

Quarterly Activities Report

September 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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ASX: PNX

Issued Capital as at 31/10/22:
4,444,057,807 Shares

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 31/10/22:

Delphi Unternehmensberatung	45.58%
Sochrastem SA	5.96%
Marilei International Limited	4.97%

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 Exploration & Project Development

- Second Supplement to the Fountain Head Gold Project draft Environmental Impact Statement (EIS) lodged with the Northern Territory Environmental Protection Authority (NT EPA)
- Significantly improved geological classification of the Glencoe gold Mineral Resource categorisation and improved geological model highlights numerous exploration targets
- RC drill program underway at the Glencoe gold deposit with potential to significantly expand the mineralised footprint
- Acquisition of Mt Porter gold deposit strengthens PNX's development and growth strategy in the Pine Creek region with the potential to improve project economics, as well as further expand exploration opportunities
- Government co-funded drone magnetic survey completed over the Fountain Head and Hayes Creek projects with final report pending
- Exploration Manager appointed to lead NT gold and base metals exploration and resource development

Corporate

- \$2.55 million cash on hand at 30 September 2022

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 2022.

Project Development – Fountain Head

There were no reportable safety or environmental incidents during the quarter and all statutory reporting is up to date.

Plant and Infrastructure Engineering and Design

During the quarter, Como Engineering (Como) completed a draft PFS level report on the Fountain Head CIL plant, with the final report due shortly. A detailed options analysis was completed on various aspects of the Project's plant and infrastructure design that included a review of filtration equipment, tailings storage, and mill optimisation. The process flowsheet has been simplified and updated along with equipment lists, production schedules and more accurate cost estimates. Due to the simplification of the flow-sheet, total CIL plant capital costs are expected to remain in-line with previous estimates. Operating costs however, particularly power, labour, and consumables (reagents etc), have all increased.

A project workshop is to commence in early November with PNX and Como project management engineers with the aim of identifying parallel development synergies at Fountain Head (gold) and Hayes Creek (zinc-gold-silver). Specific studies relating to the milling and tailings management systems will commence thereafter to quantify any capital and operating savings related to a parallel development.

The Project construction schedule is yet to be finalised, but expected to be up to 12 months from the decision to proceed.

