

Quarterly Activities Report

September 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 27/10/21:
3,652,193,511

Board & Management:

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

Top Shareholders as at 27/10/21:

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:
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+61 3 9415 4657 (outside Australia)

Quarterly Highlights

Northern Territory Exploration & Project Development

- Exploration drilling at Fountain Head highlights new areas of open mineralisation on the margins of the deposit and outside the current Mineral Resource estimate, with gold mineralisation extending over a considerable strike extent
- New zones of high-grade gold mineralisation intersected in drilling at Glencoe, along with new surface rock chip samples, highlight the potential for significant extensions to the Glencoe gold deposit – drilling to re-commence October 2021
- Positive feedback on the Fountain Head Environmental Impact Statement (EIS) by the Northern Territory Environmental Authority (NT EPA). The Supplementary EIS is to be submitted during November 2021 and expected approval by March 2022.
- Continued progress on Fountain Head development - statutory timetable indicates approval late Q1 calendar 2022

Corporate

- \$2.3 million cash on hand at 30 September 2021
- Project Financing, and Plant and Infrastructure Engineering discussions are well advanced
- Several non-binding indicative proposals have been received for the Moline Project which the Company is currently evaluating

SEPTEMBER QUARTERLY ACTIVITIES REPORT

PNX Metals Limited (ASX: PNX) (“PNX”, “the Company”) is pleased to present its quarterly activities report for the period ended 30 September 2021.

Update on COVID-19 Situation and PNX’s Activities in the Northern Territory

The Company continually reviews updates regarding the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors and stakeholders. The safety of PNX employees and contractors is paramount and appropriate measures regarding COVID-19 are being taken in-line with government advice, particularly in relation to interstate travel.

In line with NT Government directives PNX will require all its workers in the NT to have at least one dose of the COVID-19 vaccination by 12 November 2021 and be fully vaccinated by 24 December 2021.

