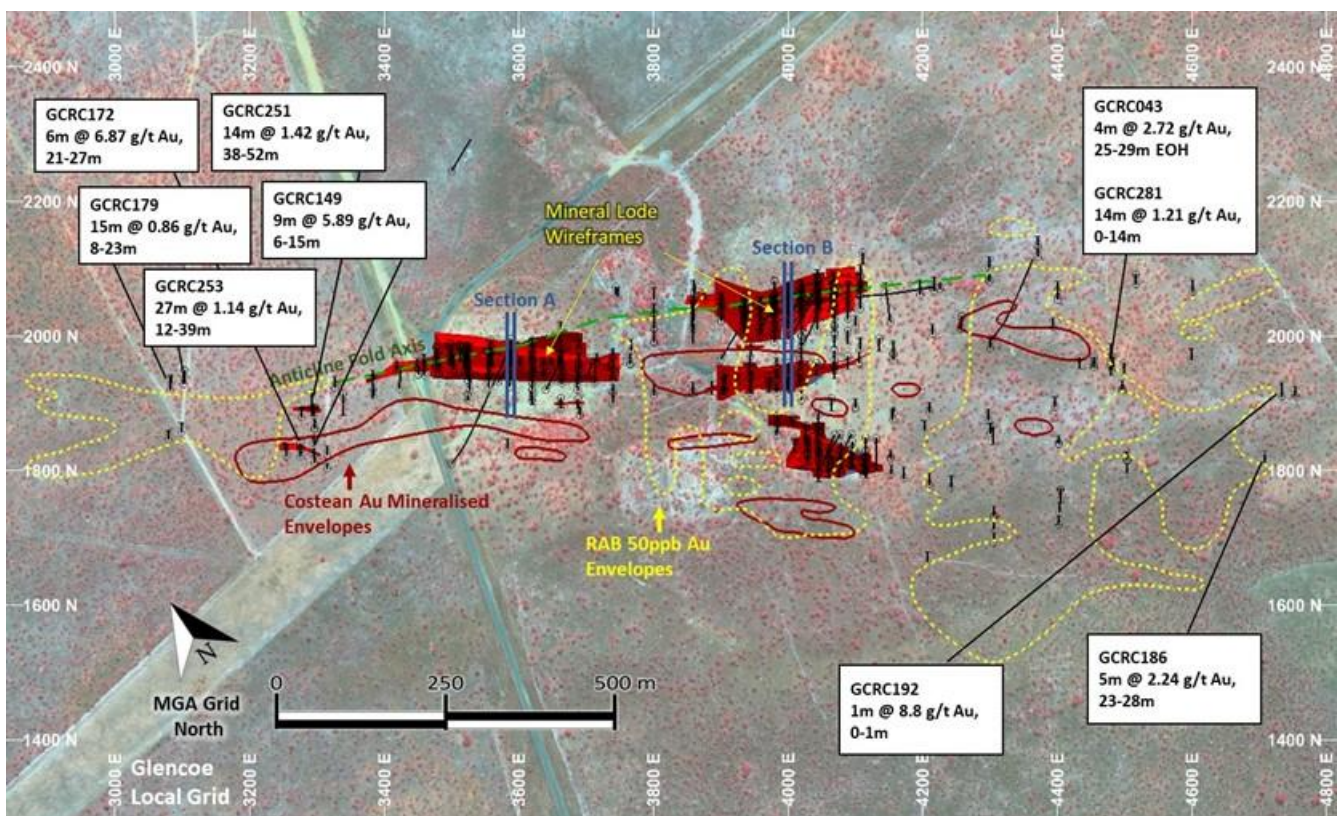
<sup>1</sup> The Glencoe Resource information has been sourced from Ahmad, M. and Munsen, T.J., (2013) Geology and Mineral Resources of Northern Territory, Pub. 5, NTGS

has been contoured immediately to the east of known mineralisation. Limited historic RC drilling in this area, with a maximum depth of approximately 30m, displayed multiple high-grade gold intercepts that represent targets for new extensional lode positions (see Figure 1 and Table 2). Similar untested soils anomalism also exists to the west.

