

PNX METALS LIMITED

ABN 67 127 446 271



FINANCIAL REPORT For the Half-Year Ended 31 December 2023

PNX Metals Ltd
Directors' report
31 December 2023

The directors of PNX Metals Ltd (PNX, or Company) are pleased to present the financial report for the half-year ended 31 December 2023 in accordance with the Corporations Act 2001.

Directors

The names of the directors who held office for the whole of and since the end of the half-year (unless otherwise noted) are:

Graham Ascough (Executive Chairman)
Hans-Jörg Schmidt (Non-executive Director)
Hansjoerg Plaggemars (Non-executive Director)
Rowan Johnston (Non-executive Director)
James Fox (Technical Director)

Principal activities

The principal activities of the Company and its wholly owned subsidiary during the period was advancement of development activities and approvals for its 100% owned Fountain Head gold and Hayes Creek zinc-gold-silver Projects ('Projects'), and near-mine and regional minerals exploration in the Pine Creek region of the Northern Territory ('NT').

Review of operations

The total comprehensive loss for the half-year was \$796,565 (2022: total comprehensive loss of \$773,735). Net assets at 31 December 2023 were \$25.6 million including \$1.2 million in cash.

As at the date of this report, the following securities were on issue:

- 5,380,624,719 ordinary shares; and
- 85,800,000 performance rights.

There were no reportable safety or environmental incidents during the reporting period, and all tenements remain in good standing with statutory reporting up to date.

During the reporting period, the Group continued to advance its program for the sequential development of its Projects at Hayes Creek and Fountain head, which host considerable zinc, gold and silver mineral resources, so that an investment decision can be made once Government and Environmental approvals and Project financing have been achieved. The Group's total Mineral Resources now contain 520,900 oz Au, 16.2 million oz Ag, 177,000 t Zn, 37,000 t Pb and 10,000t Cu (refer ASX release 28 September 2022).

Evaluation and testing of gold exploration prospects progressed and the Company believes the potential exists to augment overall project scale and scope through successful exploration and/or acquisition.

Geology and exploration

The Company's 2023 exploration program across its Northern Burnside Exploration Leases was successful in identifying multiple targets within prospective kilometre-scale gold corridors, with the potential to host economically significant gold mineralisation, including at the C6 gold prospect.

The discovery of the C6 high-grade gold gossan at surface, and a significant mineralised footprint (>10 g/t gold) in outcrop traced over ~3 km N-S extent highlights the potential for material -scale gold mineralisation. The Northern Burnside Leases are located approximately 100 km south of Darwin and 35 km NNW of the Projects. The C6 prospect exists along the same structural corridor as the Cosmo Howley gold mine (owned by Agnico Eagle Ltd).

The initial RC drilling and aircore drilling at C6 and Bartons completed during the reporting period has not yet identified the source of high-grade gold values observed at surface, however several areas of elevated gold were intersected that require further assessment.

A drone magnetic survey was flown over most of the Northern Leases during the reporting period. Results indicate the survey has delineated important geological features, such as folds and faults, and will provide a useful base map for future exploration. Full interpretation is still ongoing.

In November, the Uranium rights (Rights) over a large portion PNX's tenure at Pine Creek were returned to the Company after the expiry of a historic November 2011 farm-in agreement with private company Oz Uranium Pty Ltd (subsidiary of Rockland Resources Pty Ltd).

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Originally owned by Thundelarra Exploration Ltd, and subsequently transferred to Oz Uranium as part of a prior commercial agreement, the Hayes Creek Uranium tenure received significant exploration focus between 2008 and 2011 including detailed geophysics, detailed mapping, surface sampling and drilling which resulted in the estimation of a mineral resource at the Thunderball uranium deposit (Thunderball). As the resource is not JORC 2012 compliant it is not quoted here and is being re-assessed by the Company.

