

## Quarterly Activities Report

September 2020

This announcement has been authorised to be lodged with the ASX by James Fox, Managing Director and Chief Executive Officer.



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

### ASX: PNX

Issued Capital as at 30/10/20:  
2,542,621,476

### Board & Management:

Non Exec Chairman: Graham Ascough  
Non Exec Director: Paul J Dowd  
Non Exec Director: Peter J Watson  
Non Exec Director: David Hillier  
Non-Exec Director: Hansjörg Schmidt  
MD/CEO: James Fox  
CFO/Co Secretary: Angelo Gaudio

### Top Shareholders as at 30/10/20:

Delphi Unternehmensberatung 41.8%  
Sochrastem SA 6.7%  
Marilei International Limited 6.2%

### 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

- The Company continues to work towards formal documentation regarding a proposed financial commitment of \$40M by private company Halifax Capital (**HC**), and joint venture (**JV**) with its subsidiary Bridge Creek Mining (**BCM**) to develop the Fountain Head Gold Project (refer ASX release 15 July 2020).
- Technical studies and development plans for near-term gold production at the Fountain Head Gold Project (**Project**) progressing on schedule
- The Environmental Impact Statement (**EIS**) for Fountain Head is complete with regard to heap leaching and is now being updated with the proposed change in process route to milling and Carbon-in-Leach (**CIL**). It is expected that this work will be completed over the next two quarters with the EIS to be submitted in Q2 2021. Similar to the EIS, the Project's dewatering Mine Management Plan (**MMP**) is also being updated.
- Implementation of exploration strategy to provide a potential pipeline of gold mineral resources has identified new gold targets that have been prioritised for immediate follow-up at Burnside. Field-work is now underway.

#### Corporate

- \$1.2 million cash on hand at 30 September 2020

## 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 2020.

### Fountain Head Gold Project

The Company continues to work towards formal documentation regarding a proposed financial commitment by private company Halifax Capital (**HC**), and joint venture (**JV**) with its subsidiary Bridge Creek Mining (**BCM**) to develop the Fountain Head Gold Project (refer to ASX release 15 July 2020). The proposal includes:

- Capital investment of A\$40 million by HC (or nominee) via BCM to fund the acquisition, construction and commissioning of a fit-for-purpose Carbon-in-Leach (**CIL**) gold processing plant and associated Project Infrastructure to be located at Fountain Head (**FH**) to facilitate profitable treatment of certain PNX (including FH) and BCM gold mineral resources; and

- an unincorporated JV between PNX and BCM to mine and process those mineral resources through the Project Infrastructure and to share 50/50 the gold produced with agreed direct operating costs to be paid by PNX and BCM in the same proportion.

This proposal supports PNX's strategy to rapidly monetise and generate early cashflow from the gold resources at FH and may also provide an opportunity to enhance overall Hayes Creek zinc-gold-silver project economics and extend that project's mine life with the mined-out FH pit available for use as tailings storage for subsequent sulphide flotation of ore from the Mt Bonnie and Iron Blow deposits at Hayes Creek.

Subsequent to the end of the quarter, the Parties mutually agreed to extend the period for documentation of the formal JV agreement until 16 November 2020 and look forward to a successful completion of that agreement marking this significant milestone.

### **Permitting and Approvals**

The Project Notice of Intent (NOI) was submitted to the Northern Territory Environmental Protection Authority (NT EPA) in December 2019 and as expected, on 16 March 2020, the Company received a Statement of Reasons determining that the Project requires an EIS. Final Terms of Reference relating to the then proposed Heap Leach development were received during May 2020.

The EIS for FH is complete with regard to heap leaching, however, with the proposed change in process route to milling and CIL, further technical inputs will be required to inform the EIS. It is expected that this work will be completed over the next two quarters with the EIS to be submitted in Q2 2021. Similarly, the MMP is also being updated to reflect the potential change in processing route.

### **Northern Territory Exploration**

Subsequent to quarter end, the Company announced that a number of high-priority gold exploration targets had been identified at the Burnside Project for immediate follow-up (refer to ASX release 9 October 2020). The Burnside Exploration Project (90% PNX) is a highly prospective and under-explored area which hosts a historic gold endowment in excess of 3Moz. The majority of regional exploration at Burnside took place in the period between the late 1980s and early 2000s when low gold prices prevailed.

The Company has been systematically reviewing the broader Burnside area, along with other exploration areas, to identify targets with the potential to host significant "standalone" gold deposits, and to supplement and extend future proposed gold processing operations at FH.

During the quarter the Company received screen fire assays from diamond hole FHDD181 which intersected the south-eastern end of the Tally Ho lode. Geological logging identified occurrences of coarse visible gold from a down hole depth of 145m to 181.14m. While in absolute terms the assays are not significant, the Company believes the occurrence of visible gold in FHDD181 is material as it suggests that the high-grade Tally Ho lode remains open along strike and at depth to the south-east, and that the majority of quartz veins at Tally Ho, in addition to those that have been identified as containing visible gold, have the potential to host further coarse gold mineralisation.

### **Impacts of COVID-19**

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. NT field-based activities were suspended earlier in 2020 pending Government advice that access to site could be permanently re-established. Interstate border restrictions between the NT and South Australia were lifted from Friday 17 July 2020 allowing field-based activities to re-commence.

### **South Australia Exploration**

Asmex Mining Group Limited (ASX: AMG) completed its earn-in to the Company's Burra Tenements in April 2020 with PNX electing to take a 2% net smelter return royalty over all minerals produced. The formal transfer of the Burra tenements was completed during August 2020.

The remaining Coonarie tenement (EL6399) held on the Yorke Peninsula was relinquished during August 2020.

---

## Planned Activities December 2020 Quarter

### Fountain Head Gold Project

- Completion of formal agreements relating to the HC (or nominee) investment in Project Infrastructure and BCM JV
- Systematic follow-up of exploration targets identified at Burnside Project

### Corporate

Cash on hand at 30 September 2020 was \$1.2million.

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 \$460,396. Corporate and other expenditure amounted to \$355,700. Included in item 6.1 of the Appendix 5B is an amount of \$61,375 for directors' fees paid to non-executive directors of the entity and further \$62,162 for legal fees paid to a firm associated with Peter Watson for work in respect of the HC/BCM transaction.

As at 30 September 2020 the Company had 2,542,621,476 fully paid ordinary shares on issue, and;

- 359,125,000 unquoted options with a 1.50 cent exercise price expiring 30 September 2021;
- 20,000,000 unquoted options with a 1.47 cent exercise price expiring 30 October 2020; and
- 10,800,000 performance rights subject to various vesting conditions.

### James Fox

Managing Director & CEO

Telephone +61 (0) 8 8364 3188

Email: [info@pnxmetals.com.au](mailto:info@pnxmetals.com.au)

Website: [www.pnxmetals.com.au](http://www.pnxmetals.com.au)

---

### Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Charles Nesbitt, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Nesbitt 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 Ermel is a full-time contract Exploration Manager 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.

---

## 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
Moline			
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			4,723.4
EL28616	Moline	PNX Metals Ltd 100%	262.5 km²
EL31099	Bridge Creek	PNX Metals Ltd 100%	60.2km²
EL31893	Ringwood Station	PNX Metals Ltd 100%	23.4km²
Total Exploration Licences			346.1km²

## 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
Total Exploration Licences			1,112.8

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