Gold, Silver and Zinc Project Development & Exploration

PNX Metals Limited
ABN 67 127 446 271
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- Not all information necessary for investment decisions is contained herein and investors are encouraged to conduct their own research and analysis of PNX Metals Limited in conjunction with legal, tax, business and financial consultation before making financial investments.

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- This presentation contains forward-looking statements. These forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. However, future events are subject to risks and uncertainties, and a number of factors could cause actual results, performance and achievements to differ materially from the expectations expressed or implied in the forward looking statements contained in this presentation. These factors include movements in commodity prices and exchange rates, and the continued availability of capital and financing.

- The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Andrew Bennett a Competent Person who is a Member of the Australian Institute of Mining And Metallurgy. 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 consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.
PNX aims to create wealth for its shareholders by developing the Hayes Creek gold-silver-zinc project, and through successful exploration in the Pine Creek region of the Northern Territory.
Corporate Overview

**Capital Structure**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tr>
<td>Current Share Price</td>
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<td>Shares on Issue</td>
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<td>Cash</td>
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<td>Loan/Convertible Notes</td>
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<td>Enterprise Value</td>
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**Board & Management**

- **Graham Ascough**: Non Executive Chairman
- **James Fox**: Managing Director & CEO
- **Paul Dowd**: Non Executive Director
- **David Hillier**: Non Executive Director
- **Peter Watson**: Non Executive Director
- **Tim Moran**: Co Sec & CFO
- **Andy Bennett**: Exploration Manager

**Share Price & Volume**

- **Metal Stream**: 14 JUL 2016
- **Scoping Study**

**Top Shareholders**

- HSBC Custody Nominees: 12.8%
- Marilei International Ltd: 10.7%
- Sochrastem SA: 9.8%
- Asia Image Ltd: 8.6%
- Directors & Management: 4.4%
- Top 20 holding: 80.7%

1. As at 20 July 2016.
2. 12.9m shares in Avalon Minerals (ASX:AVI)
3. Unsecured loan of $1.2m for AVI share purchase, to be settled from the sale of AVI shares with PNX shares to be issued to make up any shortfall. 3.5 years remaining on loan term. $0.6m of convertible notes on issue which are convertible to PNX equity at $0.05 per share at the election of PNX by May’19.
PNX: a Compelling Investment

- Hayes Creek: High-grade gold-silver-zinc VMS deposits at Iron Blow & Mt Bonnie
- Total estimated Inferred & Indicated resources: **257Koz gold, 16.3Moz silver, 178Kt zinc, 41Kt lead & 11.5Kt copper**
- Hayes Creek Scoping Study: strong financial returns, fast payback, modest CAPEX
- Aim to develop an operation: >7 year mine life, producing annually **14Koz gold, 1.3Moz silver, and 14Kt zinc**
- Potential lowest quartile C1 cash costs on net zinc basis
- **$1.6M funding for Pre-Feasibility provided by forward sale of 224,000oz silver**
- Project upside - further resource definition and metallurgical optimisation
- **Gold exploration focus for 2H’16**

*See Appendix Notes Relating to Mineral Resources*
To unlock the Potential of the Pine Creek region by:

- Developing the Hayes Creek Au-Ag-Zn project
- Focusing on our strength as a **quality exploration and development company**
- Discovering economic gold and base metals mineralisation
- Targeting **high-value, highly profitable deposits**, with **fast payback** potential

**PNX Projects Category**

1. Mineral Reserves
2. Mineral Resources
3. Brownfields (near-mine) exploration
4. Greenfields exploration
Selected Polymetallic Mines and Projects: ranking by mineral resource relative value and size

Source: SNL Mining & Metals, Terra Studio. EV = Enterprise Value as at 24 June 2016. Zinc equivalent grades and metal contents calculated using the following metal prices: copper $2.10/lb, gold $1,250/oz, lead $0.80/lb, silver $15/oz and zinc $0.85/lb
PNX undervalued?