Based on a relatively detailed understanding of the structural and stratigraphic controls on mineralisation, the previous MRE report highlighted the potential for significant uranium mineralisation down-plunge of the current resource and at depth, parallel and beneath the current mineralisation.

Drilling below and down-plunge of the Thunderball deposit to test for repeats of mineralisation will be a high priority for future programs that will focus on resource growth.

PNX is also evaluating the exploration results from other uranium prospects that have seen little or no exploration since they were first identified between 2008-2011, primarily due to the drop in uranium prices after the impact of the Fukushima accident in early 2011. This work includes evaluating extensive surface sample datasets and numerous geophysical surveys completed by previous explorers and PNX, in the area. The three priority prospects are Goldeneye, Moonraker and Thunderball Extended.

Government and environmental approvals

Following the grant of the environmental approval for the Company's 100%-owned Fountain head Gold Project in late February 2023, the Company completed and submitted its Mining Management Plan (MMP) to the Department of Industry, Tourism & Trade (DITT) in May 2023 for assessment and approval.

The Company previously received feedback from DITT on the MMP and provided responses and additional information. The updated MMP was re-submitted in mid-December 2023 with no further response as-yet from DITT. Approval of the MMP is the last step in the approvals process for the Fountain Head Gold Project.

The Mt Porter MMP has been finalised as is expected to be submitted in Q1 2024.

Plant infrastructure engineering and design

Studies continued on parallel development synergies for the Hayes Creek and Fountain head Project integration. The aim of this work is to assess opportunities identified through the integrated flowsheet to improve capital efficiency; overall resource utilisation; recoveries and payment terms for metals produced; tailings quality; and margins.

Metallurgical testwork specifically targeting improved gold recoveries via utilisation of an integrated plant design was ongoing during the reporting period. This includes Test-work to recover additional gold lost through the float tails, improve distribution and recovery of payable metals, and assess alternative processing of precious metals.

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

Business development

On 28 February 2022 (refer ASX release 1 March 2022), the Group agreed to divest the Moline project (tenements ML24173, MLN1059, MLN41 and EL28616) to Sovereign Metallurgical Pty Ltd ('Sovereign'), a subsidiary of Ausgold Trading Pty Ltd ('Ausgold'). The completion of this transaction is still pending and expected to be completed by the end of this financial year.

Corporate

Graham Ascough was appointed Executive Chairman, as James Fox (former Managing Director and CEO) made the decision to transition to a part-time role to pursue other business opportunities. Mr Fox is to remain on the board as technical Director to ensure an orderly transition and to provide ongoing leadership and strategic support to the PNX team. Katelyn Adams was appointed Company Secretary with effect from 1 November 2023 replacing Mr Angelo Gaudio who retired as Company Secretary and Chief Financial Officer, effective from the close of business on 31 October 2023.

Subsequent to the end of the reporting period PNX confirmed that it had received an unsolicited, non-binding, indicative and incomplete proposal in relation to a potential merger (Indicative Proposal) from Kin Mining NL (ASX: KIN) and that that it had, subsequently, engaged in preliminary discussions with KIN regarding the Indicative Proposal. The discussions are ongoing and at an early stage and remain incomplete and there is no certainty that the Indicative Proposal or any other transaction will eventuate. PNX shareholders do not need to take any action at this time. Should a transaction eventuate, PNX will make a further announcement to the market in accordance with its continuous disclosure obligations.

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Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial half-year.

Matters subsequent to the end of the financial half-year

On 11 January 2024, \$100,000 was received from Sovereign for payment of an instalment pursuant to the Purchase and Sale Agreement relating to Moline tenements.

