

# Quarterly Activities Report

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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## ASX: PNX

Issued Capital as at 29/04/21:  
3,652,193,511

## Board & Management:

Non Exec Chairman: Graham Ascough  
Non Exec Director: Hansjörg Plaggemars  
Non-Exec Director: Hansjörg Schmidt  
MD/CEO: James Fox  
CFO/Co Secretary: Angelo Gaudio

## Top Shareholders as at 29/04/21:

Delphi Unternehmensberatung	44.4%
Sochrastem SA	5.8%
Marilei International Limited	4.8%

## Share Registry:

Computershare  
Investor Services Pty Ltd  
Level 5 115 Grenfell Street  
Adelaide South Australia 5000  
Phone:  
1300 305 232 (within Australia)  
+61 3 9415 4657 (outside Australia)

## Quarterly Highlights

### Northern Territory Project Development

- First Government approval received from the Northern Territory Department of Industry, Tourism and Trade (DITT) for a variation to the Company's Mine Management Plan (MMP) to allow dewatering of the Fountain Head pit
- Fountain Head Gold Project progressing towards a development decision in calendar Q2 2021 with a Feasibility Study to be released in the June Quarter.
- Sale and Purchase agreement finalised for the Glencoe gold deposit, a bolt on asset with the potential to significantly expand the Fountain Head development
- Mineral Resource Estimate completed for the Glencoe gold deposit (reported in accordance with the JORC Code, 2012) returned:
  - 2.1 Mt @ 1.2 g/t Au for 79,000 oz Au (Inferred Category)
- Statutory approvals in place for 4,000m near-mine RC drilling campaign at Fountain Head and Glencoe – planned to commence after NT wet season from early June 2021
- Key appointment of a Mining, Infrastructure and Studies Manger

### Corporate

- Strongly supported Rights Issue Shortfall Placement raised a total of \$1,213,732 (before costs) to advance near-mine and regional exploration at the Fountain Head gold Project
- \$5.05 million cash on hand at 31 March 2021
- Subsequent to the end of the Quarter PNX presented at the Annual Geoscience Exploration Seminar (AGES) Technical Conference in Alice Springs

## DECEMBER QUARTERLY ACTIVITIES REPORT

PNX Metals Limited (ASX: PNX) ("**PNX**", "**the Company**") is pleased to present its quarterly activities report for the period ended 31 March 2021.

### Fountain Head Gold Project

The Company made significant progress towards a development decision and completion of a Feasibility Study of its 100% owned Fountain Head gold Project (**Fountain Head**) where first gold production is targeted for 2022.

The Company also finalised the Sale and Purchase Agreement (SPA) with private company, Ausgold Trading Pty Ltd, to acquire the Glencoe gold deposit (**Glencoe**) (see ASX announcement 10 December 2020).

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Under the Sale and Purchase Agreement (SPA) (executed 27 April 2021) there is a total agreed consideration of \$1.875 million; of which \$1.175 million has been paid to date with the balance due by 31 December 2021 (refer to Key Terms in ASX announcement 10 December 2020 for further information). The Company has received unconditional approval from the Foreign Investment Review Board for the acquisition.

The Glencoe acquisition represents a 'bolt-on' asset that has the potential to significantly expand the Fountain Head gold development. The Glencoe Mineral Lease is situated less than 3km to the north of Fountain Head. Gold mineralisation at Glencoe has been defined within four mineral lodes over an approximate 500m strike that remains open at depth and along strike. Limited historic RC drilling has been conducted outside the resource area, with maximum depth of approximately 30m, displaying multiple high-grade gold intercepts that represent targets for new extensional lode positions. Drilling is planned for the June quarter.

Subsequent to quarter end, a Mineral Resource estimate was released for Glencoe (see ASX announcement 28 April 2021 for further details) (reported in accordance with the JORC Code, 2012):

- 2.1 Mt @ 1.2 g/t Au for 79,000 oz Au (Inferred Category)

A key staff appointment related to the development of both the Fountain Head gold and Hayes Creek zinc-gold-silver Projects was made in March. Mr Craig Wilson was engaged as the Company's Mining, Infrastructure and Studies Manager and will be responsible for transitioning both Projects through to production.

Como Engineering have been working on the gold Process Plant Engineering and Design with draft study documents provided for the proposed 750kpta gold (CIP) Process Plant capital and operating costs, including power, water, maintenance and personnel (Figure 1).

