

ASX Announcement

4 March 2021

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 Gold Project Development, NT

- **PNX's 100% owned Fountain Head Gold Project feasibility progressing towards a development decision in Q2 2021**
- **Sale and Purchase Agreement finalised for the Glencoe gold deposit, a bolt on asset with the potential to significantly expand the Fountain Head gold development**
- **Glencoe Mineral Resource update to be completed this month and incorporated into the Fountain Head mine plan along with Mt Bonnie gold and silver oxide mineralisation**
- **Statutory approvals already in place for 4,000m near-mine RC drilling at Fountain Head and Glencoe planned to commence after the NT wet season**
- **Dewatering Mine Management Plan submitted for Fountain Head with an updated Environmental Impact Assessment expected to be completed in Q2 2021**

PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**") is pleased to provide an update on the Fountain Head Gold Project development with a number of important milestones reached.

The Company has finalised the Sale and Purchase Agreement (SPA) with private company, Ausgold Trading Pty Ltd ("**Ausgold**"), to acquire the Glencoe Gold Deposit (**Glencoe**) for a total consideration of \$1.875 million. A \$0.5 million payment was made in Dec 20' (fully refundable under certain conditions), with a further \$0.675 million due upon execution of the SPA, and the balance to be paid by 31 December 2021 (refer to Key Terms in ASX announcement 10 December 2020 for further information). Ausgold is in the process of completing a 'back-to-back' arrangement with Ark Mines (administrators appointed) for Glencoe and other assets and PNX will execute the SPA on completion of this arrangement.

The Glencoe acquisition represents a 'bolt on' asset that has the potential to significantly expand the Fountain Head gold development. The Glencoe Mineral Leases 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.

Gold mineralisation at Glencoe has been defined within four main mineral lodes over an approximate 500m surface strike extent that remains open at depth and along strike. A large gold in soils RAB anomaly has been contoured immediately to the east of known mineralisation. Limited historic RC drilling has been conducted in this area, with a maximum depth of approximately 30m, displaying multiple high-grade gold intercepts that represent targets for new extensional lode positions (see Figure 1). Similar untested soils anomalism also exists to the west.

Historic costeaning 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, along with priority drill targets at Fountain Head where the Company recently identified a new untested gold lode position adjacent to the main gold resource (refer ASX release 23 November 2020).

Statutory approvals are already in place for an initial 4,000m of RC drilling which will commence as soon as site access for the drill rigs can be re-established. The NT has experienced an active monsoon across the Top End with persistent rainfall occurring on and around site. Ground conditions are being closely monitored.

Managing Director's Comments

PNX Managing Director James Fox said: *"With the Sale and Purchase agreement for the Glencoe gold deposit nearing completion, the Company will move to finalise an updated Mineral Resource estimate. These gold resources will be incorporated into the Fountain Head mining development schedule that also includes Mt Bonnie gold and silver oxides. The Company has also submitted its mine management plan for dewatering of the Fountain Head pit and the Project EIS is expected to be completed in early May this year. Both of these documents are critical path items for the Government and Environmental approvals process. Como Engineers have also been engaged to provide guidance and input into the process plant design."*