On 15 February 2024 the Group confirms that it has received an unsolicited, non-binding, indicative, and incomplete proposal in relation to a potential merger from Kin Mining NL (ASX: KIN) (Indicative Proposal), and has subsequently engaged in preliminary discussions with KIN regarding the Indicative Proposal. The discussions are at an early stage and remain incomplete, and there is no certainty that the Indicative Proposal or any other transaction will eventuate.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Signed accordance with a resolution of directors made pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Graham Ascough
Chairman

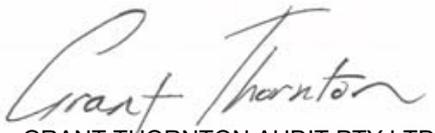
6 March 2024

Auditor's Independence Declaration

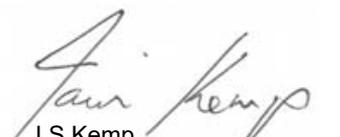
To the Directors of PNX Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of PNX Metals Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 6 March 2024

PNX Metals Ltd
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General information

The financial statements cover PNX Metals Ltd as a Company consisting of PNX Metals Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is PNX Metals Ltd's functional and presentation currency.

PNX Metals Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1/135 Fullarton Road
Rose Park, SA 5067

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 March 2024.

PNX Metals Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated	
		31 Dec 2023	31 Dec 2022
		\$	\$
Revenue	3	40,097	-
Other income	4	42,892	26,597
Total revenue		<u>82,989</u>	<u>26,597</u>
Expenses			
Depreciation and amortisation expense		(45,407)	(44,886)
Directors fees		(108,689)	(117,500)
Employee benefits		(183,529)	(151,396)
Equity-based remuneration	21	(67,339)	(72,252)
Exploration and evaluation		(107,246)	1,129
Finance costs		(6,229)	(4,706)
Professional fees		(176,995)	(234,988)
Other expenses		(118,120)	(127,733)
Total expenses		<u>(813,554)</u>	<u>(752,332)</u>
Loss before income tax expense		(730,565)	(725,735)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of PNX Metals Ltd		(730,565)	(725,735)
Other comprehensive income			
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax	7	(66,000)	(48,000)
Other comprehensive income for the half-year, net of tax		(66,000)	(48,000)
Total comprehensive profit/(loss) for the period attributable to the equity holders of PNX Metals Ltd		<u>(796,565)</u>	<u>(773,735)</u>
		Cents	Cents
Basic earnings per share	20	(0.01)	(0.02)
Diluted earnings per share	20	(0.01)	(0.02)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PNX Metals Ltd
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,223,579	2,724,552
Trade and other receivables		98,035	103,277
Prepayments and deposits	5	518,970	473,801
Other receivables - Moline project divestment	6	1,060,624	1,560,624
Financial assets at fair value through other comprehensive income	7	90,000	156,000
Total current assets		<u>2,991,208</u>	<u>5,018,254</u>
Non-current assets			
Right-of-use assets	8	185,095	107,800
Prepayments and deposits	5	784,055	784,055
Property, plant and equipment	9	8,662	10,612
Exploration and evaluation expenditure	10	24,765,877	23,565,704
Total non-current assets		<u>25,743,689</u>	<u>24,468,171</u>
Total assets		<u>28,734,897</u>	<u>29,486,425</u>
Liabilities			
Current liabilities			
Trade and other payables		208,494	322,763
Lease liabilities	11	77,120	40,273
Provisions	12	229,912	215,778
Total current liabilities		<u>515,526</u>	<u>578,814</u>
Non-current liabilities			
Lease liabilities	11	125,161	84,175
Financial liabilities	13	2,400,000	2,400,000
Total non-current liabilities		<u>2,525,161</u>	<u>2,484,175</u>
Total liabilities		<u>3,040,687</u>	<u>3,062,989</u>
Net assets		<u>25,694,210</u>	<u>26,423,436</u>
Equity			
Issued capital	14	60,176,998	60,176,998
Reserves	15	417,522	446,956
Accumulated losses		(34,900,310)	(34,200,518)
Total equity		<u>25,694,210</u>	<u>26,423,436</u>

The above statement of financial position should be read in conjunction with the accompanying notes

