ASX Announcement
10 December 2020

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 acquire the Glencoe Gold Deposit, NT

- **PNX to acquire the nearby Glencoe gold deposit located less than 3km from PNX's 100% owned Fountain Head Gold Project**
- **Acquisition represents an opportunity to acquire a 'bolt on' asset that has the potential to significantly expand the Fountain Head gold development**
- **Historic gold resource at Glencoe remains open with strong exploration potential and numerous high-grade gold intercepts including:**
  - **6m @ 3.40g/t Au from 45m (GCRC227) mid-central lode**
  - **12m @ 1.82g/t Au from 25m (GCRC265) north-central lode**
  - **2.7m @ 28.38g/t Au from 25.5m (GCDDH058) west lode**
- **Drilling planned after the NT wet season to upgrade the historic resource to JORC 2012 compliance**

PNX Metals Limited (**ASX: PNX**) ("**PNX**", "the **Company**") is pleased to advise that it has signed a non-binding Term Sheet with private Company, Ausgold Trading Pty Ltd ("**Ausgold**"), to acquire the Glencoe Gold Deposit (**Glencoe**) for a total staged consideration of $1.875 million (see Key Terms for further information).

The acquisition represents an opportunity to acquire a 'bolt on' asset that has the potential to significantly expand the Fountain Head gold development. The Glencoe Mineral Leases (MLs) are situated less than 3km to the north of PNX's 100% owned Fountain Head Gold Project (**Fountain Head**) which hosts a JORC 2012 compliant mineral resource estimate of 2.94Mt at 1.7g/t Au for 156,000 oz Au (refer Table 1 below, and PNX ASX release 16 June 2020 for full details including JORC tables). Both projects are located approximately 170km south of Darwin in the Pine Creek region of the Northern Territory.

Managing Director's Comments

Commenting on the proposed transaction, PNX Managing Director James Fox said: "The Glencoe gold deposit lies on the same structural trend and within 3-kilometres of Fountain Head, and represents the first of many opportunities PNX has identified with the potential to significantly add to the Company's existing gold resource base, and to generate additional flexibility in its development strategy. We look forward to working with Ausgold to complete the acquisition, and to commence on-ground exploration drilling where the potential exists to materially increase the scale of historically defined gold mineralisation."

Gold mineralisation at Glencoe (historic non-JORC mineral resource estimate of 0.7Mt @ 1.9g/t Au for 43Koz Au[1]) has been defined within four main mineral lodes over an approximate 500m surface strike extent that remains open at depth and along strike (see Figures 1-3). A large gold in soils RAB anomaly, approximately 200m x 300m,

[1] The Glencoe Resource information has been sourced from Ahmad, M. and Munsen, T.J., (2013) Geology and Mineral Resources of Northern Territory, Pub. 5, NTGS

has been contoured immediately to the east of known mineralisation. Limited historic RC drilling in this area, with a maximum depth of approximately 30m, displayed multiple high-grade gold intercepts that represent targets for new extensional lode positions (see Figure 1 and Table 2). Similar untested soils anomalism also exists to the west.

Historic costeaning has outlined additional target areas where oxide gold mineralisation outcrops along with massive quartz veining. These targets are drill-ready and will be tested after the NT wet-season. The Company expects to complete QAQC work over the historic drilling data in the new year, and this along with new drilling will inform an updated Mineral Resource (JORC 2012).

Recent assessment of geological data (refer PNX ASX release 23 November) highlighted that Glencoe is located at the intersection point of an anticline fold hinge, and the northern end of an approximate 4.5km N/NW trending structural zone that can be traced south through the high-grade Tally Ho lode at Fountain Head and on to the Klondike alluvial workings (Figure 4).

The unexplored portions of this N/NW trending structure and its intersection with the soil-covered east and western extension of the Glencoe anticline also represent priority targets for follow-up.

