

## ASX Announcement

23 June 2021

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



Level 1, 135 Fullarton Road  
Rose Park, SA 5067  
Australia

Telephone +61 (0) 8 8364 3188  
Facsimile +61 (0) 8 8364 4288

info@pnxmetals.com.au  
www.pnxmetals.com.au

# Drilling Underway at the Fountain Head Gold Project

- **Drill program of up to 2,800 metres has commenced at Fountain Head**
- **New near-surface targets to be tested with potential to host high-grade gold mineralisation beyond the current Mineral Resource envelope**
- **Drilling to take approximately four weeks with assays due from early July**
- **Gold mineralisation extends over a 5km strike with the central zone hosting the Fountain Head Mineral Resource of 2.94 Mt at 1.7g/t Au for 156,000oz Au**

PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**") is pleased to advise that a reverse circulation (RC) drill program of up to 2,800 metres has commenced at the Fountain Head Gold Project ("**Fountain Head**"). The program aims to test newly identified exploration targets with the potential to host additional 'near-mine' gold resources. Fountain Head is 100% owned by PNX and located on granted Mineral Leases approximately 170 km south of Darwin in the Pine Creek region of the Northern Territory.

This will be the first drilling at Fountain Head since the Company released a Mineral Resource Estimate (MRE)<sup>1</sup> of 2.94 Mt at 1.7 g/t Au for 156,000oz Au in June 2020 (reported in accordance with the JORC Code, 2012).

Upon completion of the Fountain Head drilling, which is expected to take approximately 4 weeks, the Company expects the drill rig to move to the Glencoe gold deposit (subject to approval of the Company's Mine Management Plan), located 3 km to the north of Fountain Head, for a further RC drilling program of approximately 2,000 metres. The Glencoe MRE (2.1 Mt @ 1.2g/t Au for 79,000oz Au<sup>2</sup>) remains open in all directions, extends from surface to 120 metres vertical depth and comprises a number of discrete lodes over a strike length of greater than 1.5 km.

The Company recently finalised an assessment of the technical and economic parameters to sequentially develop the Fountain Head Gold Project and Hayes Creek gold-silver-zinc Projects (Project) highlighting a robust, multi-commodity development with a forecast unleveraged Pre-tax NPV<sub>8%</sub> of A\$171 million and a mine life of 10 years from undiscounted revenues of A\$972 million (net of treatment, refining and transport charges) (refer ASX release 17 June 2021 'Positive PFS supports long-term gold, silver, zinc Project development').

### Managing Director's Comments

*PNX Managing Director James Fox said: "Gold mineralisation has been mapped for over 5 km along the Fountain Head anticline with numerous prospective areas identified that essentially remain untested. This RC drill program will test five high-priority gold targets that have the potential to add to the existing resource base and extend the Fountain Head and Hayes Creek mine life. Assays are due from early-July and we look forward to updating the market as new results come to hand"*

<sup>1</sup> Refer PNX ASX release 16 June 2020 'Increase and improved confidence in Mineral Resource at Fountain Head gold Project' for further details including a summary report by CSA Global Pty Ltd including a summary report and JORC Table 1