Northern Territory – Pine Creek Region

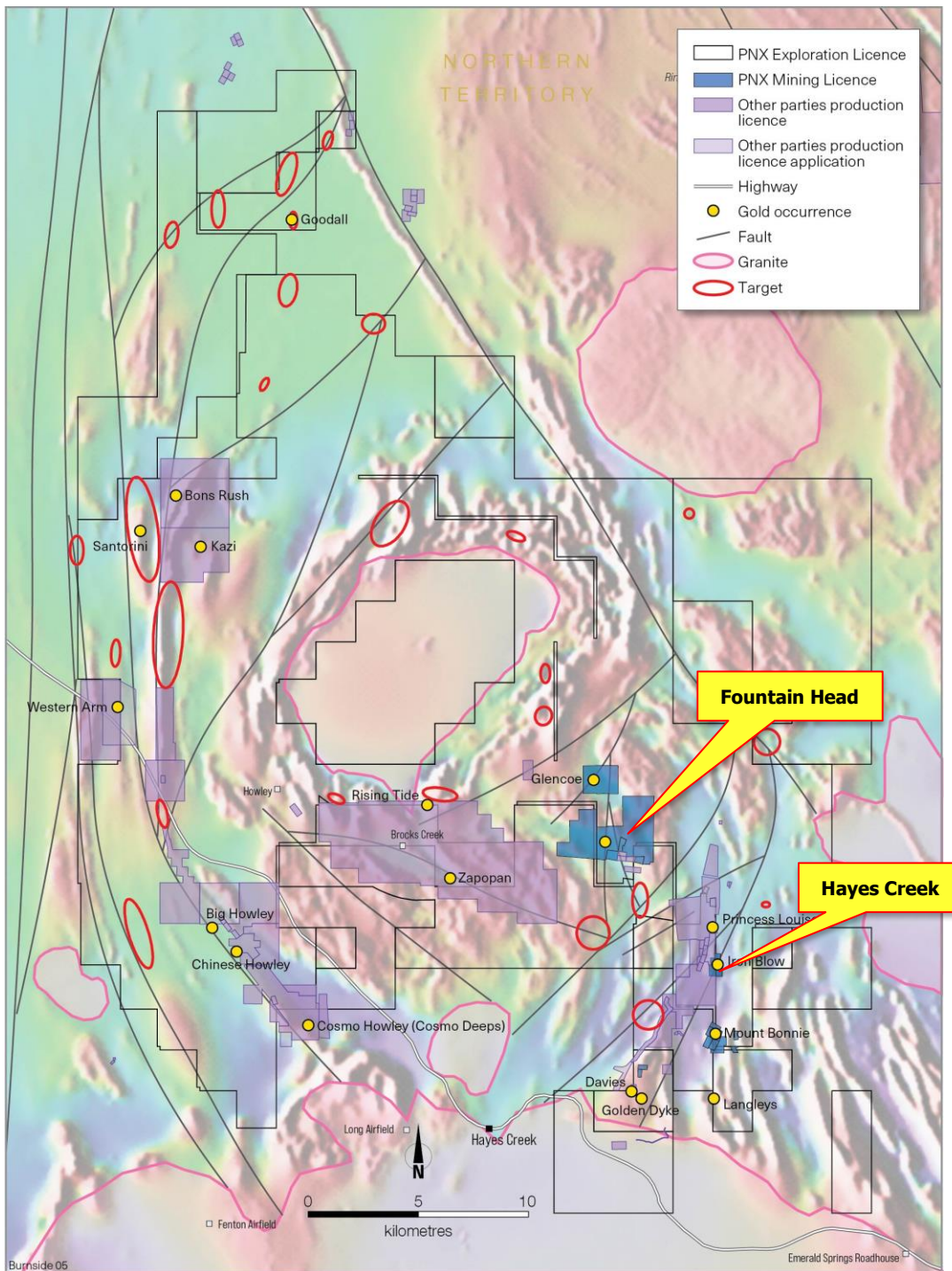


Figure 1: PNX Burnside tenure, with Fountain Head, and Hayes Creek Projects and regional exploration target areas (red rings)

Project Development

The Company continued to make significant progress during the quarter, with the statutory timetable now indicating approval for the sequential development of the Company’s 100% owned Fountain Head gold and Hayes Creek gold-silver-zinc Projects (**Project**) (Figure 1) to occur late Q1 calendar 2022.

The release of the PFS in the previous quarter (refer ASX release 17 June 2021) confirmed the technical and economic viability of a staged development approach, with the Project forecast to generate total undiscounted revenues (net of treatment, refining and transport costs) of A\$972 million over its 10 year mine-life from a total combined mining inventory which exceeds 7 million tonnes.

During the quarter the Company continued to work closely with Como Engineers to finalise Plant and Infrastructure design and costs, with the parties evaluating a risk sharing structure to manage any potential capital cost increases which may occur prior to and during the construction phases of the Project.

Second-hand equipment is under consideration as part of the financial risk mitigation and cost-saving strategy. The Company has commenced, and advanced discussions with prospective financiers for the Project and will update the market in due course.

Government and Environmental Approvals

The Fountain Head EIS was submitted to the NT EPA in early June.

Following an 8-week EIS public consultation period, a Direction was received from the NT EPA on 28 September 2021, advising PNX to prepare a Supplementary EIS for the Fountain Head Gold Project. The Direction outlined the additional information that the NT EPA require PNX to provide to respond to comments on the EIS. Minor additional work is currently underway preparing responses and additional pit water quality modelling has been commissioned. The Supplementary EIS is scheduled to be submitted to the EPA mid-November.

Work has also commenced on preparing the Fountain Head Mining Management Plan (MMP). An approved MMP is required before any works can commence on site. The lead time for approval of the MMP is 4-6 months and consequently it is planned to run both the MMP and EIS approvals in parallel to minimise any delays. The first draft of the MMP is to be submitted to Department of Industry, Tourism and Trade (DITT) prior to the end of December 2021.

The MMP for the Mt Bonnie Project is also progressing and environmental studies at Glencoe, including flora and fauna surveys are underway.

Glencoe Metallurgical Testwork

Dynamic settling and filtration testing was completed on Fountain Head tails samples by Metso-Outotec to confirm equipment selection and sizing. The settling test results were in line with expectations with no changes to the plant design criteria.

Grind size, leaching and recovery testwork is underway on samples from the Glencoe deposit to confirm historic gold recoveries in excess of 90%.

Northern Territory Exploration

Fountain Head

Fountain Head hosts a Mineral Resource Estimate (MRE)¹ of 2.94Mt at 1.7g/t Au for 156,000oz Au (reported in accordance with the JORC Code, 2012).