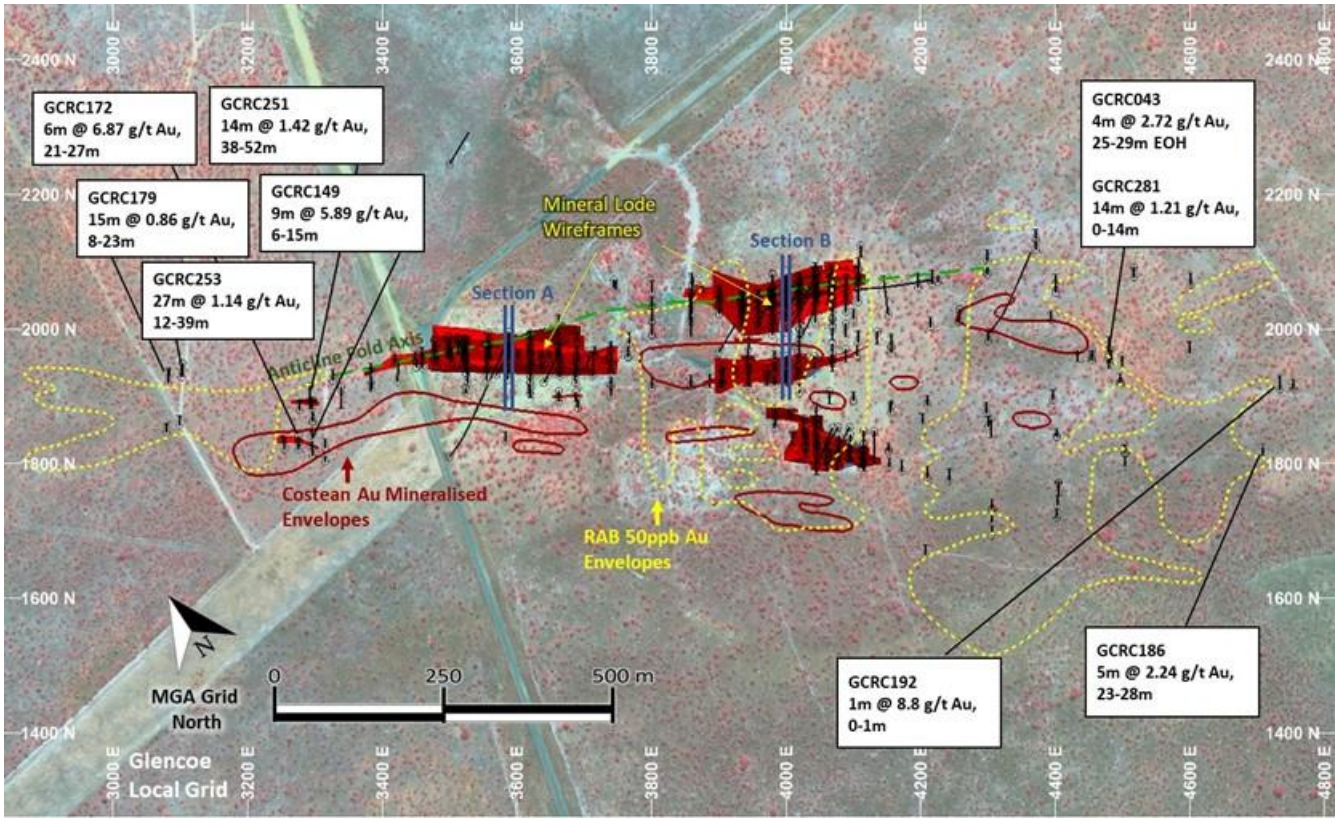

Figure 1: Plan view of the Glencoe deposit showing mineral lode wireframes (solid red), gold in soils anomalism (yellow outline), costean defined mineralised envelope (red outline), and a selection of open drillholes outside of the defined mineral lodes

