

Drilling recommenced at Moline gold and base metal targets

- Drilling has recommenced at the Moline Project testing three highly prospective targets (Prospects), that returned excellent intersections of gold and base metals mineralisation in 2016
- Drill program will initially comprise 15 RC holes to be completed by the end of July, with assay results available shortly thereafter
- PNX is aiming to delineate further high-value deposits for processing at Hayes Creek where completion of a PFS has confirmed the potential to establish a low-cost, high-margin zinc and precious metals mine

PNX Metals Limited (**ASX: PNX**) is pleased to advise that it has commenced an initial 15 hole reverse circulation (RC) drill program at three Prospects in the **Moline Project** (MLN1059), located less than 1.5km off the Kakadu Highway, and approximately 65km to the east of the Hayes Creek zinc and precious metals Project in the Pine Creek region of the Northern Territory.

The historic mining area at **Moline** has strong synergies with the Hayes Creek Project where PNX recently completed a Preliminary Feasibility Study (PFS) that confirms the strong potential to establish a low-cost, high-margin zinc and precious metals mine (see ASX release 12 July 2017).

The Company's aim is, through near-mine and regional exploration, to delineate high-value gold and/or base metals deposits which can be treated through the proposed Hayes Creek processing plant, or through existing free-gold milling infrastructure in the region.

Drilling Underway

Drilling is underway at the **School** Prospect (6 holes) where previous drilling by PNX intersected significant gold mineralisation less than 50m below the historical pit (see ASX releases 5 and 19 December 2016). Excellent previous results at School included:

- MORC001: **9m @ 2.66 g/t Au** (from 68m) in the western lode
- MORC002: **7m @ 11.89 g/t Au** (from 115m) in the eastern lode, including
 - **3m @ 23.79 g/t Au** (from 116m)

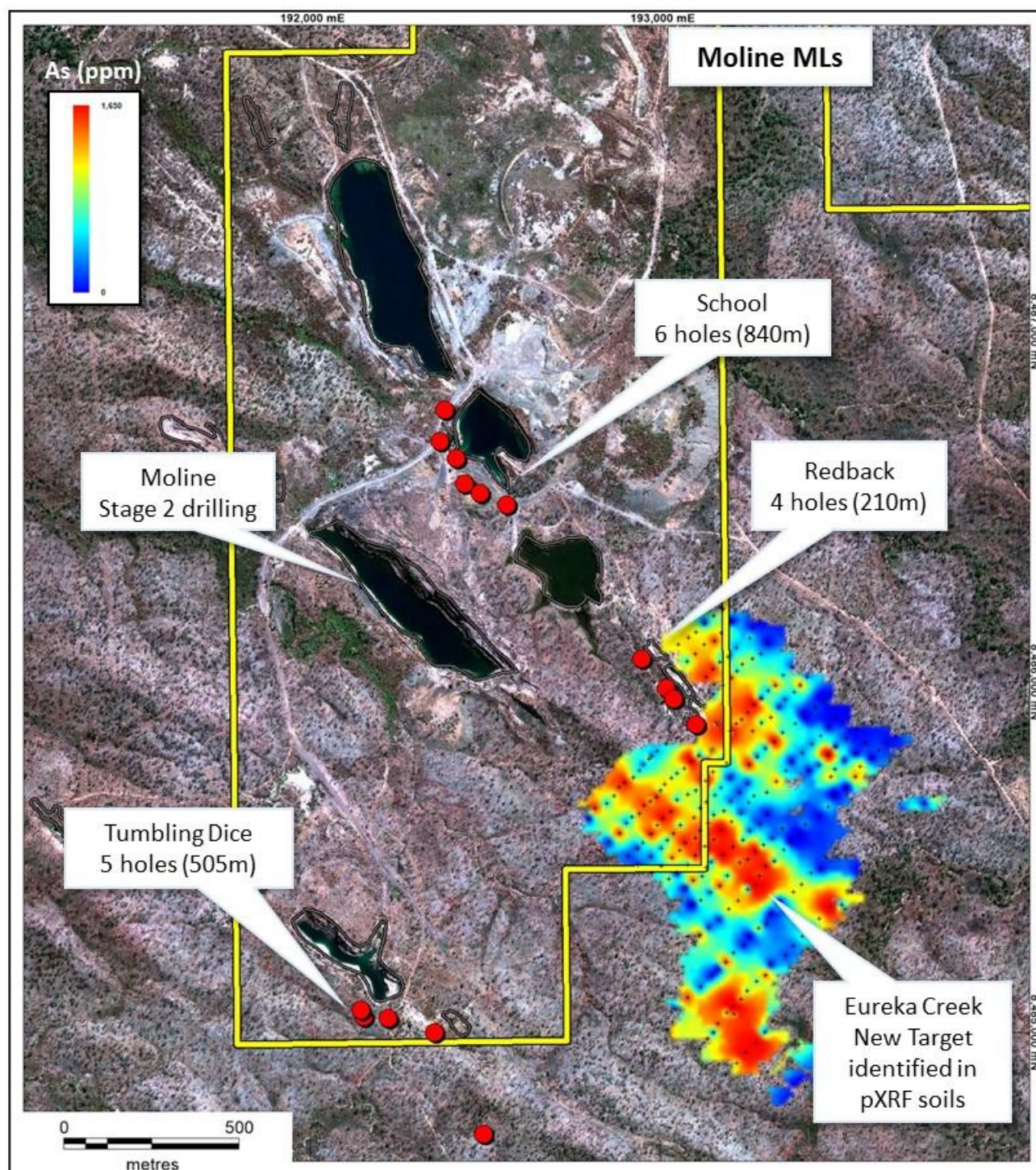
A further 4 holes are also planned to test a new target at **Redback** which is located immediately along strike from the School Prospect. A significant mineralised trend was highlighted by recent geochemical sampling to the south of Redback where an untested geochemical anomaly has been identified. Rock chip samples taken from outcrop in the area have been submitted for assay.