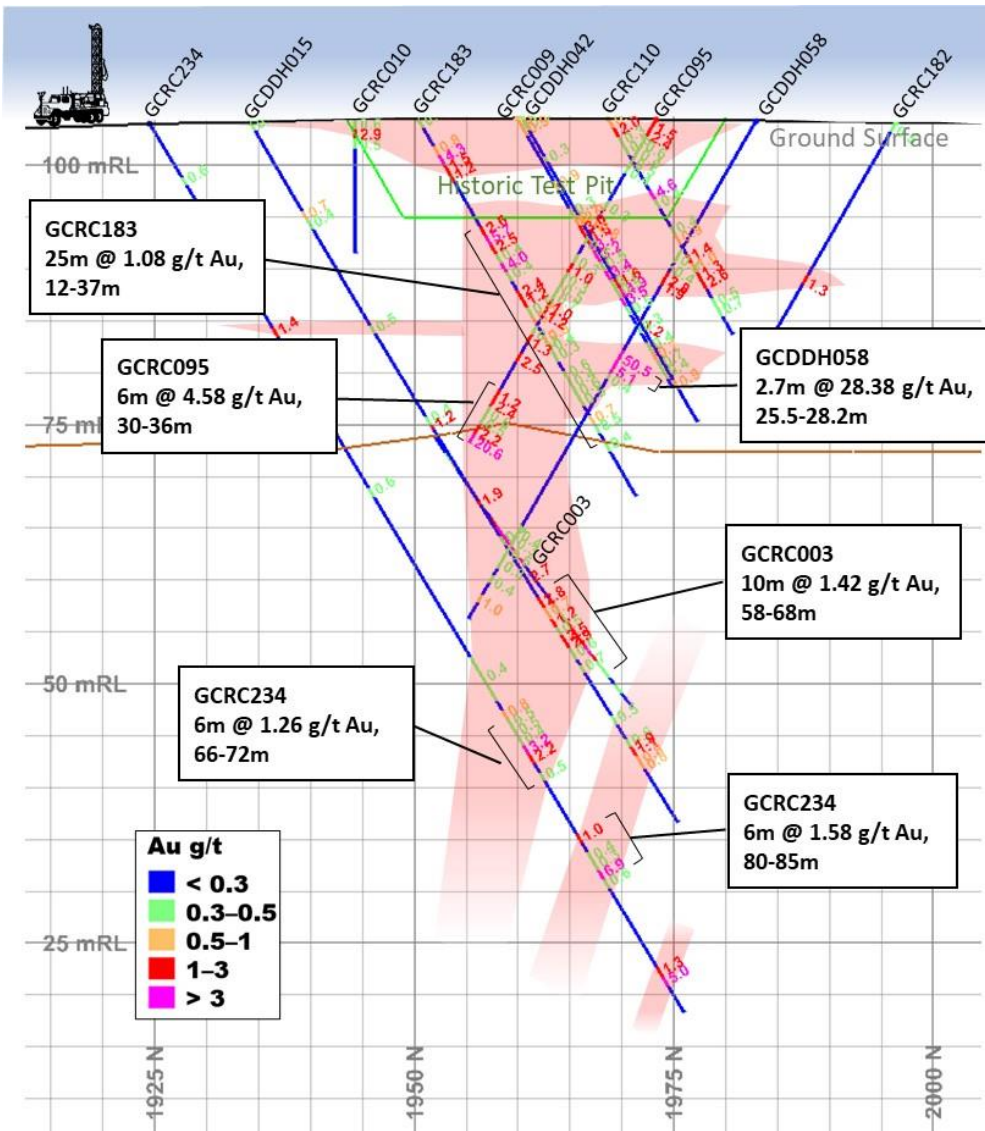
Historic costeaning has outlined additional target areas where oxide gold mineralisation outcrops along with massive quartz veining. These targets are drill-ready and will be tested after the NT wet-season. The Company expects to complete QAQC work over the historic drilling data in the new year, and this along with new drilling will inform an updated Mineral Resource (JORC 2012).

Recent assessment of geological data (refer PNX ASX release 23 November) highlighted that Glencoe is located at the intersection point of an anticline fold hinge, and the northern end of an approximate 4.5km N/NW trending structural zone that can be traced south through the high-grade Tally Ho lode at Fountain Head and on to the Klondike alluvial workings (Figure 4).

The unexplored portions of this N/NW trending structure and its intersection with the soil-covered east and western extension of the Glencoe anticline also represent priority targets for follow-up.