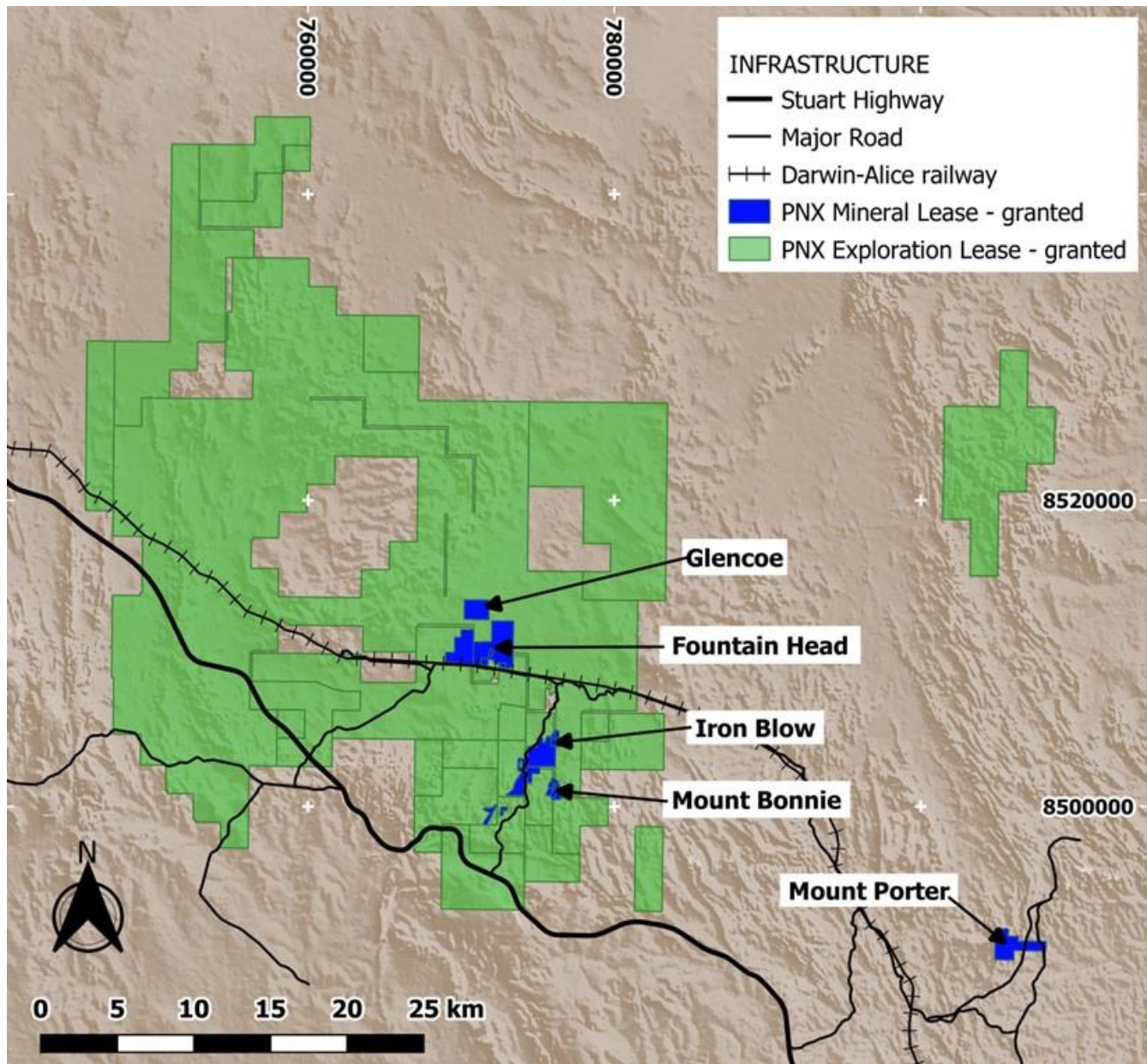


Figure 1: PNX projects location map.

Exploration and Mineral Resources

In August, the Company announced an updated Mineral Resource Estimate (MRE) completed by independent mining consultants, Measured Group Pty Ltd (MG), for the Glencoe Gold Deposit, located approximately 4km north of the Fountain Head Gold Project. The updated MRE resulted in a significantly improved geological classification, with 77.4% of the MRE now reporting to the higher-confidence Measured and Indicated categories. The Glencoe MRE, summarised in Table 1, was estimated in accordance with the 2012 JORC

Code¹. The MRE was finalised on 29 August 2022 and is based on geological data acquired from 443 drill holes that intersected the in-situ orebody (refer ASX release 30 August 2022).

Table 1: Glencoe Mineral Resources by oxidation zone and JORC classification as at 29 August 2022 estimated using a cut-off grade of 0.7 g/t Au which is consistent with the assumed open-cut mining method.

Zone	Measured		Indicated		Inferred		Total		
	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	Au Ounces
Oxide	14,000	1.18	86,000	1.04	40,000	1.23	140,000	1.11	5,000
Transitional	144,000	1.25	449,000	1.28	107,000	1.18	700,000	1.26	28,300
Fresh	269,000	1.36	649,000	1.04	324,000	1.17	1,242,000	1.14	45,700
Total	427,000	1.32	1,184,000	1.13	471,000	1.18	2,082,000	1.18	79,000

1. Due to the effects of rounding, totals may not represent the sum of all components

The Glencoe MRE, which remains open in all directions, extends from surface to 120 metres vertical depth and comprises multiple sets of discrete lodes over a strike length of approximately 1.5 km. An improved geological model highlights numerous areas to test for immediate extensions to these lodes.

Glencoe RC Drilling Commenced

Subsequent to the end of the quarter, the Company announced the commencement of an RC drill program of up to 2,000 meters at Glencoe with assays due from mid-November.

The drill program is designed to test 3 targets (Targets 1, 3 and 4 - Figure 2) for mineralised extensions where near-surface gold anomalism highlights along-strike potential, and gold-bearing quartz veins oblique to the main gold lodes identified by surface rock chip samples (refer ASX release 17 March 2022 and Figure 3):

- 33.1 g/t Au in GLFS035c,
- 15.5 g/t Au in GLFS043,
- 35.8 g/t Au in GLFS046a,
- 15.9 g/t Au in GLFS046c.

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).