PNX Metals Ltd
Statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Equity-based payment reserve \$	Fair value OCI reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2022	57,458,856	233,316	180,000	(32,735,792)	25,136,380
Loss after income tax expense for the half-year	-	-	-	(725,735)	(725,735)
Other comprehensive income for the half-year, net of tax	-	-	(48,000)	-	(48,000)
Total comprehensive income for the half-year	-	-	(48,000)	(725,735)	(773,735)
Fair value of equity-settled payments (Lapsed performance rights transferred to accumulated losses	-	72,252	-	-	72,252
	-	(8,240)	-	8,240	-
Balance at 31 December 2022	<u>57,458,856</u>	<u>297,328</u>	<u>132,000</u>	<u>(33,453,287)</u>	<u>24,434,897</u>
	Issued capital \$	Equity-based payment reserve \$	Fair value OCI reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2023	60,176,998	380,956	66,000	(34,200,518)	26,423,436
Loss after income tax expense for the half-year	-	-	-	(730,565)	(730,565)
Other comprehensive income for the half-year, net of tax	-	-	(66,000)	-	(66,000)
Total comprehensive income for the half-year	-	-	(66,000)	(730,565)	(796,565)
Fair value of equity-settled payments	-	67,339	-	-	67,339
Lapsed performance rights transferred to accumulated losses	-	(30,773)	-	30,773	-
Balance at 31 December 2023	<u>60,176,998</u>	<u>417,522</u>	<u>-</u>	<u>(34,900,310)</u>	<u>25,694,210</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

PNX Metals Ltd
Statement of cash flows
For the half-year ended 31 December 2023

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Interest and other finance costs paid	(4,533)	-
Payments for exploration activities (expensed)	(106,960)	-
Payments to suppliers and employees	(715,143)	(632,050)
	<u>(826,636)</u>	<u>(632,050)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	-	(2,272)
Payments for exploration activities (capitalised)	(1,142,975)	(1,552,654)
Payments for MMP security bond	(36,620)	(33,093)
Proceeds from disposal of tenements	500,000	-
Interest received	43,096	26,556
	<u>(636,499)</u>	<u>(1,561,463)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payment of lease liabilities	(37,838)	(41,707)
	<u>(37,838)</u>	<u>(41,707)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(1,500,973)	(2,235,220)
Cash and cash equivalents at the beginning of the financial half-year	<u>2,724,552</u>	<u>3,701,939</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,223,579</u></u>	<u><u>1,466,719</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. During the six months ended 31 December 2023 the consolidated group recorded a net cash outflow from operating and investing activities of \$1,463,135 and an overall loss of \$796,565. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The Directors believe that it is appropriate to prepare the financial statements on the going concern basis. Management changes within the Group have significantly reduced corporate costs. The Group is considering opportunities for funding its business, including the sale or joint venture of certain projects and capital raising. The Group has a track record of successfully raising capital to fund its operations and expects to be able to continue future activities.

The Group's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploration of its areas of interest through sale or development.

If additional capital is not obtained or successful exploration performed, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the financial report.

Estimates

The preparation of the half-year financial statements requires an number of judgements, estimates and assumptions to be made in the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the half-year financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual report financial statements for the year ended 30 June 2023.

Note 2. Operating segments

The Company has considered its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates in a single operating segment being mineral exploration in the Northern Territory.

PNX Metals Ltd
Notes to the financial statements
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Note 3. Revenue

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Services agreement	40,097	-

Services agreement

In December 2023 the Company entered into a six-month Services Agreement with a third-party. Revenue from this agreement is recognised when the right to receive payment is established.

