

Chairman's Address – 2017 Annual General Meeting

On behalf of the Board of Directors, it is my pleasure to welcome you to the 2017 Annual General Meeting of PNX Metals Limited ('PNX' or 'Company').

PNX made significant progress during the year on its objective to be a sustainable, profitable gold and base metals producer by completing a Preliminary Feasibility Study ('PFS') on its flagship zinc-gold-silver Hayes Creek Project ('Hayes Creek' or 'Project') in the Pine Creek region of the Northern Territory ('NT').

The PFS confirms Hayes Creek to be a high value, relatively low risk and technically strong development opportunity for the Company. It forecasts the Project will generate an NPV_{10%} of \$133 million, based on net smelter revenue from the sale of zinc and precious metals concentrates of \$628 million over a 6.5 year mine life. With a low \$58 million of initial capital expenditure, the Project is forecast to have a 73% internal rate of return and pay-back period of just 15 months.

A Definitive Feasibility Study ('DFS') on the Project is now underway and is expected to take approximately 12 months to complete. Drilling at Hayes Creek to support the DFS and potentially extend mine life commenced this month and environmental, metallurgical, and engineering aspects of the Project are also progressing. We look forward to providing updates to investors as results become available and milestones are achieved.

Following a recent over-subscribed capital raising, PNX is well funded to accelerate its exploration activities in the under-explored and highly prospective Pine Creek region of the NT.

Early results from regional exploration are positive having identified several new base metals targets that are now the subject of geophysical surveys ahead of drilling. 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. A considerable amount of work is planned between now and the onset of the wet season which will result in strong news flow as results become available.

The planned regional exploration expenditure will go a long way towards PNX satisfying the expenditure required for the 90% interest second stage earn-in under its farm-in agreement with TSX-listed Kirkland Lake Gold Ltd (TSX:KL).

Concurrently with its recent capital raising, PNX agreed to convert an outstanding loan and convertible notes to shares with the holders at a premium to the current share price. The conversion is conditional upon PNX shareholder approval, to be sought at today's meeting. Should the resolutions be passed successfully, and subject to any other regulatory approvals required, the Company will be debt-free and well positioned to continue with its activities.

The Board and management are confident that the continued exploration work and completion of studies at Hayes Creek in 2018 will build confidence in what is a robust development opportunity with considerable growth potential that could deliver strong returns for PNX shareholders.

In closing, I would like to take this opportunity to express my thanks to my fellow directors, management and staff for their dedication and work during the past 12 months.

I also take this opportunity to thank all shareholders for your continued support of PNX and I look forward to providing further updates as our activities move forward in 2018.

Graham Ascough
Chairman
PNX Metals Limited