**Figure 1:** Plan view of the Glencoe deposit showing mineral lode wireframes (solid red), gold in soils anomalism (yellow outline), costean defined mineralised envelope (red outline), and a selection of open drillholes outside of the defined mineral lodes



**Figure 2:** Cross-Section 'A' Glencoe West mineral lode

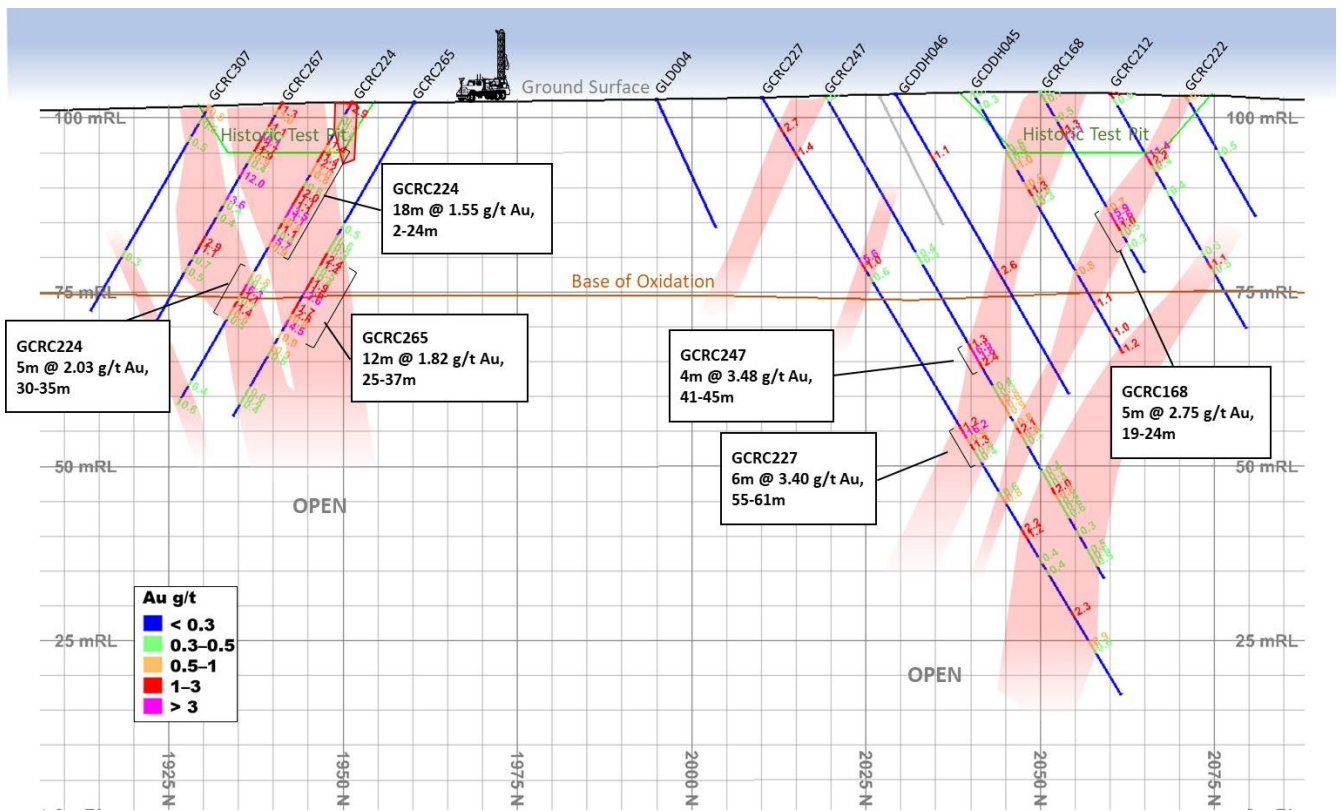


Figure 3: Cross-Section 'B' Glencoe North-Central and Mid-Central mineral lodes

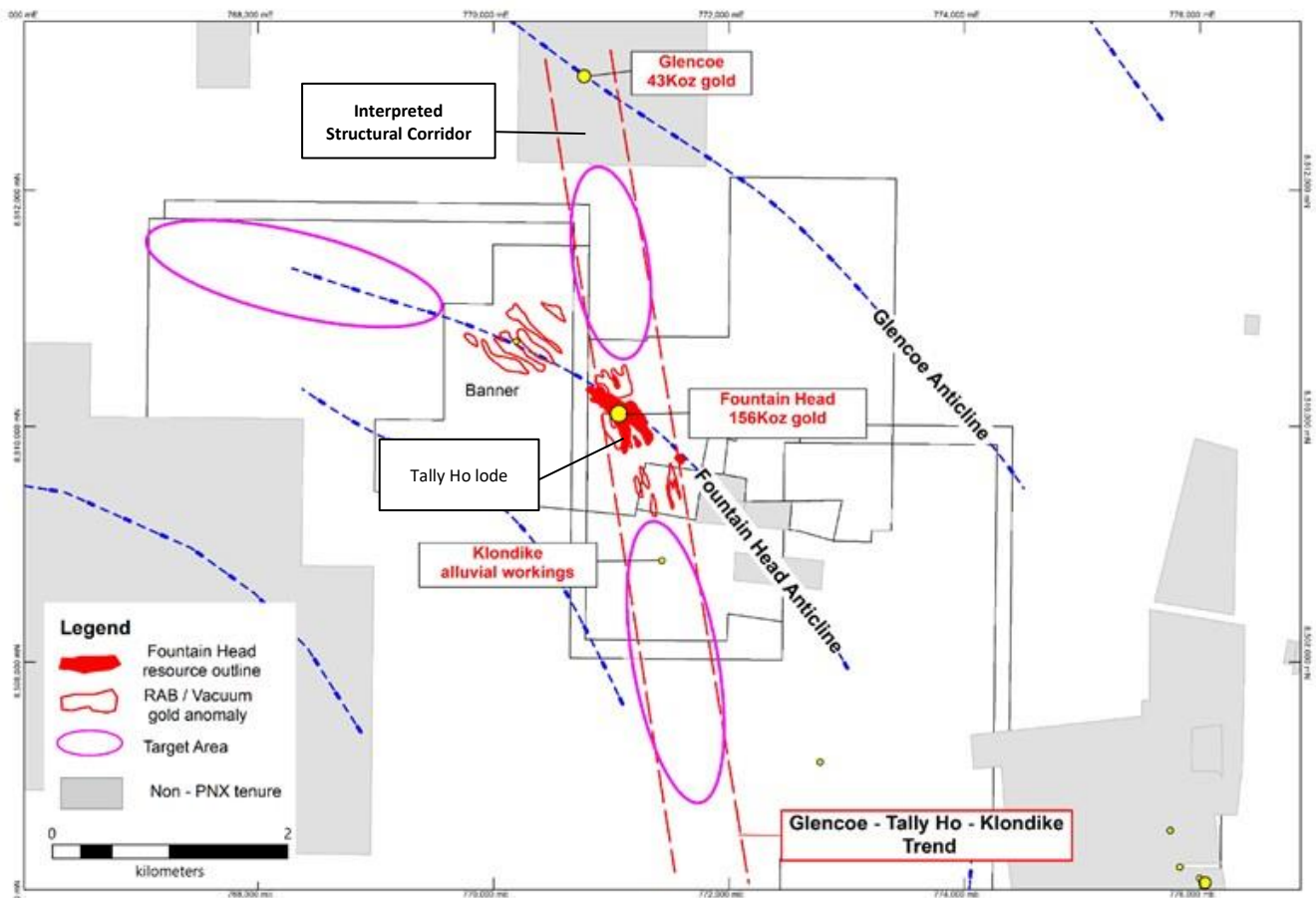


Figure 4: Location of Glencoe in relation to Fountain Head and other areas of exploration potential

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## Key Terms of the Non-Binding Terms Sheet

PNX to pay Ausgold a total of \$1.875 million comprising;

- Fully-refundable Option Payment of \$500,000 to be paid on or before 10 Dec 2020 (provides exclusivity up until 29 January 2021)
- Staged Payment of \$675,000 to be paid upon execution of a formal sale and purchase agreement, expected to be completed by 29 January 2021
- Completion Payment of \$700,000 within 12 months of receiving FIRB approval but no later than 31 December 2021, of which \$200,000 may be paid in PNX shares based on the volume weighted average price for the 5 full day's trading of the Buyer's shares immediately preceding Completion
- Certain Conditions Precedent to Completion are also required such as PNX obtaining FIRB and in principle Ministerial approval

## Additional References

Draganuta, V. (2008) *MCN 20-25, 3578, 4248, Glencoe Project, Report for 1 January 2004 to 31 December 2008*. Report for Australasia Gold. (contains attachment 2006 ResEval Estimation by Price)

Gunthorpe, R.J., (2007) *Resource Review and Development Option – Glencoe Gold Deposit, N.T.* Independent Report to Australasia Gold Ltd.

Milligan, I.M., (1990) *Report on Exploration for the Year to 19<sup>th</sup> November 1990, Glencoe Prospect*. Mineral Claims N20-N43, N1303-1313 & Exploration Licence 4810. Report for Magnum Gold N.L.