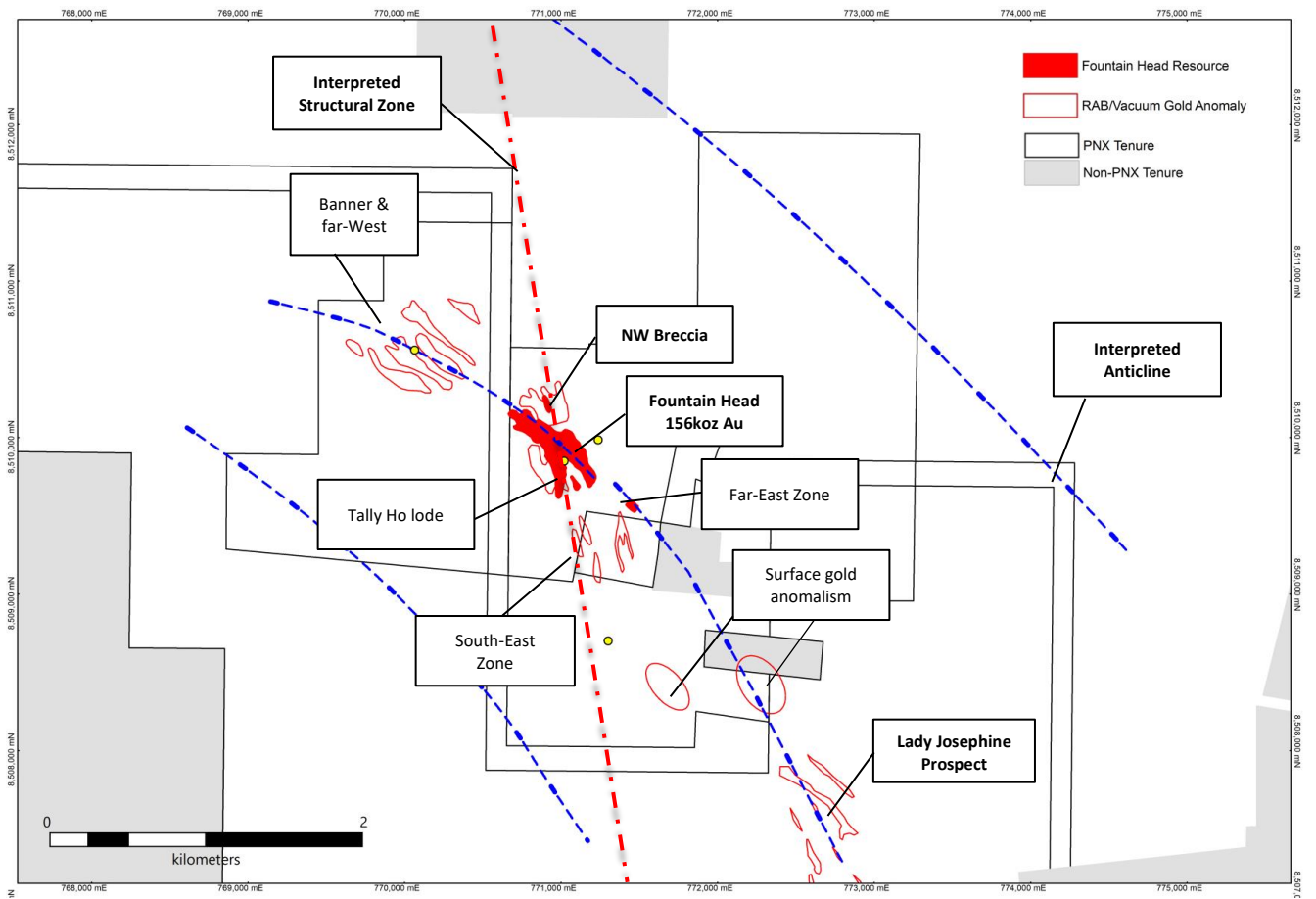
<sup>2</sup> Refer PNX ASX Release 28 April 2021 'New Glencoe Mineral Resource expands Fountain Head Development' including a summary report prepared by H&S Consultants Pty Ltd and JORC Table 1

## Proposed drill targets

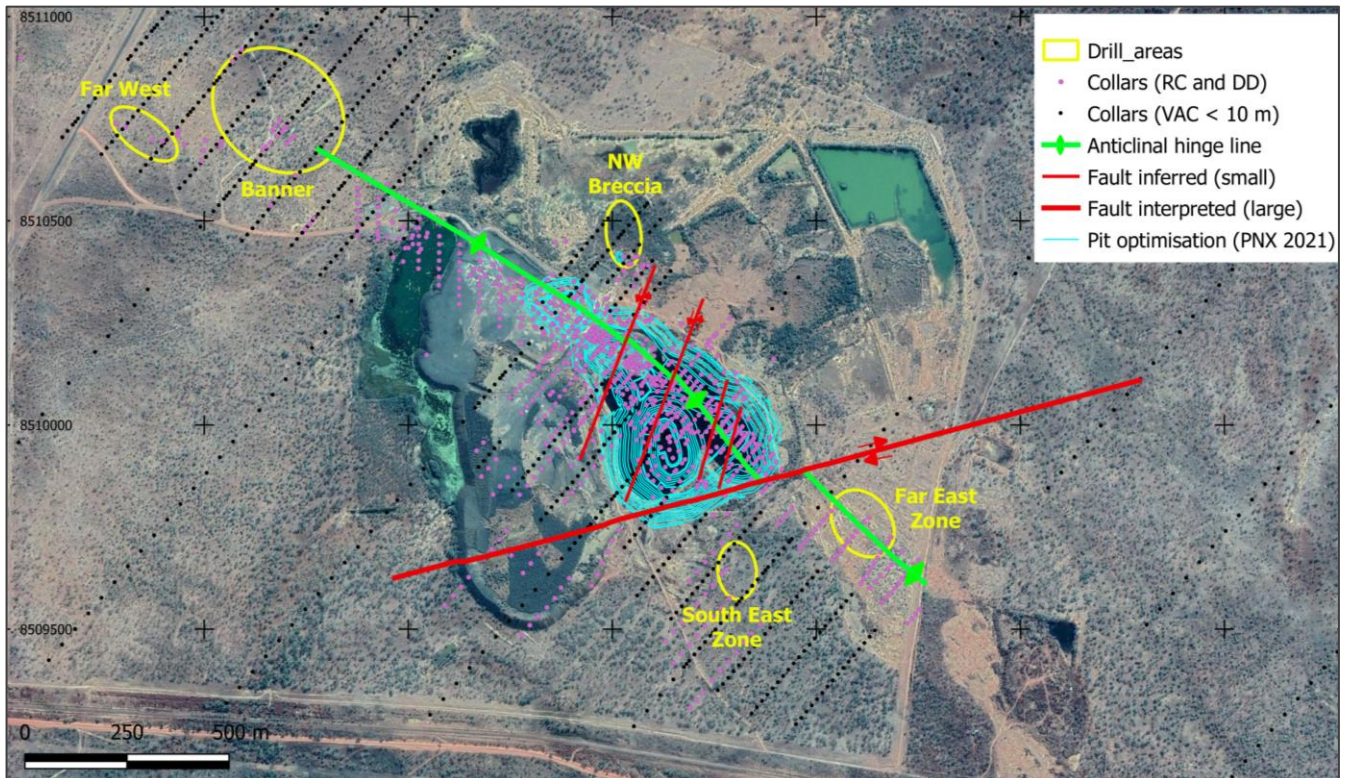
Information derived from PNX field mapping and assessment of geological data suggests that gold mineralisation at Fountain Head exists over a significant strike extent of approximately 5 km along an anticline fold hinge from 'Banner' in the west to the 'Lady Josephine West' prospect in the south-east (Figure 1). Two main mineral lodes have been identified to date - the Fountain Head lode and the crosscutting N/NW trending Tally Ho lode, both of which remain open along strike and down dip and host the majority of the current MRE.