During the reporting period, results from drilling on 4 priority target areas completed in the previous quarter at Fountain Head were received. A summary of the results is provided below. The aim of the drilling was to identify areas of near-surface mineralisation with the potential to augment the existing mine plan, and test that there is no significant mineralisation in the vicinity of proposed waste stockpiles and other infrastructure (Figure 2). Numerous zones of potentially economic gold mineralisation were intersected and further work is now planned

¹ Refer 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

including a more detailed structural study to assist in the vectoring of more significant lode extensions or offset shoots.

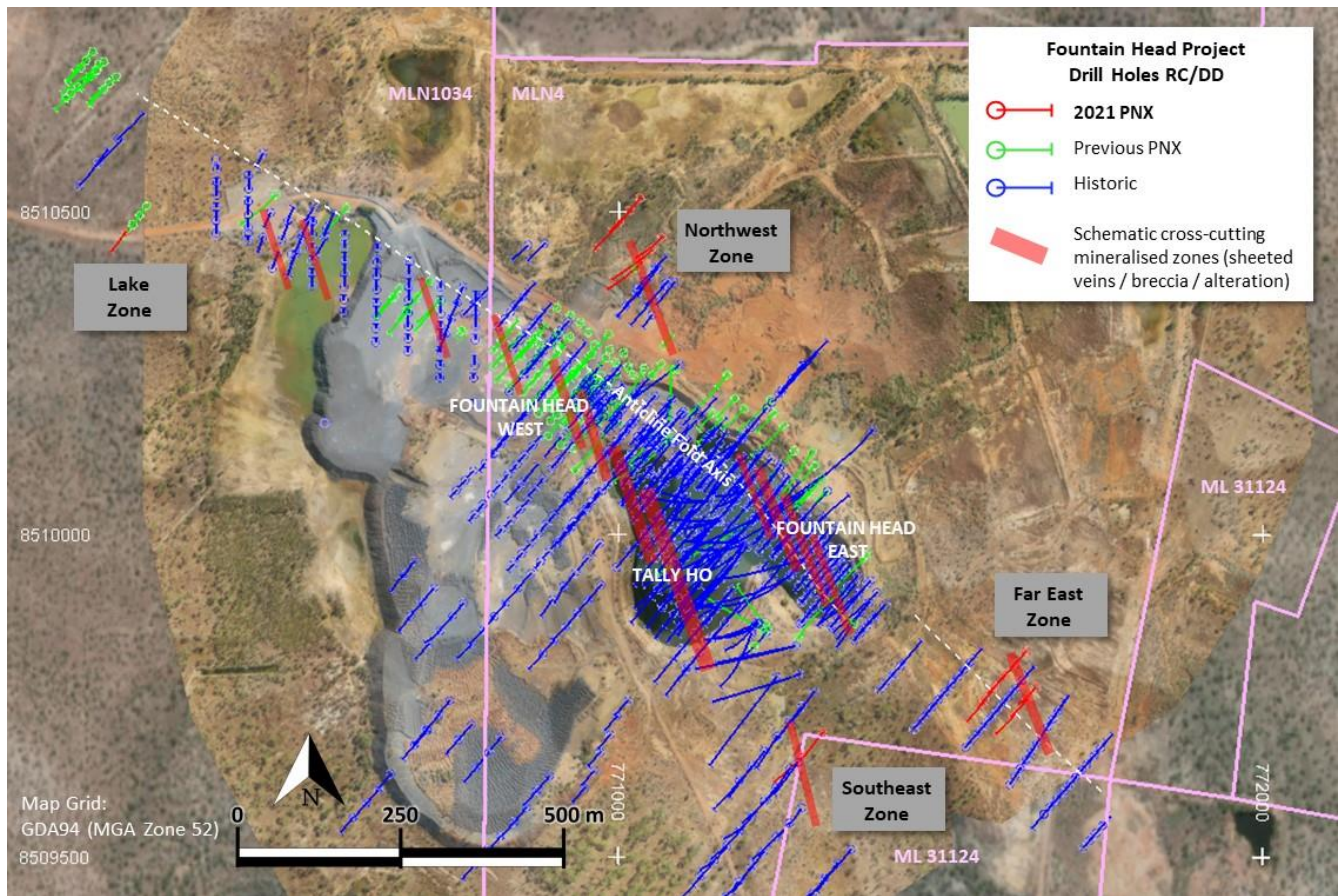


Figure 2: Fountain Head Mineral Resource outline, gold target areas, completed drill holes, and interpreted cross-cutting mineralised zones