- PNX provides exposure to gold, silver and zinc
- PNX Hayes Creek superior to many on grade-equivalence, capital intensity, & proximity to infrastructure
- Gold developer comparisons PNX AuEq JORC resource (748koz*)
- Short term share-price catalysts include drilling near-surface gold targets & PFS advancement
- Long term value in exploration tenure

*Pricing as at 30/06/16. See Appendix Notes Relating to Mineral Resources
Improving prices = positive impact

- Since Dec 2016:
  - A$ silver up 31% to A$25.4/oz
  - A$ gold up 21% to >A$1,790/oz
  - A$ zinc up 35% to A$2,850/t

- Significant portion of potential revenue from Hayes Creek derived from precious metals

- Strongly leveraged to improving metals prices

*Pricing as at 30/06/16
- ~170km by public highway from Darwin, good access to markets & services
- Fixed price and low cost engineering available
- Site location – Brocks Creek
  - Proposed location for process plant, ~20km from pit head
  - Core shed and office facilities
  - High voltage grid power, 66kV power line
  - Historic open pits envisaged for in-pit tails deposition
- Camp facilities in Pine Creek (~40km by road)
- Newmarket (TSX: NMI) mining operations in close proximity
Hayes Creek Mineral Resources

- High-grade resource base across two VMS deposits
- Located less than 3km apart on granted MLs
- Near-surface mineralisation containing significant gold and silver grades (5.91g/t AuEq average resource grade)
- Additional gold rich zones identified outside boundaries of existing resource at Iron Blow
- Limited deeper drilling, both deposits remain open

### Deposit Details

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TOTAL Indicated & Inferred 3,885 4.59 1.05 0.30 130 2.05 10.29 5.91

See Appendix for full details of Mineral Resources
Mt Bonnie: Low cost open-pit mining

- Near-surface sulphide mineralisation amenable to open-cut mining
- Very high-grade Au-Ag-Zn homogeneous massive sulphide lens
- Historically mined for high-grade oxide gold & silver
- Strip ratio 8:1, granted MLs
- Open cut mining assessment uses a conventional truck and shovel method
- Estimated mining inventory of 0.7Mt containing:
  - 42,000 oz gold @ 1.78g/t
  - 4 Million oz silver @ 173g/t
  - 40,000t zinc @ 5.56%
- Open near-surface to the South and at depth, **drilling planned (2H’16)**
- Less than 3km from 2nd VMS at Iron Blow

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1. Mt Bonnie historical pit looking to the NW
2. Whittle pit shell (white) for Mt Bonnie looking S, blue zone represents the orebody
Iron Blow: Underground model

- Multiple stacked massive sulphide lenses
- Industry standard sub-level open stope mining with cement rock fill envisaged
- 2.7g/t AuEq cut-off used to define mining inventory, consistent with other UG mines in the region
- Estimated mining inventory of 2.1Mt containing:
  - 150,000 oz gold @ 2.22g/t
  - 8.9 Million oz silver @ 133g/t
  - 100,600 t zinc @ 4.83%
- Drilling planned late-2016 to increase resource definition
- Open at depth where previous drilling intersected:
  - 8m @ 10.8g/t Au from 327m in hole IBDH007 in low sulphur material*
- Potential for gold breccia zone not in resource

*refer ASX release 18 Aug 2014
PFS underway: de-risk & optimise process to maximise revenue streams

Standard flowsheet design based on PNX and historical metallurgical test-work

Conventional crushing, milling and flotation (incl. regrind)

Target modest capex $50-60M

Clean zinc concentrate + silver/gold rich concentrate followed by gold/silver bullion

Target improved recoveries (and grades) to increase metal revenues, e.g. nil lead/copper being paid but TC/RC’s assumed

Historical test-work on Mt Bonnie sulphides suggests an overall gold recovery of up to 92.5% could be achieved

*refer ASX release 19 Jan 2016 for further details of Metallurgical test-work
1. Dedicated Project Manager appointed June’16 – Metallurgical Engineer with proven record of successful project development

2. PFS Metallurgical optimisation;
   i. increase recoveries of payable metals to final products - **strong leverage to NPV**
   ii. decrease potential penalty and/or deleterious elements - **clean concentrates**
   iii. Investigate benefits of producing bullion (Scoping Study assumption) vs precious metals concentrate – **direct high payable cashflow**
   iv. Investigate potential revenue from lead/copper concentrates (assumed nil in Scoping Study) - **maximise potential revenue streams**

3. PFS Drilling;
   i. Upgrade mining inventory to ‘Indicated’ resource category for both deposits
   ii. Test for extensions to mineralisation beyond resource boundary
   iii. Potential to add additional gold resources at Iron Blow to enhance value

4. Ongoing approvals and stakeholder engagement toward decision to mine

5. Commence optimisation - process plant, infrastructure, engineering studies, tails treatment, waste dumps, route to market