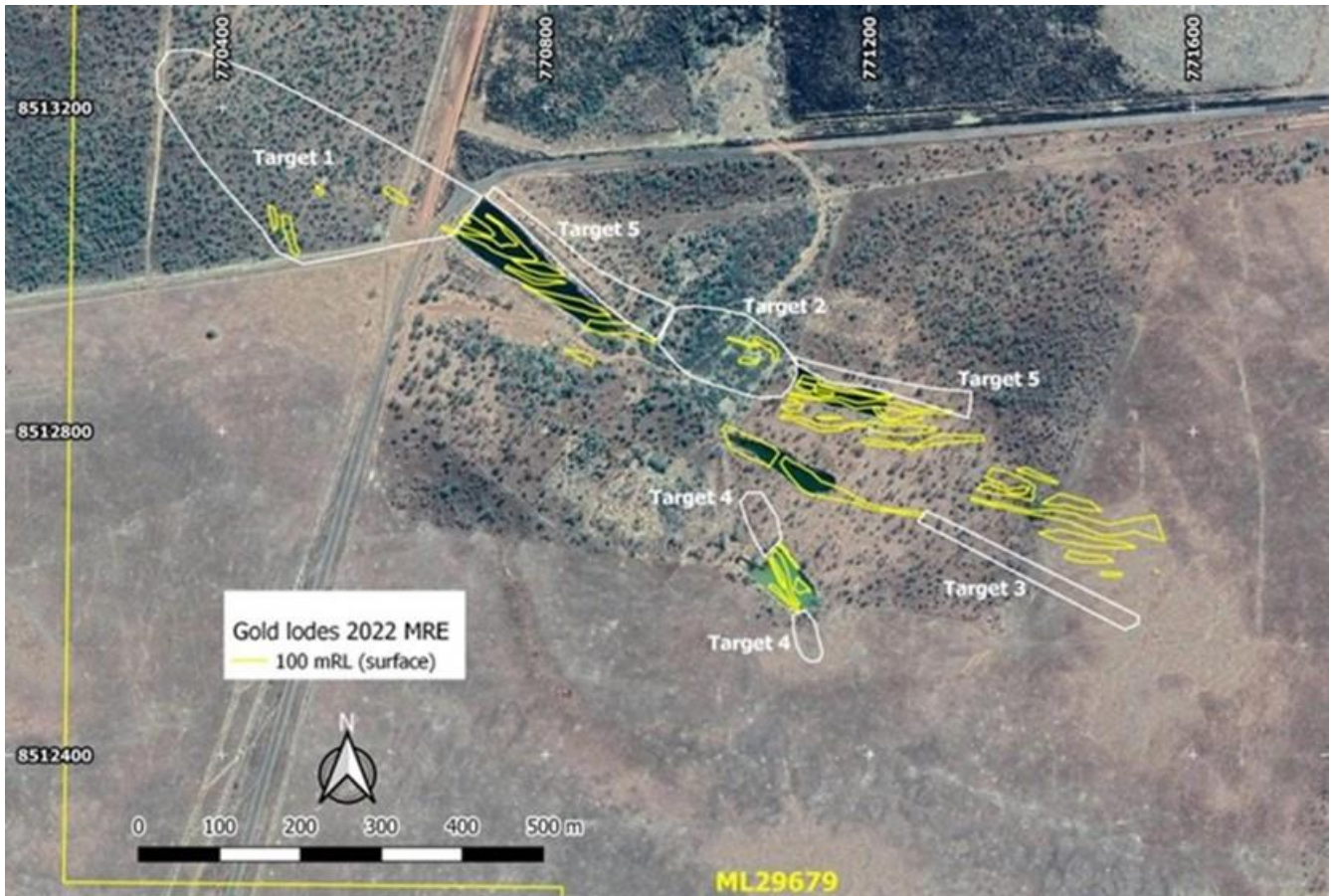


Figure 2: Glencoe exploration target zones; existing mineral lodes outlined in yellow with new targets shown by white outlines