1. 'NW Breccia' - A corridor of mineralisation has been traced for approximately 200m in a NNW direction from the Fountain Head pit, and being coincident with at least one sub-vertical breccia in historic drilling. Several narrow zones of gold mineralisation were intersected that remain open, including:
 - 3m at 8.54g/t Au from 34m in FHRC145 (drilled by PNX in 2019) including;
 - 1m at 23.72g/t from 34m in FHRC145
 - 2m at 3.56g/t Au from surface, 3 m at 4.13g/t Au from 16m, and 3m at 1.83g/t Au from 116m in FHRC192
 - 1m at 1.83g/t Au from 73m in FHRC196
2. 'South East Zone' - located approximately 250m southeast from the Fountain Head resource boundary along the interpreted offset Tally Ho trend and an area of shallow historic hard-rock mining. This is also the proposed location for the extended waste stockpile. Two holes were drilled in this area, with the best result from surface of 1m at 4.38g/t Au.
3. 'Far East Zone' - interpreted eastern offset of the Fountain Head anticline. Located approximately 250m from the eastern edge of the proposed open-pit expansion and sparsely tested by historic drilling which highlighted a zone of broadly spaced low-grade mineralisation. PNX drilled 7 holes over two sections at a different orientation to historic drilling to assist with determining the geometry of the mineralisation in this area. Mineralisation was similar to that intersected historically, and has been interpreted as being hosted by sub-vertical sheeted veins cross-cutting bedding. Significant results include:

- 1m at 2.87g/t Au from 5m, and 1m at 1.30g/t Au from 65m in FHRC182
 - 1m at 1.44g/t Au from 26m, and 2m at 1.36g/t Au from 56m in FHRC187
 - 1m at 3.98g/t Au from 24m in FHRC189
4. 'Lake Zone' - located approximately 600 metres northwest of the Fountain Head MRE on the southernmost extent of drilling along the FH anticline. A single hole (FHRC198) was drilled stratigraphically above previous PNX hole FHRC079 which intersected 1m at 5.92g/t from 42m and 4m at 3.10g/t from 48m. In FHRC079, typical host rocks, alteration, and arsenopyrite were noted as seen elsewhere in the deposit where gold mineralisation is evident. FHRC198 intersected similar host rocks and returned 1m at 0.50g/t Au from 3m.

Glencoe

The Company announced a Mineral Resource Estimate² for Glencoe in April 2021 of 2.1Mt @ 1.2g/t Au for 79,000oz Au (Inferred category) reported in accordance with the JORC Code, 2012 (refer ASX release 28 April 2021). The Glencoe MRE extends from surface to 120 metres vertical depth, comprises a number of discrete lodes over a strike length of greater than 1.5km, and remains open in all directions (Figure 3).

Glencoe is located on a granted Mineral Lease approximately 170 km south of Darwin and 3 km north of PNX's Fountain Head Gold Project in the Pine Creek region of the Northern Territory, and represents a 'bolt-on' asset that has significantly expanded the proposed Fountain Head development.

During the quarter a highly successful first drill program was completed at Glencoe, with 27 reverse circulation (RC) drill holes drilled for 2,352 metres. Immediate extensions to near-surface gold mineralisation were intersected, extending the strike by more than 200 metres to the southeast of the deposit and current MRE. Mineralisation also appears to be thickening towards the southeast where broader zones of mineralisation containing multiple gold intercepts have been encountered.

The current drilling results confirm the location and grade of the gold mineralisation modelled in the recent MRE, which was based on historic drilling results, and provide up-to-date quality assurance and quality control data that will support upgrades to portions of the MRE to an Indicated level.

Towards the end of the quarter, the Company reported a number of high-grade surface rock chips highlighting the potential for significant extensions to the Glencoe gold deposit. A total of 54 rock chip samples were collected from a broad area extending up to 400m east of the existing Glencoe deposit and 200m east of the RC drilling program completed by PNX (refer ASX release 14 September 2021).

