

Drilling begins at Langley's high-grade gold prospect

Work marks start of intensive three-month drilling campaign at PNX's Burnside and Hayes Creek projects in the Northern Territory

- **Seven-hole drilling program underway at Langleys high-grade gold prospect within the Burnside Project**
- **Drilling is targeting high-grade (~>7.0g/t gold) extensions under and along strike from historic workings; assays expected from mid-September**
- **Following the program at Langleys, the rig will commence resource and extensional drilling at Mt Bonnie, part of PNX's Hayes Creek gold-silver-zinc project**

PNX Metals Limited (**ASX: PNX**) is pleased to advise that it has started an RC drilling program targeting extensions to known high-grade gold mineralisation at its Langleys prospect within the larger Burnside Project in the Pine Creek region of the Northern Territory.

The drilling at Langleys (Figure 1), located less than 5km south-west of the Company's flagship Hayes Creek gold-silver-zinc project, is aimed at defining additional high-grade gold mineralisation to complement the already significant resources established at Hayes Creek.

A total of seven RC holes will initially be drilled beneath and along strike from historical workings at Langleys and into the neighbouring Shady Camp area. Assay results from this round of drilling will be available before the end of September.

Despite its history and attractive geological characteristics, there has been little testing of the primary gold zones below the historic open-pits which only extended to approximately 30 metres below the surface. Limited previous drilling at Langleys, the southern-most area mined along the Golden Dyke trend, returned highly promising results over an approximate 400 metre strike length, which point to the potential for continuing high-grade mineralisation under the historical open-pit (see Figure 2). The previous results include:

- **KD57: 4m @ 7.37 g/t Au (from 25m)**
- **KD59: 4m @ 7.33 g/t Au (from 37m)**

PNX Managing Director James Fox said: "Following on from our recent strongly supported placement, PNX is very pleased to have commenced drill testing prospective high-value gold targets in close proximity to the Hayes Creek gold-silver-zinc project. Successful delineation of economic gold mineralisation along the Golden Dyke trend would be an outstanding strategic fit for PNX and could provide additional feed to complement the existing Project resource base at Hayes Creek. Delineation of economic gold oxide mineralisation would also have the potential for toll treatment. Resource infill and extensional drilling at Hayes Creek – Iron Blow & Mt Bonnie will commence immediately after the Langleys drilling, with additional exploration drill targets to be tested later in the season."