6. Increase Capital and Operating Cost estimate confidence, ultimately to DFS level
$1.6M PFS funding provided by forward sale of 224,000oz of silver

$0.2M R&D claim funds received July 2016

$85K drilling co-funding by NT CORE for two greenfield programs

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<td>Newmarket Exploration Earn in to 51% - $0.6M</td>
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<td>Newmarket Exploration Earn in to 90% - $2.0M</td>
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Regional exploration: target Cosmo style setting
Burnside Project Prospectivity Analysis

Criteria for Prospectivity Analysis

- Presence of prospective host rocks
- Proximity to granites, structural traps and major faults
- Proximity to known mineral occurrences & mines
- Soil & streams geochemistry anomalies, airborne EM survey targets

3 clear areas of focus emerging for PNX exploration

1. Hayes Creek/Golden Dyke
   - Near mine growth potential, primary mineralisation beneath historic open pits

2. Cosmo-Howley anticline
   - Large zone of interest, numerous existing gold deposits, limited deeper drilling

3. Mt Ellison
   - Multi-commodity zone (Au, Cu, Pb, Zn), historic mining, no modern exploration
Regional exploration: Untested potential
Burnside, Moline & Chessman projects

- Widespread gold occurrences
- Prospective geological region with known gold resources of 9Moz, and >3Moz produced*
- Historical exploration limited to outcrop areas
- Little modern exploration below ~30m, limited deeper drilling into sulphide zones
- Since mid-1980s gold exploration & production has concentrated on low-grade bulk open-cut mining
- Large amount of exploration data (EM, soils, drilling) with numerous quality targets
- Strong potential for discovery of additional economic mineralisation
- Drilling gold exploration targets commencing at Langley's late July

*Ahmed & Hollis 2013 (produced Au oz just within the Burnside project lease area above (shaded yellow)
High-grade primary mineralisation - **RC drilling to commence July’16**

- Target extensions to known gold mineralisation beneath and along strike from historical workings at Langleys and into the neighbouring Shady Camp area
- Shallow historic open pits with open intercepts in primary mineralisation **over 400m strike length**
- Diagram above shows drilling intercepts in unmined material below existing open-pits
- Aim to define mineralisation to complement Hayes Creek resources located <5km to the north-east
Burnside: Santorini gold

- Large >0.1g/t gold in soils anomaly over a 2km strike length
- Defined by WMC in the early 1980s
- Mining areas with existing mineral resources in close proximity*
- Well mineralised trend located on the Cosmo-Howley Anticline
- Numerous near-surface ore-grade historical intercepts including: FSDR264 3m @ 6.25g/t from 18m, and FSDR245 1.5m @ 20g/t from surface
- Historic deeper drilling intercepted mineralisation: FSDD21 - 1m @10.5g/t from 286m ‘evidence of deeper system?’
- Potential for large tonnage near-surface oxide gold resource with near-term development

*Newmarket Gold July 2013
Burnside: Barossa VMS

- Greenfield target
- 9 strong late-time VTEM anomalies – potential VMS camp – area untested
- High-value target
- Strength and geometry consistent with high concentrations of massive sulphides
- Similarities to Iron Blow VMS deposit
- 2 initial holes planned, recipient of NT drilling collaborations co-funding program
Moline: More gold rich areas

- ~25km east of Burnside
- Mining ceased at Moline in 1992 due to catastrophic plant failure (fire)
- Remaining non-JORC historic gold 52,400 oz Au @ 2.62g/t* (sulphides)
- Historic pits at Moline, Hercules & School open at depth
- Primary targets: steeply plunging high-grade gold shoots below historic open pits
- Historical open assays at Hercules include*:
  - MEX003 16m @ 12.45g/t Au
  - MRCD117 8m @ 9.67g/t Au
  - MEX001 7.7m @ 6.22g/t Au, including 0.3m @ 124g/t Au
- Previous exploration primarily targeted gold deposits in the oxide zone

*Moline Management Pty Ltd, Reserves and Resource as at 1 Jan 1992
PNX Metals: Plenty of news, lots happening

- High-grade gold-silver-zinc rich VMS deposits, existing infrastructure corridor
- Total estimated Inferred & Indicated resources containing **257Koz gold, 16.3Moz silver & 178Kt zinc**, 49Kt lead & 11.5Kt copper
- Scoping Study - strong financial returns, fast payback <2yrs, modest CAPEX ~$54M
- Target average annual production of **14Koz gold, 1.3Moz silver, 14Kt zinc** over at least a **7 year mine life**
- PFS funded by forward sale of **224,000oz silver**, PFS completion by mid-2017
- Project upside - further resource definition and metallurgical optimisation
- **Gold exploration focus for 2H’16 – high-grades, multiple targets**
- PNX undervalued in relation to its peers