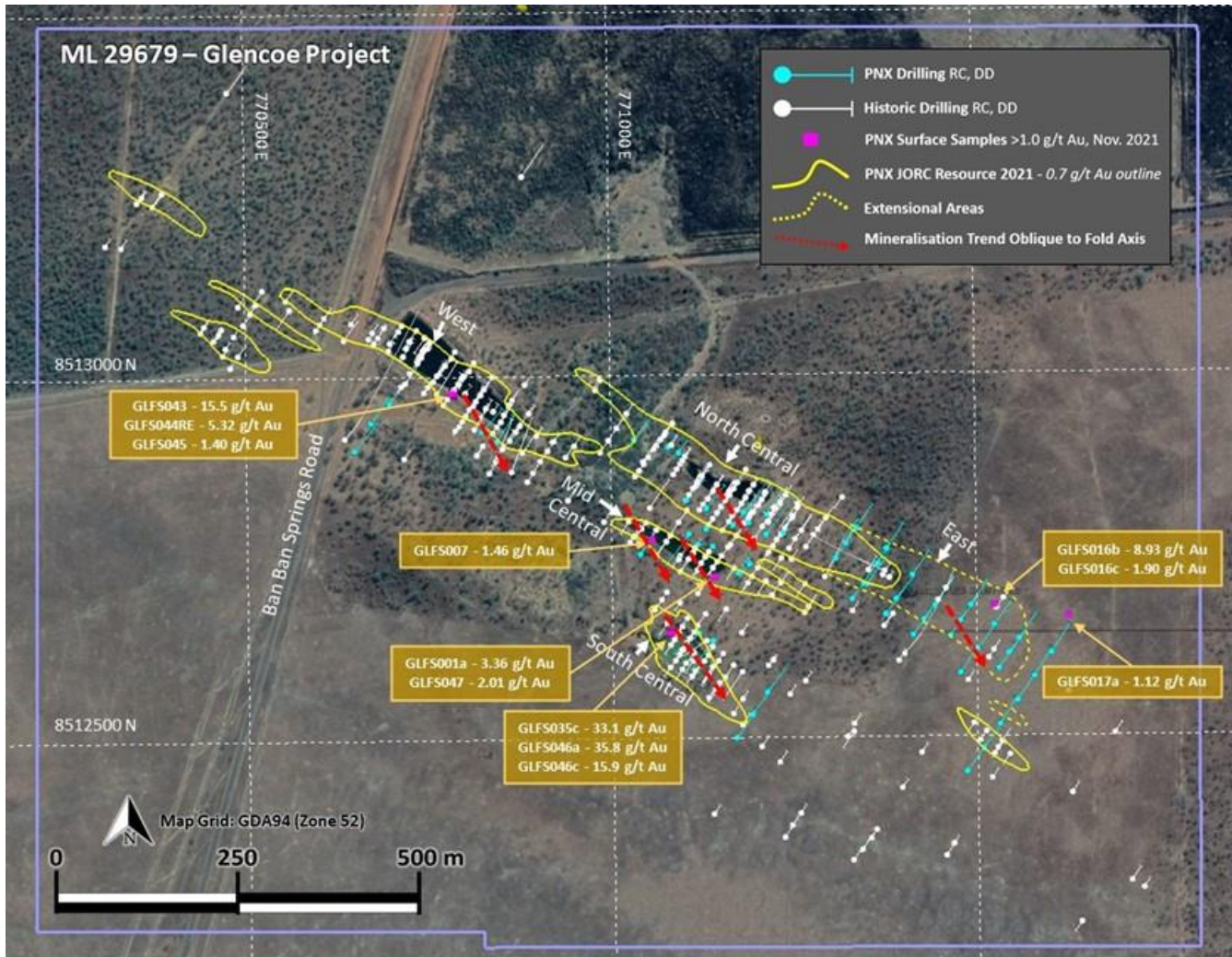


Figure 3: Glencoe location of rock chip samples and oblique quartz veins (red) trending in a similar orientation to the Tally Ho lode at Fountain Head. Drill collar locations and mineral lode outlines are also show.

Mt Porter Acquisition

During the quarter, PNX executed a sale and purchase agreement with private Company Ausgold Trading Pty Ltd to acquire the Mt Porter gold deposit for consideration of \$1.05 million (incorporating PNX shares with a deemed value of 0.04c and \$250,000 cash). Further staged payments are required subject to certain resource scale and development hurdles being met (refer ASX release 28 September 2022 for further information including Key Terms).

PNX has obtained Foreign Investment Review Board approval for the acquisition, with completion subject to certain Conditions Precedent typical of an agreement of this nature by 31 December 2022, unless agreed otherwise by the Parties.

The acquisition is consistent with PNX's strategy to consolidate nearby projects which host existing gold, silver or base metals mineral resources to support the proposed Fountain Head and Hayes Creek development, and have significant exploration upside.

The Mt Porter Mineral Lease (ML23839) is situated approximately 50 km southeast of the proposed plant and infrastructure at Fountain Head via the existing Mt Wells Road (Figure 1). A JORC 2012 compliant MRE of 681,000 tonnes at 2.2 g/t Au for 48,200 oz Au, with 84% reporting to the high-confidence Indicated category, was completed by independent mining consultants MG on 28 June 2022 (refer original ASX release 28 September 2022 for full details including JORC Tables).