At the **Tumbling Dice** Prospect, 5 holes will be drilled to test for extensions to zinc-gold sulphide mineralisation which remains open down-dip and along strike. Significant results achieved in the 2016 drilling campaign included:

- MORC010: **30m @ 2.29g/t Au** and 0.70% Zn from 78m down hole, including **3m @ 6.58g/t Au** from 100m

PNX Managing Director James Fox said: “PNX’s exploration team have generated a number of compelling targets within our large exploration tenure in the Pine Creek region. We are confident that systematic exploration of these targets will lead to new discoveries and continue to enhance the value of the Hayes Creek Project. The results of this drill program at Moline are keenly anticipated given the high-grade gold and base metals mineralisation that was intercepted in the 2016 programs”

Figure 1: Moline exploration Project



Drill Targets

In addition to the 15 RC holes to be drilled at the Moline Project, PNX is finalising approvals to drill 15 RC holes at the Cookies Corner Prospect within its Burnside Project. Previous drilling, a strong 1km in length gold in soils anomaly, and historic rock chip assays up to 29.3 g/t gold highlight the potential for a large, near-surface gold mineralised system to exist at this Prospect. Drilling is expected to commence at Cookies Corner in mid-August.

Cookies Corner is located only 40km to the north-west of the Hayes Creek Project and is one of many targets in the region where mineralisation discovered historically has not been fully tested, likely due to depressed gold prices at the time. Cookies Corner is situated in a highly prospective structural zone where two of the most mineralised structures in the Pine Creek region converge - the Howley Anticline and Pine Creek Shear Zone (see ASX release 15 June).

