

## ASX Announcement

1 March 2022

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 divest Moline Project for up to \$3 million

- **PNX to divest the Moline project for total consideration of up to \$3.0 million to Sovereign Metallurgical Pty Ltd (Sovereign)**
- **Key outcomes of the Moline divestment;**
  - **Ausgold Trading Pty Ltd (Ausgold), a related party to Sovereign, to waive PNX's final payment of \$700,000 for the Glencoe gold project**
  - **PNX to have a first right of refusal to toll treat any gold/silver mineralisation from Moline through the proposed Fountain Head and Hayes Creek process plants**
  - **PNX to be granted a Net Smelter Returns Royalty of 1% over gold/silver and 2% over any other metals produced from Moline**
  - **PNX at its election to receive cash, or shares in any listing transaction, of up to a further \$2.25 million upon transfer of Moline title**
- **Divestment realises immediate value for non-core tenements and allows PNX to focus on the development of its 100% owned Fountain Head gold, and Hayes Creek gold, silver zinc projects**

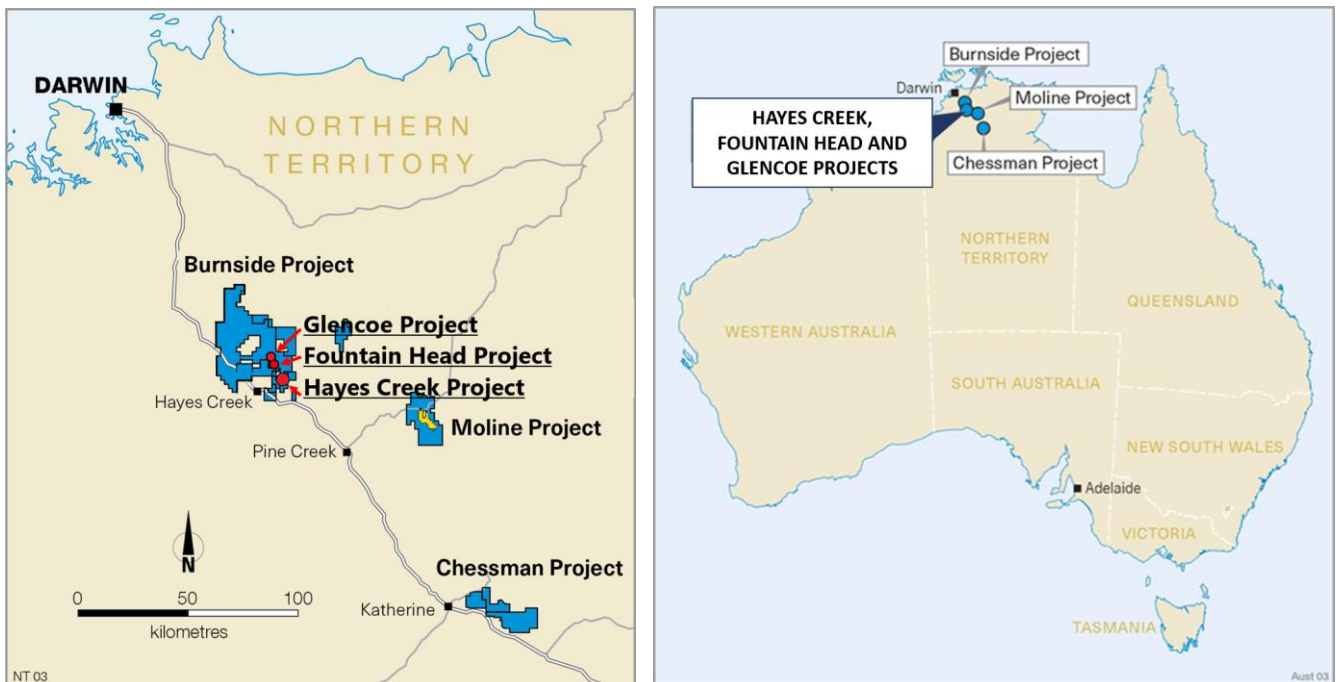
PNX Metals Limited (**ASX: PNX**) ("PNX", "the Company") is pleased to announce that it has agreed to divest the Moline project ("Moline") in the Northern Territory to Sovereign Metallurgical Pty Ltd ("Sovereign") for a total consideration of up to \$3.0 million, plus refund the existing tenement bond of approximately \$300,000 (refer Key Terms below for further information). The Moline project is located approximately 65km east of the Company's Fountain Head and Hayes Creek development (Figure 1).

### Managing Director Comment

PNX Managing Director James Fox said: "The proposed divestment of a non-core asset realises immediate value for PNX and allows the Company to focus on the development of its 100% owned Fountain Head gold, and Hayes Creek gold, silver and zinc projects located in the Pine Creek region of the Northern Territory.

In addition to the waiver of \$700,000 payable with respect to the Glencoe project, PNX will retain significant future value by way of a Net Smelter Returns Royalty of 1% over gold/silver and 2% over any other metals produced, and cash, or shares in any listing transaction of up to a further \$2.25 million, at our election, upon transfer of Moline title, which is to occur within the next 18 months.

We look forward to continuing with a significant program of exploration and development activities on our core projects. Diamond drilling has been completed at Glencoe and an updated Mineral Resource is pending. Planning is underway for a larger RC drill program at Glencoe which will start after the NT wet season and when ground conditions improve."



**Figure 1: Project Location**

### Key Terms of the Moline Agreement

The acquisition of Moline by Sovereign (comprising ML24173, MLN1059, MLN41, EL28616) will be on the following Key Terms:

- PNX has received a non-refundable deposit of \$50,000
- Ausgold Trading Pty Ltd (Ausgold) will waive the final payment, equal to \$700,000, for the Glencoe ML that is payable by PNX to Ausgold (refer ASX release 10 December 2020). The Glencoe title will be transferred to PNX contemporaneous with execution of the Moline Agreement
- PNX will appoint Sovereign as Operator at Moline to undertake exploration and associated activities for up to an 18-month period, subject to the terms of the Agreement
- A second payment on completion at PNX's election of either:
  - \$1,500,000 in cash; or
  - \$2,250,000 of new fully paid ordinary shares at the same price and ranking equally with any shares issued under a proposed listing transaction (i.e., an IPO or RTO) in which Moline is an asset, at the time of listings approval, within 18 months of execution of the Agreement
- If the proposed listing transaction is not affected within 18 months and cash payment of the second tranche of \$1,500,000 is not received by PNX, then the Agreement will terminate and Sovereign will cease to have any rights in respect of Moline and the property will be retained by PNX 100%, unencumbered
- On completion, Sovereign to refund the existing tenement bond of approximately \$300,000, in cash or ordinary shares, at the same price and ranking equally with any shares issued under any proposed listing transaction at PNX's election
- Sovereign will pay all tenement holding costs (approximately \$150,000 per year), keep the tenements in good standing, and comply with any statutory requirements including the current approved Mine Management Plan
- PNX will hold a Net Smelter Returns Royalty of 1% over gold/silver and 2% over any other metals produced

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- PNX to have first right of refusal exercisable within the first 24 months following first investment decision by Sovereign, to toll treat any gold/silver mineralisation from Moline through the proposed Fountain Head and Hayes Creek process plants at reasonable commercial rates

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

**James Fox**

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