Five high-priority targets will be drill tested at Fountain Head (Figure 2) over the next 4 weeks with initial assay results due from early July:

1. South-East Zone - located 250 metres southeast of the Fountain Head resource boundary along interpreted offset Tally Ho trend. Multiple parallel north-south trending zones of strong bedrock gold anomalism supported by historic RAB drilling and surface workings within a quartz veined sequence of weathered sediments. The zone remains open along strike. The RAB holes have an average depth of 10 metres and only a small portion of bedrock has been tested with deeper RC drilling (*refer PNX ASX release 23 November 2020*) which returned:
  - 1m @ 9.98g/t gold from 37 metres in TERC007
  - 1m @ 93.7g/t gold from 19 metres, and 1m @ 22.7g/t gold from 42 metres in TERC010
  - 1m @ 31.9g/t gold from 31 metres in TERC011
  - 1m @ 5.67g/t gold from 92 metres in TERC019
2. Far East Zone - interpreted eastern offset of the Fountain Head anticline with broad spaced high-grade gold mineralisation from historic drilling. Located approximately 250 metres from the eastern edge of the proposed open-pit expansion with potential for a 'starter' pit.
3. NW Breccia - largely untested and located within an interpreted N/NW trending structural zone that crosscuts the main Fountain Head anticline and contains the high-grade Tally Ho mineral lode. This structural zone has been mapped from aeromagnetic data and field observations as trending from the Glencoe deposit 3km to the north, through to the Klondike alluvial workings ~1.5 km to the south.
4. Banner prospect – Located approximately 600 metres northwest of the Fountain Head MRE. Near-surface bedrock anomalism and deeper drill intersections over a 500 metre strike extent require further testing and assessment. Wide-spaced deeper drilling by PNX and others in this area produced strong results (*refer PNX ASX release 23 November 2020*), including:
  - 6m @ 39.5g/t gold from 54 metres in FHRC085
  - 1m @ 10.88g/t gold from 28 metres in PDH41
  - 19m @ 2.7g/t gold from 66 metres in PDH41
  - 1m @ 6.71g/t gold from 46 metres in PDH35
  - 1m @ 5.43g/t gold from 15 metres in PDH36
  - 4m @ 1.90g/t gold from 11 metres in PDH38
  - 1m @ 7.9g/t gold from 45 metres in PDH42
5. Far West - historic 'reef' workings, results from costeans and shallow RAB drilling highlight the potential for continuation of the Fountain Head gold mineralisation to the west.



**Figure 1:** Fountain Head Mineral Resource outline, gold target areas, and key structural zones



**Figure 2:** Location of the RC drill targets, and interpreted local structural zones. Co-ordinates in MGA94, Zone52

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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 Marco Scardigno, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Scardigno 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 Scardigno is a full-time employee and Resource Geologist 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

Telephone: +61 (0) 8 8364 3188

### Fountain Head Resource Estimate

Independent mining consultants CSA Global Pty Ltd estimated the Mineral Resource in accordance, summarised in Table 1, in accordance with the JORC Code<sup>3</sup>

**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

### Glencoe Mineral Resource Overview

Independent mining consultants H&S Consultants Pty Ltd estimated the Mineral Resource, summarised in Table 2, in accordance with the 2012 JORC Code.

**Table 2:** Glencoe Mineral Resources by oxidation zone and JORC Classification 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.

### Glencoe Mineral Resource Estimate

JORC Classification	Oxidation	Tonnage (Mt)	Au (g/t)	Ounces (Koz)
<b>Inferred</b>	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 Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements 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.

<sup>3</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).