Mt Porter Resource Estimate

Table 2: Mt Porter Mineral Resources by JORC Classification as at 28 June 2022 estimated utilising a cut-off grade of >1.0 g/t Au which is consistent with the assumed open-cut mining method

Type	Indicated		Inferred		Total		
	Tonnes (t)	Au (g/t)	Tonnes (t)	Au (g/t)	Tonnes (t)	Au (g/t)	Au (oz)
Oxide / Transitional	70,000	1.9	7,300	2.4	77,200	2.0	4,900
Fresh	478,000	2.3	125,000	1.8	603,000	2.2	43,200
Total	548,000	2.3	133,000	1.9	681,000	2.2	48,200

Notes:

- Due to the effects of rounding, totals may not represent the sum of all components

Strong exploration potential exists at Mt Porter where along an approximate 1.2 km strike, numerous high-grade intercepts have been identified outside the current resource boundary (Figure 4), including:

- 13m @ 3.53 g/t Au from 71m (MPRC248) – 20m west of current resource
- 8m @ 8.38 g/t Au from 54m (MPRC089) – Mt Porter North
- 9m @ 1.55 g/t Au from 2m (MPOP037) – Mt Porter South

The existing Mine Management Plan will be updated with fieldwork planned to test walk-up exploration targets.

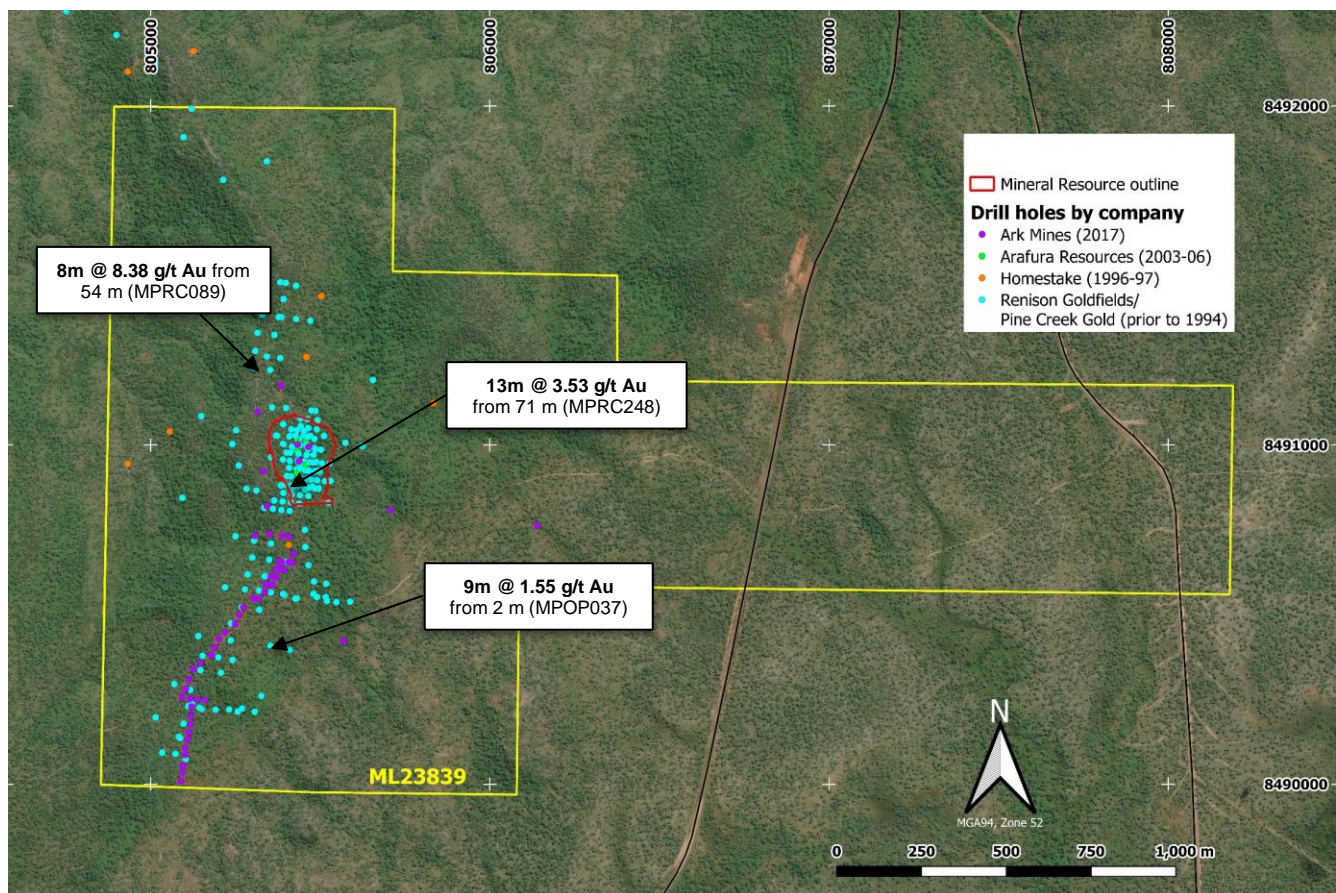


Figure 4: Mt Porter Mineral Lease (ML23839) showing historic drillholes and selected high-grade intercepts highlighted above in the text. Outline of the pit-shell containing the current MRE projected to surface in red.

Total Project Mineral Resources

Near-surface oxide and free-milling gold mineral resources capable of being processed through the proposed Fountain Head CIL Plant from Fountain Head, Glencoe and Mt Porter now total 283,200 oz (refer PNX ASX

announcements 16 June 2020, 30 August 2022, and 28 September 2022, respectively, for full details of the Fountain Head, Glencoe and Mt Porter MREs, including JORC tables).

The Mt Bonnie and Iron Blow zinc-gold-silver-rich massive sulphide deposits host polymetallic mineral resources and contain 237,700 oz Au, 16.2 M oz Ag, 177 kt Zn, 37 kt Pb and 10 kt Cu (refer PNX ASX announcement 3 May 2017 for full details, including JORC tables).

PNX's Global Mineral Resources now contain a total metal inventory of:

- **520,900 oz gold, 16.2 M oz silver, 177 kt zinc, 37 kt lead and 10 kt copper**

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.

Government and Environmental Approvals

During the quarter PNX continued to make good progress on its program for the sequential development of the Company's 100% owned Fountain Head and Glencoe gold, and Hayes Creek gold-silver-zinc projects (Project). The focus in recent quarters has been on advancing Government and Environmental approvals.