Note 4. Other income

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Interest income	42,572	26,597
Other income	320	-
Other income	42,892	26,597

Note 5. Prepayments and deposits

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Environmental deposits - Northern Territory	208,037	171,417
Deposit - office bond	32,760	32,760
Prepayments	28,173	19,624
Prepayment to Ausgold Trading Pty Ltd for Mt Porter acquisition	250,000	250,000
	518,970	473,801
<i>Non-current assets</i>		
Environmental Bonds (Care & Maintenance)	784,055	784,055
	1,303,025	1,257,856

Environmental Deposits - Northern Territory

Environmental Deposits ('Exploration Bonds') are required to be lodged with DITT prior to commencement of any ground disturbing exploration activities. The Exploration Bonds are held until rehabilitation of worksites are carried out, typically within 12 months. Exploration bonds totaling \$208,037 are held by the Department of Industry, Tourism and Trade ("DITT") as security in relation to current exploration activities and exclude \$4,094 of the Exploration Bonds that relate to prior exploration on the Moline project, which have been recorded with the sale of the Moline assets (refer to note 6).

Deposit - office bond

The Deposit-office bond of \$32,760 is invested in a 365-days term deposit maturing February 2024 and earning 4.0% interest.

Prepayment Ausgold Limited for Mt Porter Acquisition

A prepayment to Ausgold Limited was made in May 2023 (refer to note 17).

Environmental Bonds (Care & Maintenance)

Environmental bonds are required to be lodged with the DITT in relation to the Care and Maintenance conditions of the mineral leases. Accordingly, environmental bonds totaling \$784,055 are held by the DITT as security in relation to the conditions of the Fountain Head mineral leases.

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Note 6. Other receivables - Moline project divestment

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Consideration for the Moline project	750,000	1,250,000
Care and maintenance bond	306,530	306,530
Exploration bond	4,094	4,094
	<u>1,060,624</u>	<u>1,560,624</u>

On 28 February 2022, PNX agreed to divest the Moline project (tenements M24173, MLN1059, MLN41 & EL28616) to Sovereign Metallurgical Pty Ltd ("Sovereign"). The sale was finalised during the financial year ended 30 June 2022, however, final settlement of the receivable had you yet occurred. Given management's expectations that Ausgold and Sovereign would be capable of meeting its obligations and in the context of the assessed fair value of the underlying security to the arrangement (being the Moline project), management have determined the expected credit loss for the receivable to be immaterial.

The total amount receivable at 31 December 2023 is \$1,060,624 and consists of cash consideration \$750,000 and Bonds of \$310,624. The Bonds are held by the DITT and will be returned to the Company at completion of the Moline project sale agreement.

The consideration amounts outstanding are guaranteed in full by Ausgold Trading Pty Ltd ("Ausgold"), the ultimate parent of Sovereign.

Note 7. Financial assets at fair value through other comprehensive income

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Investment in Sunstone Metals Ltd	<u>90,000</u>	<u>156,000</u>

The Group continues to hold 6,000,000 shares held in ASX listed Sunstone Metals Limited ('Sunstone' or 'STM'). This investment is recognised as "Fair Value through Other Comprehensive Income (FVOCI)".

At 31 December 2023 the investment was reflected at fair value of \$90,000 (30 June 2023: \$156,000), with the incremental movement down of \$66,000 (31 December 2022 \$48,000) recorded at fair value through other comprehensive income (FVOCI) (note 15).

Note 8. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	242,005	119,938
Less: Accumulated depreciation	<u>(140,282)</u>	<u>(109,639)</u>
	101,723	10,299
Motor vehicles - right-of-use	155,901	155,901
Less: Accumulated depreciation	<u>(72,529)</u>	<u>(58,400)</u>
	83,372	97,501
	<u>185,095</u>	<u>107,800</u>

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Note 8. Right-of-use assets (continued)

In September 2023 the Group entered into an agreement to extend the tenancy lease for a period of two years.