Tasks that have been completed and are being reviewed for inclusion in feasibility study include:

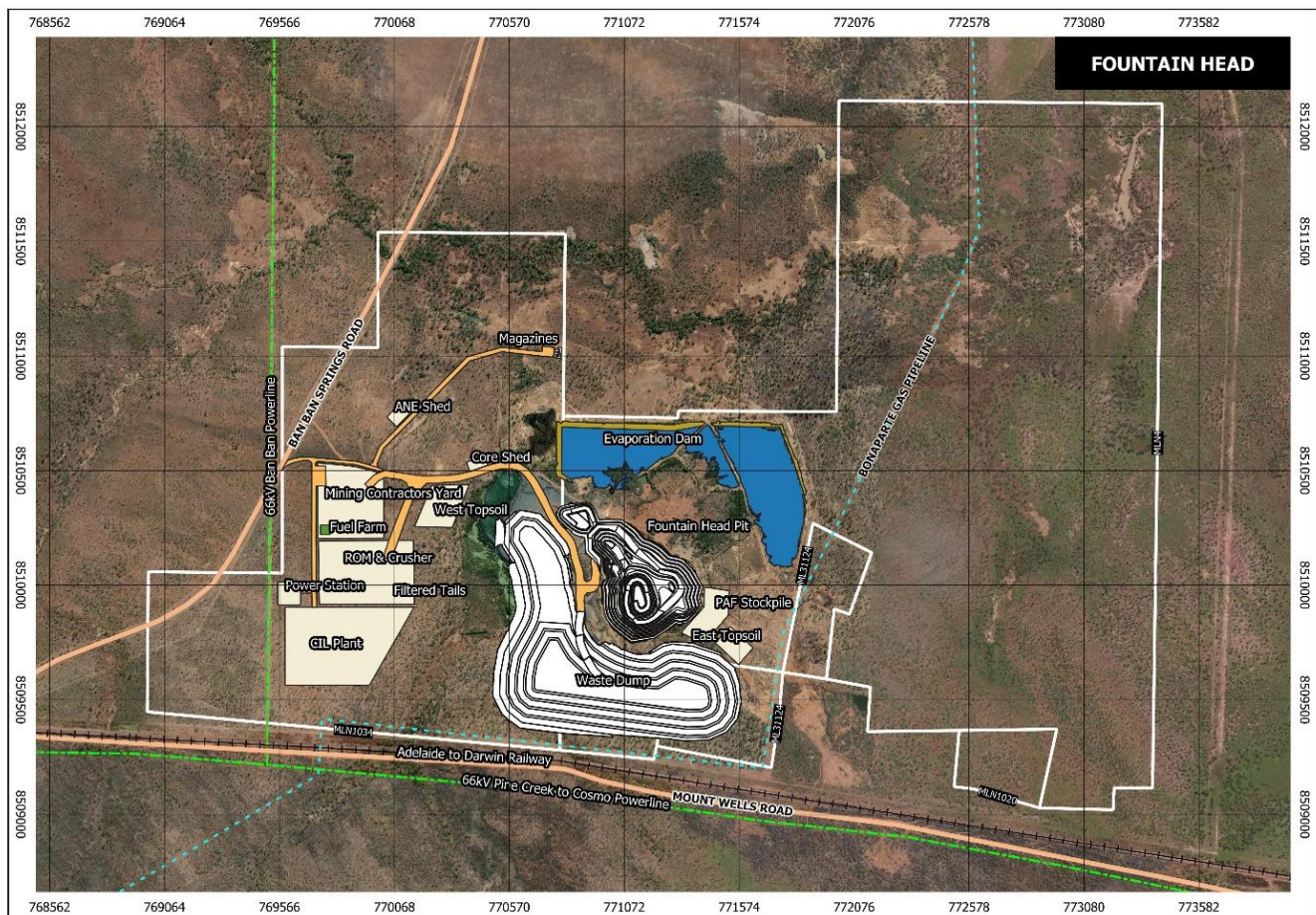
- Process Design Criteria
- Mass Balance
- Process Flowsheet
- Capital Cost Estimate
- Operating Cost Estimate

### **Permitting and Approvals**

The Company received its first government approval from the DITT for a variation to its MMP to allow dewatering of the Fountain Head pit (see PNX ASX announcement 24 March 2021). The authorisation contained a condition relating to the design and construction of the evaporation pond which must comply with ANCOLD Guidelines and that prior to commencement of activities the closure bond requires an increase by \$87k to reflect an increase in the disturbance footprint.

Specialist studies commissioned to update the draft Environmental Impact Statement (EIS) are well progressed with the EIS due for completion and submission during May 2021. The studies complete or being finalised include, noise, air, hydrology, traffic, and geochemistry.

Fountain Head gold feasibility remains on schedule to be completed in the June Quarter.