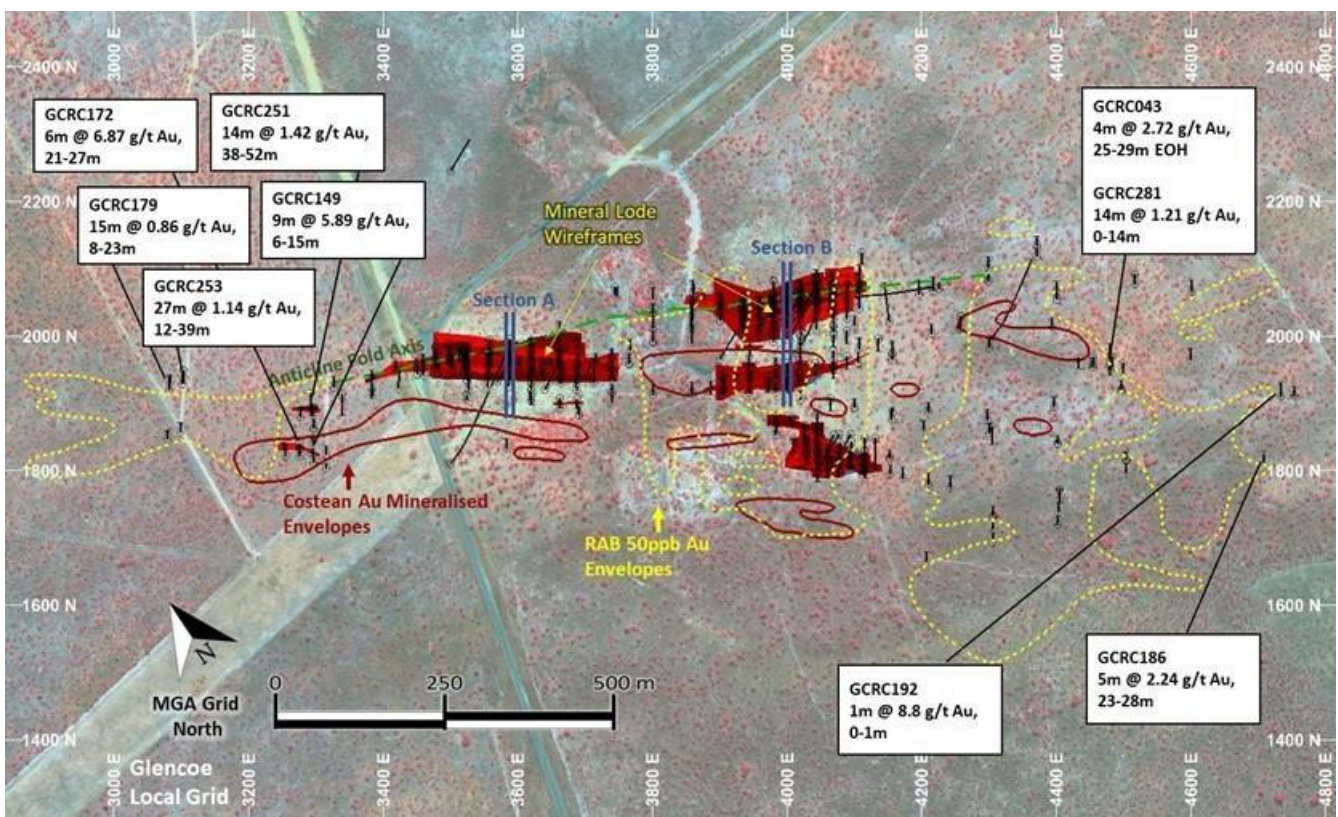


Figure 1: Plan view of the Glencoe deposit showing mineral lode wireframes (solid red), gold in soils anomalism (yellow outline), costean defined mineralised envelope (red outline), and a selection of open drillholes outside of the defined mineral lodes

Fountain Head Development Update

The Glencoe gold deposit, along with the Mt Bonnie oxides (containing gold and silver) and Fountain Head gold deposit, form the basis of PNX's proposed mining and processing development at Fountain Head. A comprehensive body of work is underway to obtain Government and Environmental approvals, and to inform a feasibility level study.

- Como Engineers, a well-regarded engineering group with extensive experience in the design and construction of mineral processing plants and associated infrastructure, have been engaged to provide PNX with a gold plant design and input into plant capital and operating costs
- ERIAS Group, the Company's environmental consultants, have been working on the Fountain Head Environmental Impact Assessment. In particular, new technical studies that relate to changes in the proposed development footprint and methodology from Heap Leaching to Carbon-in-Leach, and tailings

management where PNX is proposing to encapsulate dry-stacked tails within the existing waste dump footprint potentially saving significant time, cost, and reducing the environmental risk

- PNX's current Fountain Head care and maintenance Mine Management Plan has been updated to include dewatering the historic pit and has been submitted to the NT Department of Industry Tourism and Trade for approval
- A comprehensive geological assessment of the Glencoe deposit has been completed with an updated Mineral Resource estimate due prior to the end of March 2021. This information will be incorporated in the Company's mine schedule and financial model along with the Mt Bonnie gold and silver oxide mineralisation

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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Fountain Head Resource Estimate

Independent mining consultants CSA Global Pty Ltd (“CSA Global”) have estimated the Fountain Head Mineral Resource in accordance with the JORC Code¹, which is summarised in Table 1. (refer ASX release 16 June 2020 for full details including JORC tables).

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)
Tally Ho			
Indicated	0.94	2.0	59
Inferred	–	–	–
Total	0.94	2.0	59
Fountain Head			
Indicated	0.89	1.4	41
Inferred	1.11	1.6	56
Total	2.00	1.5	96
Total Fountain Head + Tally Ho*			
Indicated	1.83	1.7	100
Inferred	1.11	1.6	56
Total	2.94	1.7	156

* 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.

¹ 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).