Note 9. Property, plant and equipment

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Plant and equipment - at cost	382,414	382,414
Less: Accumulated depreciation	<u>(373,752)</u>	<u>(371,802)</u>
	<u>8,662</u>	<u>10,612</u>

Note 10. Exploration and evaluation expenditure

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	<u>24,765,877</u>	<u>23,565,704</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration and evaluation \$	Total \$
Balance at 1 July 2023	23,565,704	23,565,704
Additions	<u>1,200,173</u>	<u>1,200,173</u>
Balance at 31 December 2023	<u>24,765,877</u>	<u>24,765,877</u>

Note 11. Lease liabilities

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>77,120</u>	<u>40,273</u>
<i>Non-current liabilities</i>		
Lease liability	<u>125,161</u>	<u>84,175</u>
	<u>202,281</u>	<u>124,448</u>

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Note 12. Employee benefits

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	88,548	80,272
Long service leave	<u>141,364</u>	<u>135,506</u>
	<u><u>229,912</u></u>	<u><u>215,778</u></u>

Note 13. Financial liabilities

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
<i>Non-current liabilities</i>		
Silver streaming receipts	<u>2,400,000</u>	<u>2,400,000</u>

Two parties have entered into silver streaming and royalty agreements with the Company.

The Company has previously received a total of \$2.4 million under these agreements, for the forward sale of a total of 336,000 oz of silver, to be delivered over a three-year period once commissioning and ramp up of the Fountain Head Project is complete. At the end of the three-year silver delivery period, each investor is to receive a 0.36% Net Smelter Return (NSR) royalty over gold and silver produced from the Fountain Head Project and will be paid for a 5-year period. PNX can buy back the NSR royalty from an investor prior to the commencement of production for \$0.4 million.

These original agreements have been amended to transfer silver delivery obligations from the Hayes Creek Project to the Fountain Head Project; to modify the silver delivery to consist of an equivalent value of gold in the event that the silver production from Fountain Head could not fulfill the silver delivery obligation; and to reflect that the NSR royalty at the end of the three-year delivery period is calculated over gold and silver produced from the Fountain Head Project.

Cash previously received from the forward sale of silver has been accounted for as a financial liability, classified in the Statement of Financial Position as a long-term liability. Revenue will be recognised as the silver or gold is delivered in the future. In the event the Fountain head Gold Project is not developed, the forward payments may be converted to shares in the Company.

Note 14. Issued capital

	Consolidated			
	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>5,380,624,719</u>	<u>5,380,624,719</u>	<u>60,176,998</u>	<u>60,176,998</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

PNX Metals Ltd
Notes to the financial statements
31 December 2023

Note 15. Reserves

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Financial assets at fair value through other comprehensive income reserve	-	66,000
Equity-settled benefits reserve	417,522	380,956
	<u>417,522</u>	<u>446,956</u>

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 17. Commitments

Expenditure commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements in the Northern Territory in order to retain the full tenement. There are no minimum expenditure requirements on the Group's mineral leases in the Northern Territory.

These obligations vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry will alter the expenditure commitments of the group.

Total expenditure commitments at 31 December 2023 in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	Consolidated	
	31 Dec 2023	30 June 2023
	\$	\$
Minimum exploration expenditure on exploration licences	<u>270,701</u>	<u>582,898</u>

Royalty agreements

The Group has assumed the following royalty commitments (relating to Northern Territory tenements):

NT Mining Operations Pty Ltd (a subsidiary of Agnico Eagle Mines Limited)

- 2% royalty on the market value of any future production of gold and silver from the 14 mineral leases comprising the Hayes Creek Project.
- 2% net smelter return royalty on precious metals produced from the Fountain Head tenements
- 1% net smelter return royalty for any metals produced from the Glencoe tenement (capped at \$1,000,000).

Mt Porter

- Various Royalty Holders - 1% net smelter return royalty for metals produced, capped at \$1,000,000.
- Renison Limited - 1.25% net smelter return royalty for product produced
- Native Title parties - 3.5% Net Profit royalty for mineral produced from mining operations
- A payment to Ausgold of \$250,000 in cash settled during May 2023 prior to Completion of Mt Porter. PNX, Ausgold (parent company of Sovereign and in its capacity of guarantor), and Sovereign reached an agreement to reduce the receivable owed by Sovereign by the same amount PNX was due to pay in relation to the acquisition of the Mt Porter (ML23839). Accordingly, a reduction in the receivable of \$250,000 was made and a prepayment for the acquisition was recognised (refer to note 5).