Limited RC and RAB drill testing by WMC was completed in 1988-1989 and Northern Gold NL in 1998-2000 where numerous open near-surface intersections¹ were encountered, including:

- **3m @ 19.7g/t Au from 3m** in CKRB035, and
- **6m @ 3.12g/t Au from 42m** in CC03,

PNX considers that the gold in soils anomaly and the historical drilling results are comparable in size and tenor to the historic Goodall Mine, located less than 4km away where approximately 262,000oz Au was produced²

About PNX's Regional Exploration Projects

The Burnside, Moline and Chessman Projects form part of PNX's farm-in agreement with Newmarket Gold NT Holdings Pty Ltd (Newmarket), a subsidiary of TSX-listed Kirkland Lake Gold Ltd (TSX:KL). PNX currently holds a 51% interest (excluding uranium) in these project areas, which consists of 19 Exploration Licences and 4 Mineral Leases covering approximately 1,700km² in the Pine Creek region of the Northern Territory (Figure 2).

PNX has proceeded to the second stage of the farm-in whereby it can increase its interest in each of the tenements to 90% (excluding uranium) with expenditure of \$2 million by 15 December 2018, with ~\$1 million of that having been already spent. Under the agreement with Newmarket, \$0.5 million of expenditure on the Company's Hayes Creek project will contribute to the required \$2 million.

¹ Ward MA, Rohrlach BD, 1989. *Annual Report Mt Ringwood, CR1989-0327*

² Quick DR, 1994. *Exploration & geology of the Goodall gold mine*

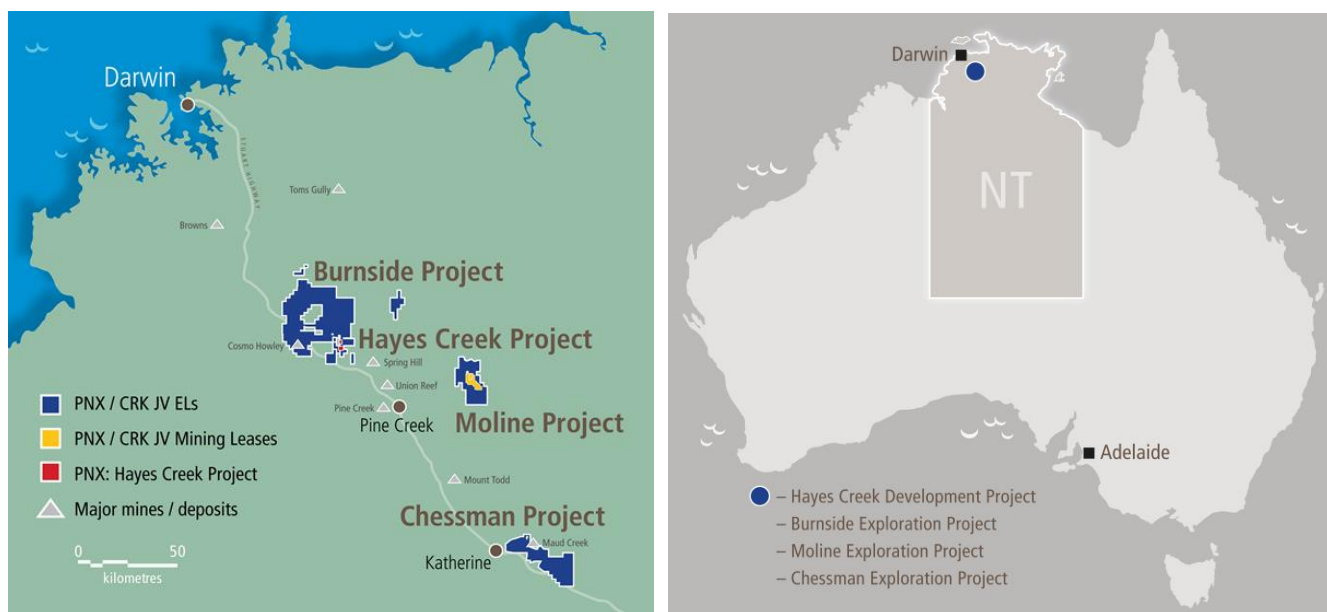


Figure 2: NT Project locations

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Bennett, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bennett 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 Bennett is a full time employee of 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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