

Zinc Exploration Program commenced at Hayes Creek and Regional Projects, NT

- **Significant new phase of zinc exploration commenced in NT**
- **Induced Polarisation geophysical surveys underway over new large zinc targets ahead of drilling at the Moline Project**
- **4,000m of drilling commenced at Hayes Creek to support DFS and potentially extend mine life**
- **PNX to advance the pipeline of growth targets to augment the proposed development at Hayes Creek**

PNX Metals Limited (**ASX: PNX**) is pleased to advise that it has commenced a significant new phase of exploration at its Hayes Creek zinc-gold-silver project and its Moline Exploration Project in the Pine Creek region of the Northern Territory (NT).

Following a recent over-subscribed capital raising PNX, is well funded to accelerate its exploration activities in this under-explored and highly prospective region of the NT. The aim of current exploration is to discover and delineate additional high-value base metals and/or gold deposits to provide a pipeline of growth opportunities to complement the proposed development at Hayes Creek or other existing free gold milling infrastructure in the region.

Induced Polarisation (IP) surveys to refine targets ahead of drilling at Moline

IP geophysical surveys have commenced over 3 new high priority zinc targets at the Moline Project (MLN1059 and ML24173) located approximately 65km to the east of Hayes Creek¹.

The 3 newly identified zinc prospects at Waterhole, Mango and Swan are defined by their strong geochemical signatures and the ground IP will be used to refine the targets prior to drill testing. The IP surveys are expected to be completed by the end of October with modelling of the data and drilling of the highest priority targets anticipated to occur during November.

The expenditure incurred on this work will go a long way towards PNX satisfying the 90% interest second stage of its farm-in agreement with TSX-listed Kirkland Lake Gold Ltd (TSX:KL) – for further information refer to the section below headed “About PNX Projects”.

Significant Drilling Commenced at Hayes Creek

Additionally, significant reverse circulation and diamond drilling programs have commenced at Hayes Creek to support the Definitive Feasibility Study (DFS) and potentially extend the mine life. Approximately 4,000m in total is planned and the program will be ongoing until the end of the year.

¹ Refer ASX announcement 5 October 2017

Managing Director Comment

PNX Managing Director James Fox said *“We are entering an exciting period with considerable activity scheduled to occur over the next few months. The results of ground IP surveys over our new large zinc geochemical targets at Moline will allow for more accurate drilling of any conductors identified. Historic zinc and gold production in the area provides further indication of the potential and we look forward to completing these surveys over the next few weeks.”*

About PNX's Projects

The Moline, Burnside and Chessman project areas form part of PNX's farm-in agreement with Kirkland Lake Gold Ltd. PNX currently holds a 51% interest (excluding uranium) in these 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 1).

PNX is now in the second stage of the farm-in, wherein it can increase its interest in each of the tenements to 90% (excluding uranium) with expenditure of \$2 million by 15 December 2018, with approximately \$1.25 million of that having been spent to date.

Hayes Creek is currently the subject of a DFS which is progressing well and is expected to be completed in 2018. The PFS² forecast annual production of 18,200t zinc, 14,700oz gold, and 1.4Moz silver (39,100t of zinc equivalent) over an initial mine life of 6.5 years. This presents the opportunity for an economically viable, low-cost, high margin zinc and precious metal mine that could create significant value for the Company's shareholders.

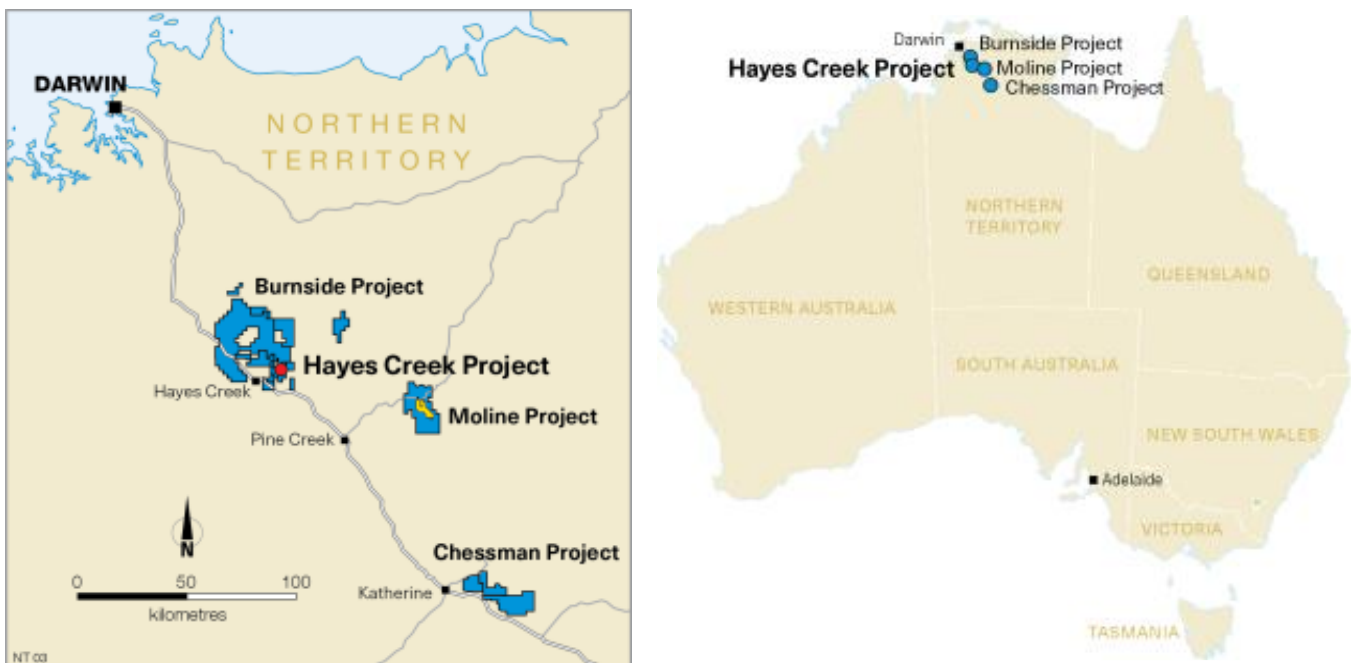


Figure 1: NT Project locations

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

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² Refer ASX announcement 12 July 2017