The Company lodged the second Supplement to the Fountain Head gold Project draft EIS with the NT EPA on 25 July 2022 and the NT EPA has confirmed that it has sufficient information to complete its assessment of the of the Project EIS.

However, on 1 September, and again on 3 October 2022, the NT EPA extended the statutory timeframe to prepare the assessment report due to the need to incorporate the transition matters (as a result of the change of legislation) and in response to multiple overlapping statutory timeframes impacting their capacity.

The following table is an indicative schedule based on current information.

Assessment step	Expected dates
Proponent's additional information accepted (start of statutory timeframe)	25 July 2022
NT EPA approval of draft assessment report and draft environmental approval for consultation with proponent	9 November 2022
Consultation on draft environmental approval with proponent and statutory decision makers (Environment Protection Regulations regulation 160) – 5 business days	18 to 24 November 2022
Statutory timeframe for the NT EPA to issue assessment report and draft environmental approval to Minister with 35 business days extension	14 December 2022
Statutory timeframe for Minister to make a decision to grant or refuse an environmental approval – 30 business days (<i>Environment Protection Act 2019</i> , section 74(3))	End January 2023

These ongoing delays are disappointing and out of PNX's control, however the NT EPA have indicated that they require no additional information from PNX to complete the assessment. The Company is confident that environmental approval will be granted in due course.

Applications for approval have also been submitted for additional site-wide water monitoring bores. The drilling and testing of these water monitoring bores is scheduled to commence mid-November subject to approvals.

Upon receipt of an approved EIS, the Fountain Head Mining Management Plan (MMP) will be submitted.

Government Co-funded Geophysical Survey

PNX received co-funding in Round 15 of the Northern Territory Geophysics and Drilling Collaborations program for two drone magnetic surveys totalling 1,099 line-km drone magnetic surveys. The surveys were flown during the quarter and covered PNX's 100% owned zinc-gold-silver Hayes Creek, and Fountain Head and Glencoe gold projects (Figure 4). The grant amounts to \$34,404 (inclusive of GST) and covers 50% of the direct cost of the survey.