The Group is entitled to the following royalties (relating to Northern Territory tenements):

- Sovereign Metallurgical Pty Ltd - 1% net smelter return royalty for gold or silver and 2% for any other metals produced from the four tenements comprising the Moline Project.

PNX Metals Ltd
Notes to the financial statements
31 December 2023

Note 17. Commitments (continued)

Other rights held by NT Mining Operations Pty Ltd (a subsidiary of Agnico Eagle Mines Ltd) related to Northern Territory tenements

NT Mining Operations Pty Ltd can re-acquire 90% of any gold or silver deposits when a JORC compliant resource is defined on certain tenements subject to PNX's farm -in agreement by paying PNX three times the Group's accumulated expenditure on the deposit(s).

A single payment of \$500,000, either in cash or shares at the Company's election, is due to NT Mining Operations Pty Ltd if a bankable feasibility study is completed over the Hayes Creek Project or on any of the tenements that are subject to a farm-in agreement between the two companies.

Note 18. Interests in subsidiaries

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2023 %	30 June 2023 %
Wellington Exploration Pty Ltd	Australia	100.00%	100.00%

Note 19. Events after the reporting period

On 11 January 2024, \$100,000 was received from Sovereign for payment of an instalment pursuant to the Purchase and Sale Agreement relating to Moline tenements.

On 15 February 2024 the Group confirms that it has received an unsolicited, non-binding, indicative, and incomplete proposal in relation to a potential merger from Kin Mining NL (ASX: KIN) (Indicative Proposal), and has subsequently engaged in preliminary discussions with KIN regarding the Indicative Proposal. The discussions are at an early stage and remain incomplete, and there is no certainty that the Indicative Proposal or any other transaction will eventuate.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 20. Earnings per share

	Consolidated	
	31 Dec 2023 \$	31 Dec 2022 \$
Loss after income tax attributable to the owners of PNX Metals Ltd	<u>(730,565)</u>	<u>(725,735)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>5,380,624,719</u>	<u>4,444,057,087</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>5,380,624,719</u>	<u>4,444,057,087</u>
	Cents	Cents
Basic earnings per share	(0.01)	(0.02)
Diluted earnings per share	(0.01)	(0.02)

The weighted average number of ordinary shares in the calculation of diluted loss per share is the same as for basic loss per share, as the inclusion of potential ordinary shares in the diluted calculation is anti-dilutive, due to the loss incurred for the half year.

PNX Metals Ltd
Notes to the financial statements
31 December 2023

Note 21. Share-based payments

A share-based payment expense of \$67,339 was recorded (2022: \$72,252) for the half year period in relation to the balance of 126,800,000 performance rights. All performance rights are unvested as at 31 December 2023.

Set out below are summaries of performance rights currently on issue at 31 December 2023:

31 Dec 2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
15/02/2017		\$0.00	800,000	-	-	-	800,000
27/01/2021	26/01/2024	\$0.00	25,000,000	-	-	-	25,000,000
01/02/2021	31/01/2024	\$0.00	21,000,000	-	-	(5,000,000)	16,000,000
22/12/2022	20/12/2025	\$0.00	95,000,000	-	-	(10,000,000)	85,000,000
			<u>141,800,000</u>	<u>-</u>	<u>-</u>	<u>(15,000,000)</u>	<u>126,800,000</u>

PNX Metals Ltd
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Graham Ascough
Chairman

6 March 2024

Independent Auditor's Review Report

To the Members of PNX Metals Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half-year financial report of PNX Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, -a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of PNX Metals Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred net cash outflows from operating and investing activities of \$1,463,135 and an overall loss of \$796,565 during the half year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 6 March 2024