Numerous high-grade gold values in excess of 1.0g/t were returned from the newly defined 'Eastern Zone', including 6.02g/t Au (TGU5467), 4.04g/t Au (TGU5459) and 3.05g/t Au (TGU5486). These samples were collected from outcropping quartz-sulphide veined and altered mafic rocks that are largely obscured by a veneer of transported soil cover.

The 'Eastern Zone' extensional area, supported by recently reprocessed magnetic data, is interpreted to lie within a regional-scale shear zone which can be traced for over 1km to the southeast of the Glencoe gold deposit. This structure remains to-date largely unexplored beyond limited shallow (average depth ~4 metres) wide-spaced (400m x 200m) historic RAB drilling. The presence of transported soil cover would have also rendered surface soil sampling ineffective.

The newly identified surface mineralisation and underlying shear zone represent a potentially significant extension to the Glencoe deposit. Further mapping and rock chip sampling along its strike are ongoing.

Geological mapping and face sampling within the historic Glencoe open pits has also been completed and has strengthened PNX's understanding of the deposit's geological setting, with several high-grade rock chip results, including 11.06g/t Au (TGU5493) from the furthest extent of the west pit wall, and 9.52g/t Au (TGU5497).

² 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

Wireline logging and density measurements were completed on PNX RC drill holes and historic drill core to support an update to the MRE at Glencoe and provide further structural information for the geological model.