Milligan, I.M., (1989) *Report on Exploration for the Year to 19<sup>th</sup> November 1989, Glencoe Prospect*. Mineral Claims N20-N43, N1303-1313 & Exploration Licence 4810. Report for Magnum Gold N.L.

Milligan, I.M., (1988) *Report on Exploration for the Year to 31<sup>st</sup> December 1987, Glencoe Prospect*. Mineral Claims N20-N43, N1303-1313 & Exploration Licence 4810. Report for Magnum Resources.

Milligan, I.M., (1988) *Second Annual Report on Exploration, Exploration Licence 4810, Glencoe Prospect, Northern Territory*. Report for Magnum Gold N.L. & Magnum Resources Limited.

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## 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

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For further information please visit the Company's website [www.pnxmetals.com.au](http://www.pnxmetals.com.au), or contact us directly:

### James Fox

Managing Director & CEO

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### Fountain Head Resource Estimate

Independent mining consultants CSA Global Pty Ltd (“CSA Global”) estimated the Mineral Resource in accordance with the JORC Code<sup>2</sup>, which is summarised in Table 1.

**Table 1:** Fountain Head and Tally Ho Mineral Resources by JORC Classification as at 16 June 2020 estimated utilising a cut-off grade of >0.7 g/t Au which is consistent with the assumed open cut mining method.

JORC Classification	Tonnage (Mt)	Au (g/t)	Ounces (Koz)
<b>Tally Ho</b>			
Indicated	0.94	2.0	59
Inferred	–	–	–
<b>Total</b>	<b>0.94</b>	<b>2.0</b>	<b>59</b>
<b>Fountain Head</b>			
Indicated	0.89	1.4	41
Inferred	1.11	1.6	56
<b>Total</b>	<b>2.00</b>	<b>1.5</b>	<b>96</b>
<b>Total Fountain Head + Tally Ho*</b>			
Indicated	1.83	1.7	100
Inferred	1.11	1.6	56
<b>Total</b>	<b>2.94</b>	<b>1.7</b>	<b>156</b>

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements referenced in this release continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements

### Glencoe Drill Table for holes noted in this release

**Table 2:** Drillhole specifications including hole coordinates (GDA94\_Zone 52) and mineralised intercepts.

Hole ID	Type	Easting	Northing	Azi°(mag)	Dip°	EOH	From	Int (m)	Gold (g/t)
GCDDH058	D	770,810.0	8,513,012.2	210.5	-60	55.41	25.5	2.7	28.38
GCRC003	RC	770,753.1	8,513,044.2	30.5	-60	23	58	10	1.42
GCRC043	RC	771,537.9	8,512,494.1	210.5	-60	29	25	4	2.72
GCRC095	RC	770,802.7	8,513,005.6	210.5	-60	36	30	6	4.58
GCRC149	RC	770,475.8	8,513,046.8	30.5	-60	24	6	9	5.89
GCRC168	RC	771,187.2	8,512,834.0	30.5	-60	30	19	5	2.75
GCRC172	RC	770,459.4	8,513,057.6	30.5	-60	30	21	6	6.87
GCRC179	RC	770,362.8	8,513,256.4	30.5	-60	24	8	15	0.86
GCRC183	RC	770,785.3	8,512,982.3	0	-90	13	12	25	1.08
GCRC186	RC	771,642.6	8,512,245.8	210.5	-60	35	23	5	2.24
GCRC192	RC	771,712.2	8,512,302.3	30.5	-60	44	0	1	8.80
GCRC224	RC	771,130.9	8,512,752.8	210.5	-60	50	2	18	1.55

<sup>2</sup> 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).

							5	30	2.03
GCRC227	RC	771,164.1	8,512,801.4	30.5	-60	100	55	6	3.40
GCRC234	RC	770,774.1	8,512,965.9	30.5	-59	100	66	6	1.26
							80	6	1.58
GCRC247	RC	771,168.7	8,512,809.2	30.5	-60	80	41	4	3.48
GCRC251	RC	770,526.7	8,513,125.8	210.5	-60	70	38	14	1.42
GCRC253	RC	770,377.6	8,513,243.9	30.5	-60	40	12	27	1.14
GCRC265	RC	771,136.0	8,512,760.1	210.5	-60	52	25	12	1.82
GCRC281	RC	771,530.1	8,512,486.9	210.5	-60	34	0	14	1.21