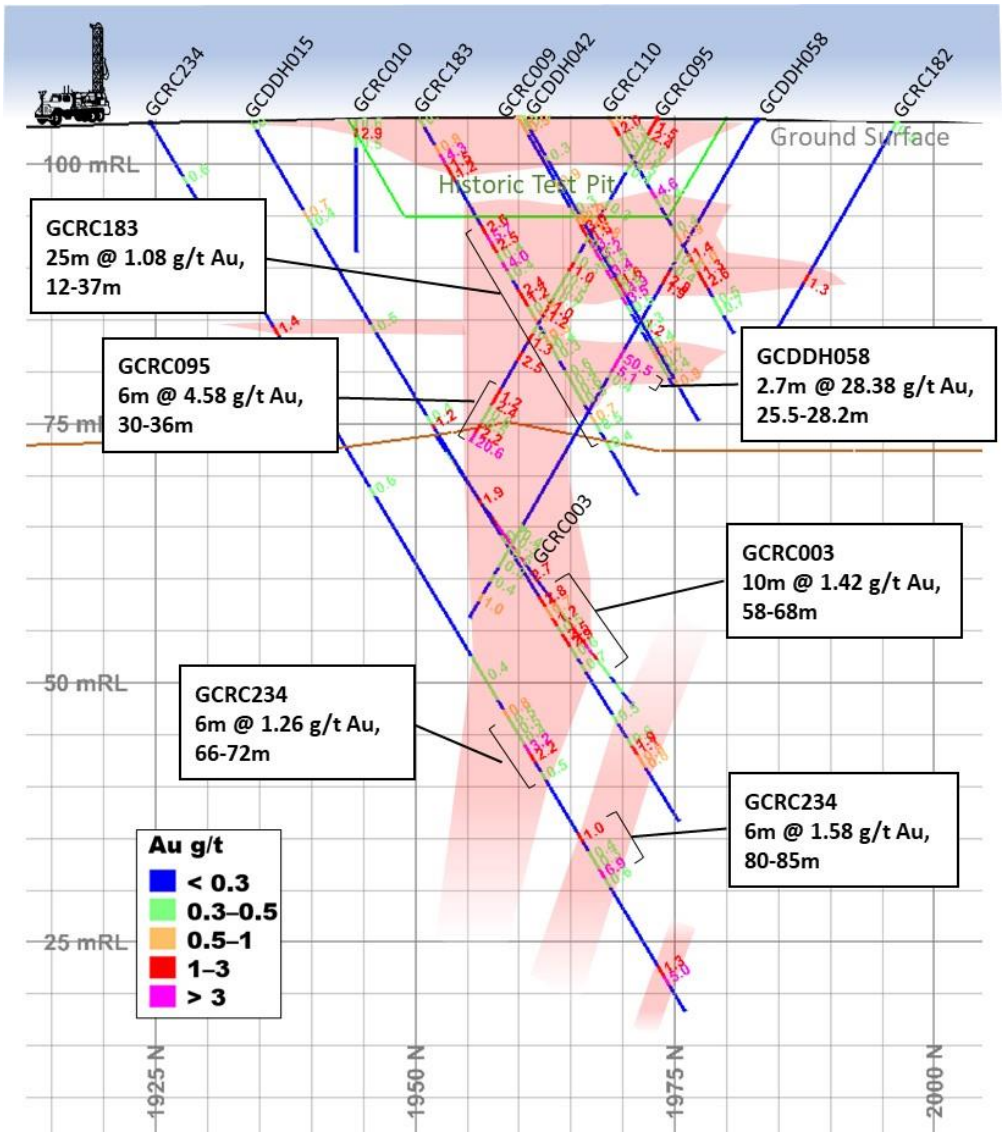

Figure 2: Cross-Section 'A' Glencoe West mineral lode

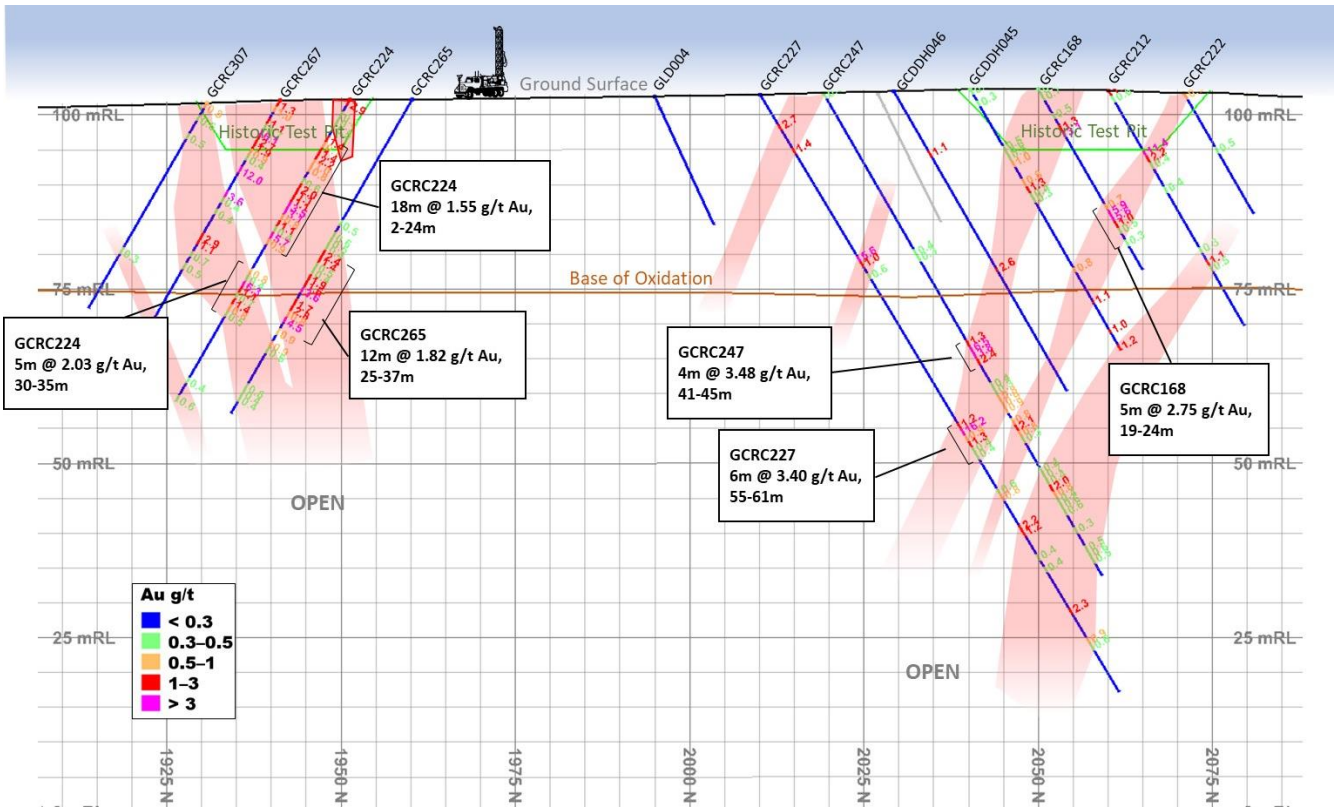

Figure 3: Cross-Section 'B' Glencoe North-Central and Mid-Central mineral lodes

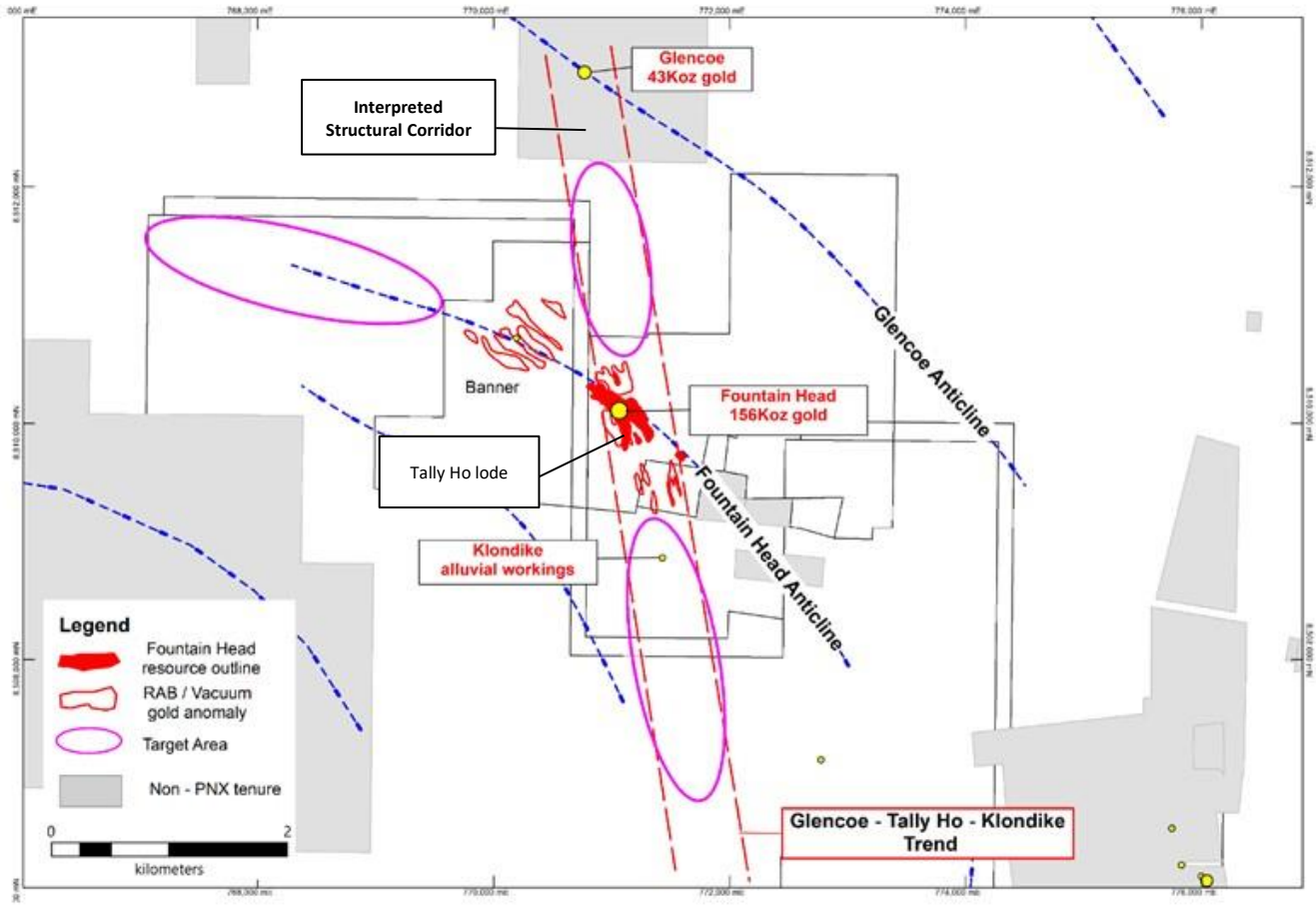

Figure 4: Location of Glencoe in relation to Fountain Head and other areas of exploration potential

Key Terms of the Non-Binding Terms Sheet

PNX to pay Ausgold a total of $1.875 million comprising;

- Fully-refundable Option Payment of $500,000 to be paid on or before 10 Dec 2020 (provides exclusivity up until 29 January 2021)
- Staged Payment of $675,000 to be paid upon execution of a formal sale and purchase agreement, expected to be completed by 29 January 2021
- Completion Payment of $700,000 within 12 months of receiving FIRB approval but no later than 31 December 2021, of which $200,000 may be paid in PNX shares based on the volume weighted average price for the 5 full day's trading of the Buyer's shares immediately preceding Completion
- Certain Conditions Precedent to Completion are also required such as PNX obtaining FIRB and in principle Ministerial approval

Additional References

Draganuta, V. (2008) *MCN 20-25, 3578, 4248, Glencoe Project, Report for 1 January 2004 to 31 December 2008.* Report for Australasia Gold. (contains attachment 2006 ResEval Estimation by Price)

Gunthorpe, R.J., (2007) *Resource Review and Development Option – Glencoe Gold Deposit, N.T.* Independent Report to Australasia Gold Ltd.