**Figure 1: Draft Process Plant and Infrastructure layout at Fountain Head**

### Northern Territory Exploration

The Company's Exploration and Mineral Leases remain in good standing. Wet season ground water monitoring programs are underway at Moline and Fountain Head as part of ongoing statutory requirements.

Rehabilitation of historic drill sites is ongoing with the objective of reducing the Company's environmental bond amounts (that relate to exploration drilling) currently held by DITT.

Statutory approvals are in place for an initial 4,000m near-mine RC drilling at Fountain Head and Glencoe which will commence as soon as site access for the drill rigs can be re-established at the end of the NT wet season. The NT has experienced a very active wet season across the Top End with persistent rainfall occurring on and around the site. Ground conditions continue to be closely monitored.

### Planned Activities June 2021 Quarter

#### Fountain Head Gold Project

- Submission of the Fountain Head gold Project EIS
- Completion of Fountain Head gold and Hayes Creek zinc-gold-silver Project Feasibility Studies
- Systematic follow-up of exploration drill targets identified at Fountain Head and Glencoe to test for immediate extensions where surface gold anomalism highlights along-strike potential.
- End of May commencement of pad preparation and other activities with drilling expected in early June

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## Corporate

Cash on hand at 31 March 2021 was \$5.05million.

The Quarterly Cashflow Report (Appendix 5B) for the current period provides an overview of the Company's financial activities.

Exploration expenditure for the reporting period was \$419,390. Corporate and other expenditure amounted to \$369,772. Included in item 6.1 of the Appendix 5B is an amount of \$120,232 for directors' fees paid to non-executive directors of the entity and further \$13,884 for legal fees for work in respect of the Glencoe acquisition.

As at 31 March 2021 the Company had 3,652,193,511 fully paid ordinary shares on issue, and;

- 359,125,000 unquoted options with a 1.464 cent exercise price expiring 30 September 2021; and
- 59,300,000 performance rights subject to various vesting conditions.

The Company has entered into an agreement to earn a 100% interest in the hardrock rights under a farm-in agreement with Rockland Resources Pty Ltd (Rockland) and Oz Uranium Pty Ltd Holdings Pty Ltd (Oz), and a 80% interest in the hardrock rights under a farm-in agreement with Rockland and Oz. A contributing 20% interest is held by Trojan Enterprises Pty Ltd and David Trow. This acquisition continues to strengthen PNX's footprint in the Pine Creek region with the new licenses abutting PNX's existing tenements and the eastern mineralised zone at Iron Blow (Hayes Creek Project).

PNX has made a \$60K cash payment and earn-in expenditure of \$180,000 is required over 2 years to earn 100%, and 80% respectively. Upon PNX completing the earn-in and title transfer occurring a 1% NSR over all minerals to Rockland and Oz will be granted. Foreign Investment Review Board approval will be required for the transfer of title once the earn-in has been completed.

Mr Peter Watson and Mr Paul Dowd resigned as non-Executive Directors of the Company effective from March 5, 2020. The management and directors of the Company thank Peter and Paul and extend their sincere gratitude for the significant contributions each has made to PNX.

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

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## Mineral Resource Statement Overview

Pursuant to ASX listing rule 5.8.1, and in addition to the information contained in the JORC tables (refer PNX ASX announcement 28 April 2021 for full details including JORC tables), the Company provides the following in respect to the Glencoe Mineral Resource.

### Glencoe Mineral Resource Overview

Independent mining consultants H&S Consultants Pty Ltd (“HSC”), estimated the Glencoe Mineral Resource in accordance with the 2012 JORC Code<sup>1</sup> summarised below in Table 1.

**Table 1:** *Glencoe Mineral Resources by oxidation zone as at 26 April 2021 estimated using a cut-off grade of 0.7 g/t Au which is consistent with the assumed open-cut mining method. The cut-off grade is also consistent with the Mineral Resource Estimate for Fountain Head.*

### Glencoe Mineral Resource Estimate

JORC Classification	Oxidation	Tonnage (Mt)	Au (g/t)	Ounces (Koz)
Inferred	Oxide	0.5	1.3	20
	Transitional	0.3	1.2	11
	Fresh	1.3	1.1	48
<b>Total</b>		<b>2.1</b>	<b>1.2</b>	<b>79</b>

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

The information in this announcement that relates to Mineral Resources Estimates at the Glencoe gold deposit is extracted from the report entitled “New Glencoe Mineral Resource expands Fountain Head Development” dated 28 April 2021 and is available to view on the Company website [www.pnxmetals.com.au](http://www.pnxmetals.com.au).