The drone magnetic survey is designed to enhance the current geological understanding of the deposits and assist with delineating additional mineralisation in the immediate area. The final images and report are pending.

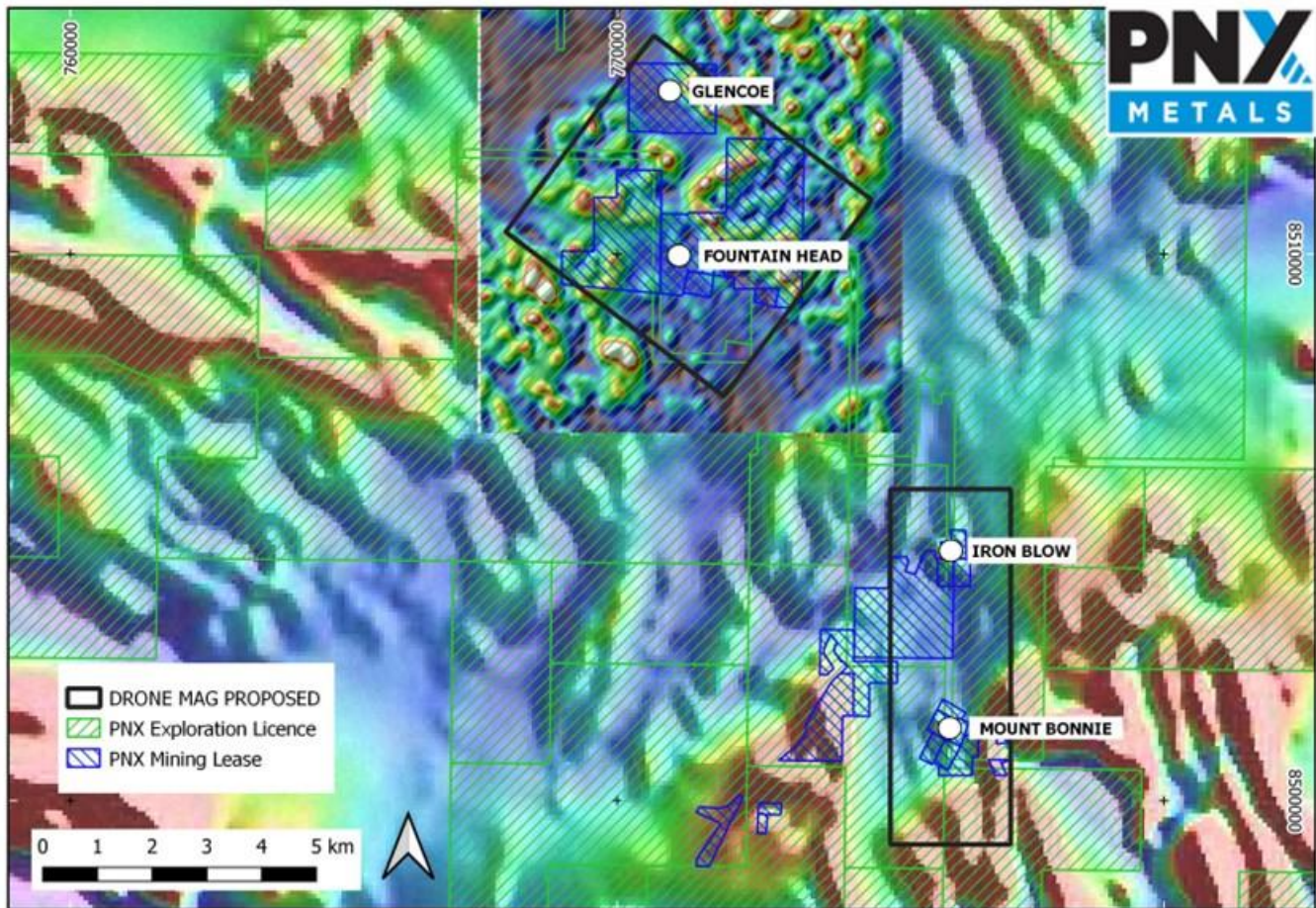


Figure 4: Location of drone magnetic survey. Background image: regional Total Magnetic Intensity (NTGS via STRIKE) with area over Fountain Head – Glencoe showing analytical signal of regional data reprocessed by PNX in 2021.