Milligan, I.M., (1990) *Report on Exploration for the Year to 19th November 1990, Glencoe Prospect*. Mineral Claims N20-N43, N1303-1313 & Exploration Licence 4810. Report for Magnum Gold N.L.

Milligan, I.M., (1989) *Report on Exploration for the Year to 19th November 1989, Glencoe Prospect.* Mineral Claims N20-N43, N1303-1313 & Exploration Licence 4810. Report for Magnum Gold N.L.

Milligan, I.M., (1988) *Report on Exploration for the Year to 31st December 1987, Glencoe Prospect.* Mineral Claims N20-N43, N1303-1313 & Exploration Licence 4810. Report for Magnum Resources.

Milligan, I.M., (1988) *Second Annual Report on Exploration, Exploration Licence 4810, Glencoe Prospect, Northern Territory.* Report for Magnum Gold N.L. & Magnum Resources Limited.

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 Nesbitt 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

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

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Fountain Head Resource Estimate

Independent mining consultants CSA Global Pty Ltd ("CSA Global") estimated the Mineral Resource in accordance with the JORC Code[2], which is summarised in Table 1.

Table 1: *Fountain Head and Tally Ho Mineral Resources by JORC Classification as at 16 June 2020 estimated utilising a cut-off grade of >0.7 g/t Au which is consistent with the assumed open cut mining method.*

JORC Classification	Tonnage (Mt)	Au (g/t)	Ounces (Koz)
Tally Ho			
Indicated	0.94	2.0	59
Inferred	–	–	–
Total	**0.94**	**2.0**	**59**
Fountain Head			
Indicated	0.89	1.4	41
Inferred	1.11	1.6	56
Total	**2.00**	**1.5**	**96**
Total Fountain Head + Tally Ho*			
Indicated	1.83	1.7	100
Inferred	1.11	1.6	56
Total	**2.94**	**1.7**	**156**

** Due to the effects of rounding, the total may not represent the sum of all components*

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 release 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

Glencoe Drill Table for holes noted in this release

Table 2: *Drillhole specifications including hole coordinates (GDA94_Zone 52) and mineralised intercepts.*

Hole ID	Type	Easting	Northing	Azi°(mag)	Dip°	EOH	From	Int (m)	Gold (g/t)
GCDDH058	D	770,810.0	8,513,012.2	210.5	-60	55.41	25.5	2.7	28.38
GCRC003	RC	770,753.1	8,513,044.2	30.5	-60	23	58	10	1.42
GCRC043	RC	771,537.9	8,512,494.1	210.5	-60	29	25	4	2.72
GCRC095	RC	770,802.7	8,513,005.6	210.5	-60	36	30	6	4.58
GCRC149	RC	770,475.8	8,513,046.8	30.5	-60	24	6	9	5.89
GCRC168	RC	771,187.2	8,512,834.0	30.5	-60	30	19	5	2.75
GCRC172	RC	770,459.4	8,513,057.6	30.5	-60	30	21	6	6.87
GCRC179	RC	770,362.8	8,513,256.4	30.5	-60	24	8	15	0.86
GCRC183	RC	770,785.3	8,512,982.3	0	-90	13	12	25	1.08
GCRC186	RC	771,642.6	8,512,245.8	210.5	-60	35	23	5	2.24
GCRC192	RC	771,712.2	8,512,302.3	30.5	-60	44	0	1	8.80
GCRC224	RC	771,130.9	8,512,752.8	210.5	-60	50	2	18	1.55

[2] 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).