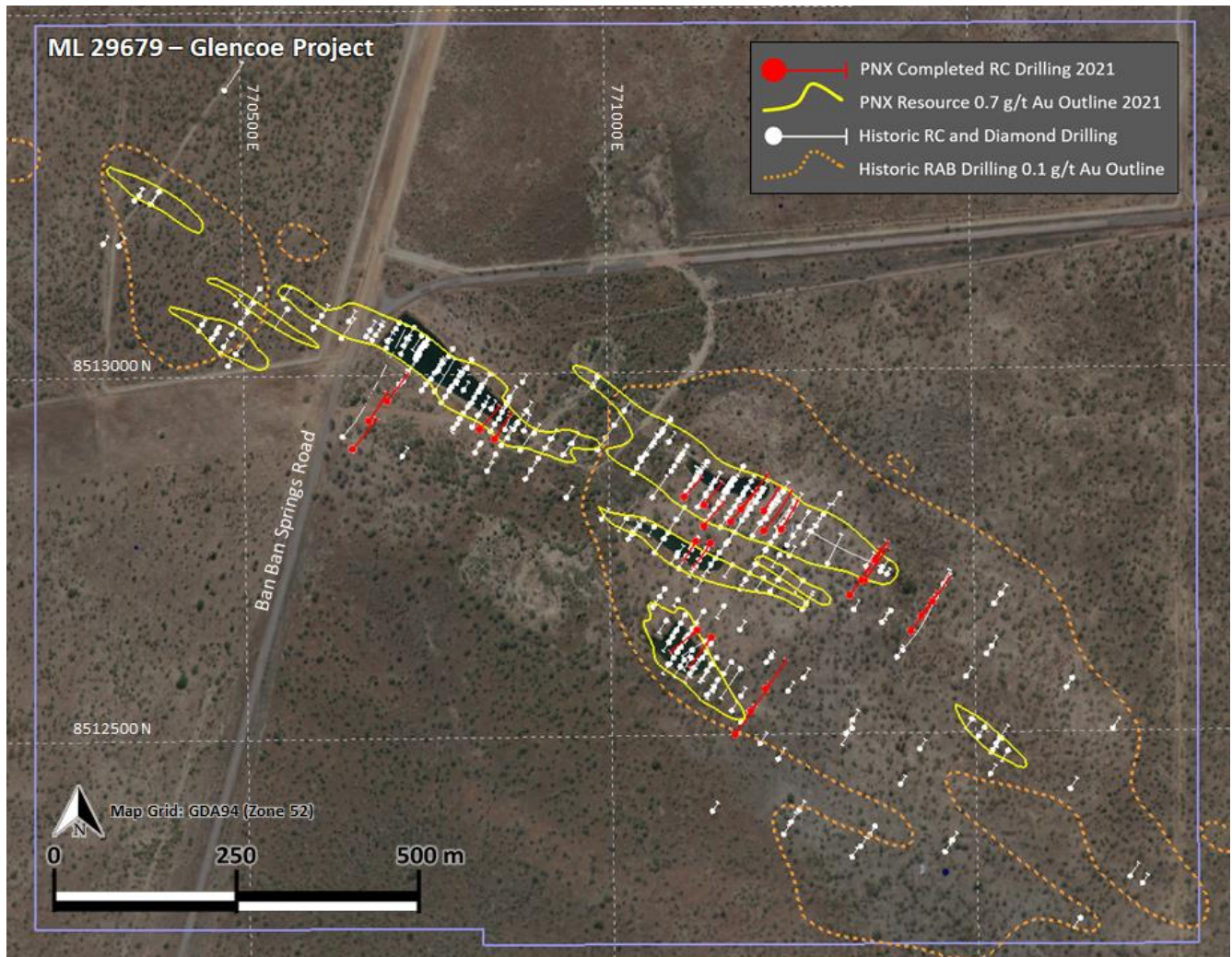


Figure 3: Glencoe Mineral Resource outline (yellow), gold target areas (orange) defined by surface soils, RAB and mapping, drill traces PNX (red), and historic (white)

Drilling Planned for Q4 2021

A drilling program of 2,000m to follow-up the successful initial program at Glencoe is due to commence week beginning 25 October 2021. The aim of this next phase of drilling is to extend the new gold zones, target additional untested anomalies evident from historic exploration and recent surface sampling, and collect further data around the current MRE to upgrade the confidence level to the Indicated category for at least a portion of the deposit.