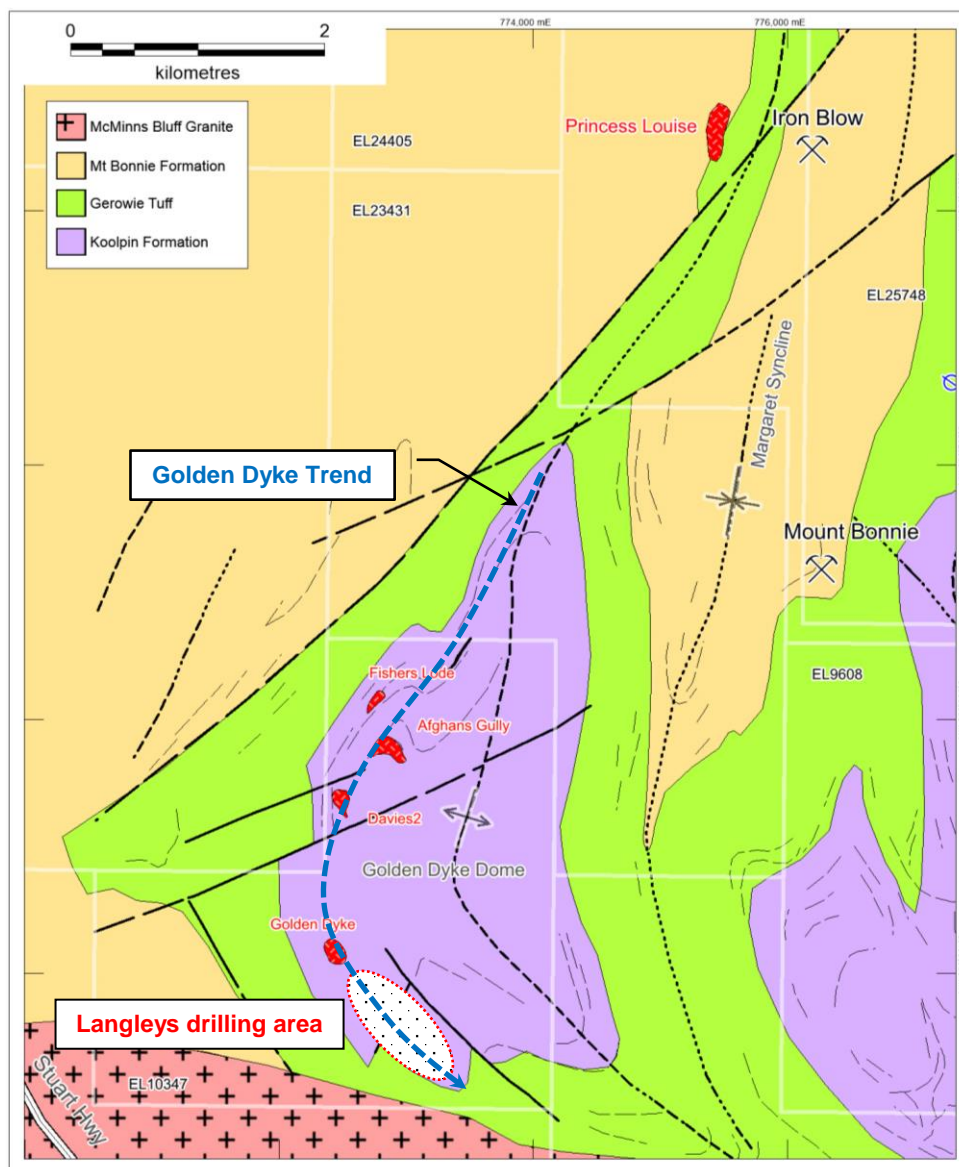


Figure 1: Langleys drilling area & Hayes Creek (Iron Blow & Mt Bonnie)

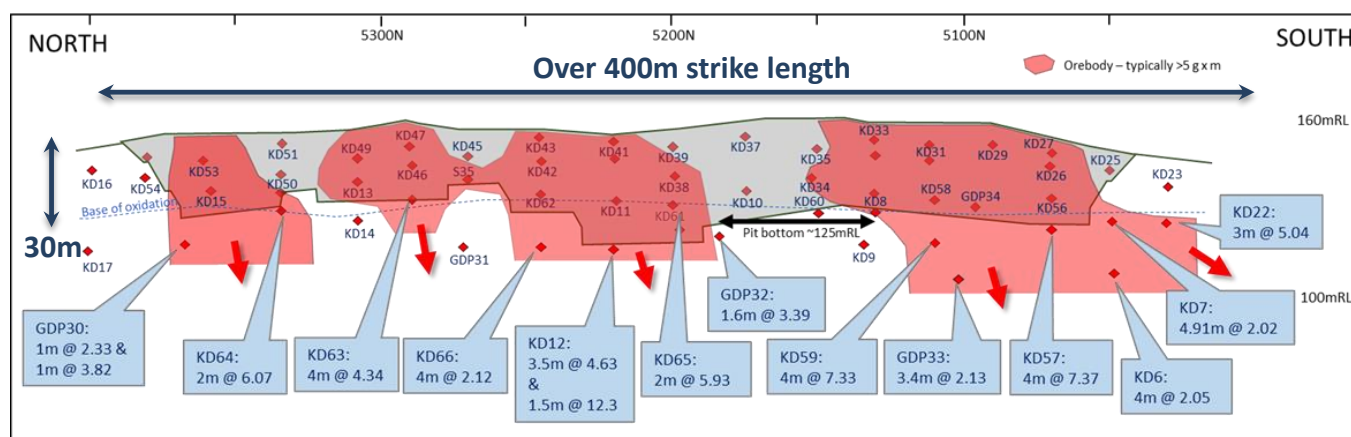


Figure 2: Long-section showing the Langleys open pit and open intersections into primary gold mineralisation

Hayes Creek Pre-Feasibility (PFS)

The Hayes Creek PFS is due for completion by mid-2017. It will expand on the recently completed Scoping Study, which found that mining and processing ore derived from both open-pit and underground operations at Hayes Creek would generate strong financial returns for PNX.