							5	30	2.03
GCRC227	RC	771,164.1	8,512,801.4	30.5	-60	100	55	6	3.40
GCRC234	RC	770,774.1	8,512,965.9	30.5	-59	100	66	6	1.26
							80	6	1.58
GCRC247	RC	771,168.7	8,512,809.2	30.5	-60	80	41	4	3.48
GCRC251	RC	770,526.7	8,513,125.8	210.5	-60	70	38	14	1.42
GCRC253	RC	770,377.6	8,513,243.9	30.5	-60	40	12	27	1.14
GCRC265	RC	771,136.0	8,512,760.1	210.5	-60	52	25	12	1.82
GCRC281	RC	771,530.1	8,512,486.9	210.5	-60	34	0	14	1.21

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverized to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• All samples reported in this release are historical in nature, sourced from open file data. PNX Metals have not yet validated the historical sampling techniques. • Brief outlines of sampling procedures adopted are reported by *Milligan, I.M., (1988).* • A review of the sampling and assaying procedures was conducted by *Gunthorpe, R.J., (2007).*
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• The drillholes quoted in this report, are historical in nature and detailed in *Table 2* of this release.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No assessment of drill sample recovery for historical samples has yet been undertaken by PNX Metals.

Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill results have been reported as per the historical open file reports (*Milligan, I.M., 1988-1990*).
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• All assay data has been reported as per the historical open file reports by *Milligan, I.M., (1988-1990*). • A review of the sampling and assaying procedures was conducted by *Gunthorpe, R.J., (2007).*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Historical data and resource estimations have been previously reviewed by *Gunthorpe, R.J., (2007), Price, D., (2006) and Edwards, M., (2013)*
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole data has been obtained from historical open file reports *Milligan, I.M., (1988-1990)*. • Drill hole data, as displayed in *Figure 1* of this release, is reported in Glencoe Local Mine Grid, with local north bearing -34.55 degrees to GDA94 (MGA zone 52). • Down hole survey data has not been obtained by PNX Metals for the historical drill hole data.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• All historical drill hole data is as it has been reported in *Milligan, I.M., (1988-1990)*.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Most drill holes are oriented to intersect mineralisation close to perpendicular to the interpreted orientation of the main zone of mineralisation. The mineralisation may be folded in some areas, which could result in the possibility of drill holes being not optimally orientated. • Any biasing effect is yet to be determined
Sample security	• *The measures taken to ensure sample security.*	• Historical reports from which the drill hole data has been obtained does not report on sample security.

Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The assay results for the drill holes quoted in this report have not been validated in detail by PNX Metals. Results from historical reports are taken as reported and used as an indication of the prospectivity of the project. A thorough and detailed review of all data will be undertaken by PNX Metals as part of resource estimation process. Historic diamond drill core has been located and if suitable will be re-assayed. • The data has undergone several reviews by external companies (*Gunthorpe, RJ., 2007; Price, D., 2006; Edwards, M., 2013*)

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Glencoe Deposit is located within mine lease ML29679, held by Ark Mines Ltd, currently under administration and part of a broader sale and purchase Agreement with private Company Ausgold Trading Pty Ltd. • ML29679 is located approx. 130km SSE of Darwin. • ML29679 is situated wholly within EL25748 (PNX Metals Ltd), approximately 3km north of the Fountain Head Mine, also held by PNX Metals Ltd. • ML29679 is situated wholly within Ban Ban Springs Station Pastoral Lease. • ML29679 is currently subject to a signed term sheet between Ausgold Trading Pty Ltd and PNX Metals, as outline in the attached ASX announcement.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• An account of the historical exploration carried out by previous parties taken from *Edwards, M., 2013*: • In 1985 Magnum Resources found anomalous gold values from an initial auger drilling program of 11 holes (56m) that was followed up by costeaning to enable more intensive bedrock sampling. Costean excavation to maximum depth of 4.5 metres was completed in two phases, consisting of 1,050 metres in 1985 (7 costeans) and 1,060 metres in 1986 (17 costeans). All were backfilled in late 1986. • The next phase of work consisted of shallow RAB drilling (to a depth of 6 to 9 metres) over a broader area, on north-south prospect grid lines at 20 metre spacing. This was conducted in two phases, totaling 2,405 metres in 386 holes. One metre RAB samples were systematically analyzed for arsenic (As) but only selected samples were submitted for gold assay, (250 samples). This RAB program defined a prominent and robust arsenic anomaly that became the essential guide for subsequent delineation drilling.