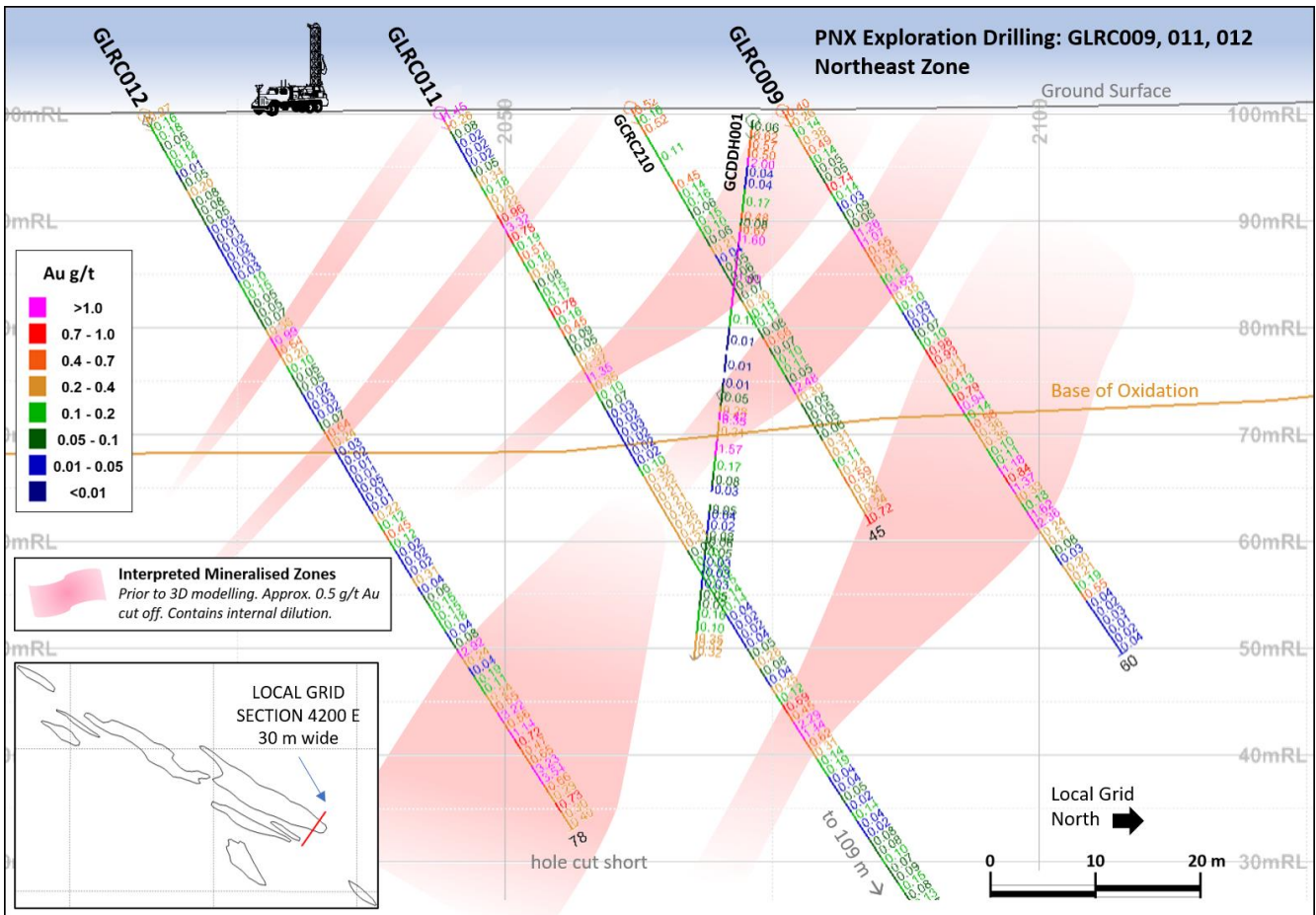


Figure 4: Glencoe X-section showing exploration holes GLRC009, 011, and 012 and interpreted mineralised zones. Note: GLRC012 ended in gold mineralisation and was stopped short of the planned depth due to loss of circulation and difficult ground conditions

Planned Activities December 2021 Quarter

- Submission of Supplementary Fountain Head EIS
- Completion and draft submission of Mine Management Plans for Mt Bonnie, Glencoe, and Fountain Head
- Continued work with Como on the Plant and Infrastructure proposal and to secure second hand equipment where able
- Continued assessment and advance of Financing Options
- Ongoing infill and extensional drilling at Glencoe to test for immediate extensions where surface gold anomalism highlights along-strike potential

Corporate

Cash on hand at 30 September 2021 was \$2.3 million.

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

Exploration and evaluation expenditure for the reporting period was \$1,120,732. Corporate and other expenditure amounted to \$194,549. Included in item 6.1 of the Appendix 5B is an amount of \$31,607 for directors’ fees paid to non-executive directors of the entity.

As at 30 September 2021 the Company had 3,652,193,511 fully paid ordinary shares on issue along with 54,300,000 performance rights subject to various vesting conditions. On 30 September, 2021 359,125,000 unquoted options with a 1.464 cent exercise price expired.

For further information please visit the Company's website www.pnxmetals.com.au or contact:

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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
Total Hayes Creek			168.0
MLN794	Fishers-1	PNX Metals Ltd 100%	8.1
MLN795	Fishers-2		8.1
ML30936	Good Shepherd		106.0
Total Other			122.2
ML31124	Fountain Head	PNX Metals Ltd 100%	33.5
MLN1020	Fountain Head		12.0
MLN4	Fountain Head		529.9
MLN1034	Fountain Head		304.2
Total Fountain Head			879.6
Glencoe			
ML29679 +	Glencoe		199.0
Total Glencoe			199.0
Moline			
PNX Metals Ltd 100%			
ML24173	Moline	PNX Metals Ltd 100%	3126.0
MLN1059	Moline		418.7
MLN41	Mt Evelyn		8.9
Total Moline			3,553.6
Total Mineral Leases			4,922.4
EL28616	Moline	PNX Metals Ltd 100%	262.5 km ²
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2 km ²
EL31893	Ringwood Station	PNX Metals Ltd 100%	23.4 km ²
EL32489 +	J25 Anomaly	PNX Metals Ltd 100%	19.9 Km ²
Total Exploration Licences			366.0 km²

+ ML29679 was acquired by PNX Metals Limited on 27 April 2021.

Northern Territory – Farm-in Tenements

Tenement	Name	Holder	(Area sq km)
Burnside Project *			
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	
Chessman Project *			
Tenement	Name		
EL25054	Maud	PNX Metals Ltd 90%, Newmarket 10%	64.0
EL28902	Maud		104.5
ML30293	Chessman		1.1
Rocklands Project #			
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
Total Exploration Licences			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.