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 announcement 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.

<sup>1</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).

## TENEMENTS

### Northern Territory

Tenement	Name	Holder	Area Hectare
ML30512	Mt Bonnie	PNX Metals Ltd 100%	6.4
ML30589	Mt Bonnie		31.6
MLN1033	Mt Bonnie		4.8
MLN1039	Mt Bonnie		1.2
MLN214	Iron Blow		6.3
MLN341	Iron Blow		14.9
MLN342	Mt Bonnie		13.7
MLN343	Iron Blow		14.9
MLN346	Mt Bonnie		16.0
MLN349	Iron Blow		15.0
MLN405	Mt Bonnie		12.0
MLN459	Mt Bonnie		15.0
MLN811	Mt Bonnie		8.1
MLN816	Mt Bonnie		8.1
<b>Total Hayes Creek</b>			<b>168.0</b>
MLN794	Fishers-1	PNX Metals Ltd 100%	8.1
MLN795	Fishers-2		8.1
ML30936	Good Shepherd		106.0
<b>Total Other</b>			<b>122.2</b>
ML31124	Fountain Head	PNX Metals Ltd 100%	33.5
MLN1020	Fountain Head		12.0
MLN4	Fountain Head		529.9
MLN1034	Fountain Head		304.2
<b>Total Fountain Head</b>			<b>879.6</b>
<b>Moline</b>			
ML24173	Moline	PNX Metals Ltd 100%	3126.0
MLN1059	Moline		418.7
MLN41	Mt Evelyn		8.9
<b>Total Moline</b>			<b>3,553.6</b>
<b>Total Mineral Leases</b>			<b>4,723.4</b>
EL28616	Moline	PNX Metals Ltd 100%	262.5 km <sup>2</sup>
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2 km <sup>2</sup>
EL31893	Ringwood Station	PNX Metals Ltd 100%	23.4 km <sup>2</sup>
EL32489 *	J25 Anomaly	PNX Metals Ltd 100%	19.9 Km <sup>2</sup>
<b>Total Exploration Licences</b>			<b>366.0 km<sup>2</sup></b>

\* EL32489 was granted to PNX Metals Limited on 8 April 2021.

## Northern Territory – Farm-in Tenements

Tenement	Name	Holder	(Area sq km)
<b>Burnside Project *</b>			
EL10012	Mt Ringwood	PNX Metals Ltd 90%, Newmarket 10%	14.9
EL10347	Golden Dyke		10.0
EL23431	Thunderball		13.4
EL23536	Brocks Creek		70.4
EL23540	Jenkins		16.7
EL23541	Cosmo North		3.3
EL24018	Hayes Creek		23.4
EL24051	Margaret River		86.9
EL24058	Yam Creek		3.3
EL24351	McCallum Creek		13.4
EL24405	Yam Creek		4.1
EL24409	Brocks Creek South		22.1
EL24715	Mt Masson		56.8
EL25295	Margaret Diggings		10.0
EL25748	Burnside		584.5
EL9608	Mt Bonnie	10.0	
<b>Chessman Project *</b>			
<b>Tenement</b>	<b>Name</b>		
EL25054	Maud	PNX Metals Ltd 90%, Newmarket 10%	64.0
EL28902	Maud		104.5
ML30293	Chessman		1.1
<b>Rocklands Project #</b>			
EL10120 #	Rocklands 1	PNX Metals Ltd – earning-in 100%	6.94
EL25120 #	Rocklands 2		9.96
EL27363 #	Rocklands 4		6.64
EL25379 #	Rocklands 7		6.64
EL23509 #	Rocklands 8		19.92
ML29933 ^	Rocklands 3	PNX Metals Ltd – earning-in 80%, Trojan Enterprises Pty Ltd and David Trow 20%	0.86
ML29937 ^	Rocklands 5		3.54
<b>Total Exploration Licences</b>			1,167.30

\* PNX Metals Ltd has earned a 90% interest under a farm-in agreement with Newmarket Gold NT Holdings Pty Ltd (**Newmarket**)

# PNX Metals Ltd earning-in 100% interest in the Hardrock Rights under a farm-in agreement with Rockland Resources Pty Ltd (**Rockland**) and Oz Uranium Pty Ltd Holdings Pty Ltd (**Oz**).

^ PNX Metals Ltd earning-in 80% interest in the Hardrock Rights under a farm-in agreement with Rockland Resources Pty Ltd (**Rockland**) and Oz Uranium Pty Ltd Holdings Pty Ltd (**Oz**). A 20% interest is held by Trojan Enterprises Pty Ltd and David Trow.