Exploration Manager Appointment

PNX's exploration portfolio continues to grow and as a result, the Company appointed Dr. Michael Green as its Exploration Manager to lead the Company's NT gold and base metals exploration and resource development. Dr. Green is a qualified geologist with over 25 years of industry experience, largely in the NT. Dr. Green has worked with several ASX-listed explorers including Tanami Gold, Arafura Resources and BMG Resources and he was an integral part of the team that discovered the Portia gold deposit in South Australia and George's Reward gold deposit in Western Australia.

Project Financing

As previously noted in previous Quarterly Reports PNX has received several term sheet proposals for project debt finance, and has been in discussion and negotiation with various parties regarding key terms. An updated project feasibility assessment and higher confidence mineral resources early in the debt repayment schedule are required and will be key to ensuring cost and risk of the facility are appropriate.

Next Steps

Exploration work is ongoing, with RC drilling currently underway at Glencoe. The results from the drone magnetic surveys will be interpreted upon receipt with the aim of improving the geological models at both areas and developing new exploration targets. Other work around the Company's Mineral Resource areas, such as mapping, sampling and drill core relogging, will also continue. A significant amount of work is planned at the newly-acquired Mount Porter gold deposit, including an audit of historic exploration results and preliminary relogging of archived diamond drill core. Again, the aim is to improve the geological model and develop an exploration strategy.

The Company holds 90-100% interests in granted exploration licences covering 1,528 km² of the Pine Creek Orogen. During the Quarter the Company undertook extensive mapping and sampling across its northern leases to assess the veracity of historic gold results. A similar program was also completed south of the Mount Bonnie

and Iron Blow gold-silver-zinc deposits to assess historic base metals anomalies. Assay results are pending. As part of these assessments, the Company has also been evaluating the potential for other commodities such as Lithium, Nickel, Tin, Tantalum, Copper. On-ground regional activities will continue during the next Quarter until the onset of the wet season.

Planned Activities December 2022 Quarter

- Competition of RC drilling at Glencoe
- Receipt and interpretation of drone magnetic surveys flown over Fountain Head-Glencoe and Iron Blow-Mt Bonnie areas
- Continue to update geological models and generate new targets around current MRE domains
- Review of historic Mount Porter exploration data and relogging of archival drill core
- Interpretation of surface mapping and sampling results for the Company's northern leases and south of Mt Bonnie
- Ongoing review of existing tenure for gold, silver and zinc, plus other commodities of recent interest
- Progress Government and Environmental approvals
- Commence Fountain Head and Hayes Creek Plant integration studies

Corporate

Cash on hand at 30 September 2022 was \$2.55 million.

The Quarterly Cashflow Report (Appendix 5B) for the period ending 30 September 2022 provides an overview of the Company's financial activities. Cash exploration and evaluation expenditure for the reporting period was \$834k. Net corporate and other expenditure amounted to \$298k. The total amount paid to non-executive Directors of the entity and their associates in the period (item 6.1 of the Appendix 5B) was \$59k and includes Directors' fees and superannuation.

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

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TENEMENTS

Northern Territory – 100% owned

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	PNX Metals Ltd 100%	199.0
Total Glencoe			199.0
Mt Porter ##			
ML23839 ##	Mt Porter ##	Ausgold Trading Pty Ltd 100%	364.7
Total Mt Porter			364.7
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			5,287.1
EL28616 +	Moline +	PNX Metals Ltd 100%	262.5 km²
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2 km²
EL31893	Ringwood Station	PNX Metals Ltd 100%	23.4 km²
EL32489	J25 Anomaly	PNX Metals Ltd 100%	20.0 Km²
Total Exploration Licences			366.1 km²

* On 28 February 2022, PNX agreed to divest the Moline project (tenements ML24173, MLN1059, MLN41 & EL28616) in the Northern Territory to Sovereign Metallurgical Pty Ltd, with completion to occur within 18 months of the Agreement. (Refer ASX 1 March 2022).

On 27 September 2022, PNX agreed to acquire ML23839 (Mt Porter) from Ausgold Trading Pty Ltd. (Refer ASX 28 September 2022)

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 – earned-in 100%	6.68
EL25120 #	Rocklands 2		10.02
EL27363 #	Rocklands 4		6.68
EL25379 #	Rocklands 7		6.68
EL23509 #	Rocklands 8		20.00
ML29933 ^	Rocklands 3	PNX Metals Ltd – earned-in 80%, Trojan Enterprises Pty Ltd and David Trow 20%	3.54
ML29937 ^	Rocklands 5		0.85
Total Exploration Licences			1,167.25

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

PNX Metals Ltd has earned 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**).

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