		• 1985 – 1986. Discovery process, followed by definition drilling completed by end 1988, overseen by Earth Resources Australia Pty Ltd (ERA) on behalf of Magnum Resources Ltd/Magnum Gold NL. • 1988 – 1989. Initial resource estimates by ERA on behalf of Magnum, with results achieved considered inadequate to support a stand-alone operation. Results of preliminary metallurgical test work by Normet Pty Ltd reported in July 1988. • 1989 – 1990. A bulk sampling/trial mining operation by Magnum, consisting of four small pits and the extraction of around 49 000 tonnes for processing through the nearby Mt Bonnie plant operated by the Tanami Joint Venture. • 1990 – 1997. Discussions were held with several other parties regarding development of the deposit, without success. In early 1995 a second limited trial mining exercise was initiated under an agreement between Magnum and Territory Goldfields NL. This exercise was aborted after extraction of a further some 10 000 tonnes of 'ore' grade material and 13 500 tonnes of 'low grade' material from one of the four initial pits. This material remains on site as surface stockpiles. • Subsequent to the above the project was acquired by Australasia Gold Ltd for a planned IPO, ultimately achieved in November 2005. • In April 2006, a new block model resource estimate for the Glencoe project was compiled by Resource Evaluations Pty Ltd (ResEval), on behalf of Australasia Gold Ltd. • In September 2006, a preliminary optimization and scoping study was conducted by Mining One Pty Ltd, on behalf of Australasia Gold Ltd. This concluded that potential may exist for a small-scale open pit mining – heap leaching operation at Glencoe. • In 2012, ML29679 was purchased by Crocodile Gold Australia. • In November and December 2012 a total of 22,852 tonnes of stockpiled material was hauled from the Glencoe mine site and processed in the Union Reefs mill. These stockpiles were created during mining activities dating back to the mid 1990's. Estimated grades of this material were in the order of 1.0g/t Au and recoveries were as expected from the Glencoe oxide material. • 2013, Crocodile Gold Australia reviewed the historic Mineral Resource estimation for the Glencoe deposit and calculated the Mineral Reserves. These were reported in the NI43-101 technical report for the Burnside Gold and Base Metal Project by Basile and Edwards (2013),
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Glencoe deposit is associated with an northwest trending asymmetrical anticline plunging to the southeast within interbedded mudstone/siltstone and greywacke of the Mt Bonnie Fm. • Gold mineralisation is hosted by quartz veining occurring in sub-vertical to steeply dipping fracture zones proximal to anticlinal crests. Gold mineralisation occurs in three mineralised zones, the largest of which is approximately 700m in strike length,100m down dip and 15m wide. • Minor basic igneous intrusives occur around the deposit these are found as

		lamprophyre dykes sub-parallel to the main shears in the region. These dykes exhibit varying degrees of micaceous and chloritic alteration and contain significant sulphide and gold when mineralized. (*Edwards, M., 2013*)

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Refer to *Table 2* in main announcement for drill summary details.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Drill hole gold intercepts were determined from historical drill assays and reported as sample length weighted average grades. • Historical assay data was taken as it was reported in the historical reports and has not been validated PNX Metals. • No high cut-off grades have been applied.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• All significant intersections are quoted as downhole widths, true widths are yet to be determined. • Majority of historical drill holes do not have full down hole survey data. • Majority of drill holes are drilled at a dip of -60 degrees, on a local grid, perpendicular to the general strike of mineralisation.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to the main body of this announcement

Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All matters of importance have been included
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All relevant information has been included
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future work is as described in the attached ASX release.