The Hayes Creek Project is located in a favourable mining jurisdiction in the Pine Creek region of Northern Territory, less than two hours by road from Darwin (Figure 3). The development strategy includes the use of existing infrastructure, designed to boost economics and reduce Project risk.

The Burnside Project, including Langleys, Moline and Chessman prospects form part of PNX's farm-in agreement with Newmarket Gold NT Holdings Pty Ltd, a subsidiary of Newmarket Gold Inc. where PNX is earning up to 90 per cent, in two stages, of 19 Exploration Licenses and four Mineral Leases (see ASX release dated 18 August 2014 for further details of the agreement) covering approximately 1,700sqkm.

Total expenditure for the purpose of the first stage of the farm-in was approximately \$1.5 million. A further \$0.5 million is required to be spent by December 2016 to achieve the 51% stage one earn-in.

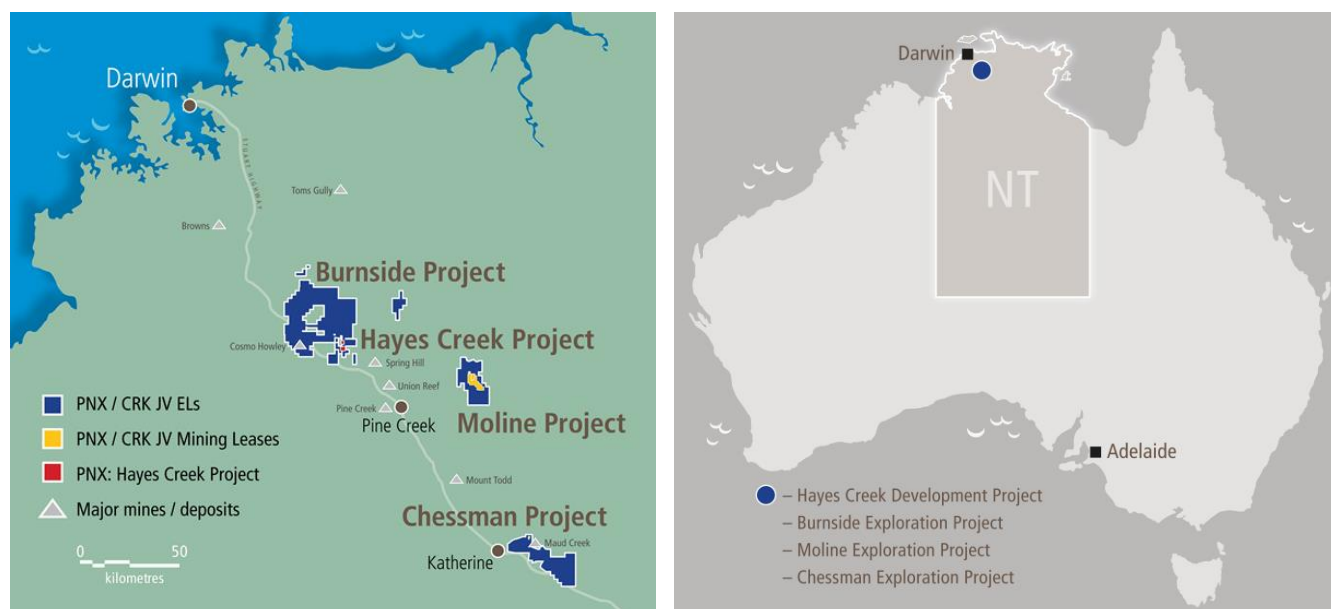


Figure 3: NT Project locations

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.

James Fox

Managing Director & CEO

Telephone: +61 (0) 8 8364 3188