Visible and achievable path to commercialisation with no known impediments

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Appendix

• Mineral Resources Tables
• Mineral Resource Notes
• Process Flow Diagram
• Exploration Earn-in Information
• Metal Stream key terms and conditions
• Project Benchmarking
• Board & Management Team
## Hayes Creek Mineral Resources

<table>
<thead>
<tr>
<th>Contained Metal</th>
<th>Zn (t)</th>
<th>Au (oz)</th>
<th>Ag (oz)</th>
<th>Pb (t)</th>
<th>Cu (t)</th>
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See next page *Notes Relating to Mineral Resources* and ASX release 31 March 2016 for further information.
Notes relating to Mineral Resources

- Due to effects of rounding, totals may not represent the sum of all components.
- Mt Bonnie - zinc domains are reported above a cut-off grade of 1% zinc, gold domains are reported above a cut-off grade of 0.5 g/t gold and silver domains are reported above a cut-off grade of 50 g/t silver.
- Iron Blow - a variable gold-equivalent cut-off grade was used corresponding to an RL at which mineralisation could be extracted with open cut versus underground methods.
- In order to assess the potential value of the total suite of minerals of economic interest in the mineral inventory, formulae were developed to calculate metal equivalency for the gold and zinc (see below). Metal price assumptions were updated during the Mt Bonnie estimation to reflect average consensus forecasts for the period 2017 through 2021, (consensus forward price forecasts compiled from a group of domestic and international mining analysts and financial institutions).
- Metallurgical recovery information for Iron Blow was assigned prior to any diagnostic test work by PNX and was based on what was considered reasonable in similar operations. Metallurgical recovery information for Mt Bonnie was sourced from test work completed on diamond drill core from the Iron Blow deposit, and historical test work on the Mt Bonnie deposit. Mt Bonnie and Iron Blow have similar mineralogical characteristics and are a similar style of deposit, hence the assumption that metallurgical characteristics are similar between the two deposits is considered reasonable by the Competent Persons.
- The formulae below was applied to the estimated constituents to derive the metal equivalent values:
  - Gold Equivalent (field = “AuEq”) (g/t) = (Au grade (g/t) * (Au price per ounce/31.10348) * Au recovery) + (Ag grade (g/t) * (Ag price per ounce/31.10348) * Ag recovery) + (Cu grade (%) * (Cu price per tonne/100) * Cu recovery) + (Pb grade (%) * (Pb price per tonne/100) * Pb recovery) + (Zn grade (%) * (Zn price per tonne/100) * Zn recovery) / (Au price per ounce/31.10348)
  - Zinc Equivalent (field = “ZnEq”) (%) = (Au grade (g/t) * (Au price per ounce/31.10348) * Au recovery) + (Ag grade (g/t) * (Ag price per ounce/31.10348) * Ag recovery) + (Cu grade (%) * (Cu price per tonne/100) * Cu recovery) + (Pb grade (%) * (Pb price per tonne/100) * Pb recovery) + (Zn grade (%) * (Zn price per tonne/100) * Zn recovery) / (Zn price per tonne/100)
- Spot pricing for ZnEq or AuEq grade quotations is as per the Resource Estimations. Payability factors are taken into account where a AuEq resource is quoted, not for ZnEq. Market closing ASX prices and estimated cash balances/EV adopted for peers is subject to error and adjustment, and no warranty is provided as to the accuracy of such numbers, forecasts, estimates or comparisons shown. Mine planning quoting largely inferred resources is high risk, and recent ASIC guidelines regarding scoping study releases are to be considered by any investors considering investment.
Indicative Process Flow Diagram
Additional Information: Exploration earn-in

- **Transaction with Newmarket Gold (NMK), announced August 2014**
- **Acquired Tenements (100%) – Hayes Creek Project**
  - 14 Mineral Leases (containing Iron Blow and Mt Bonnie deposits) for a 2% royalty over gold and silver in concentrate
  - NMK can clawback 30% within 6 months of PFS by paying 3x expenditure
- **Earn-in Tenements (up to 90%) – Burnside, Moline and Chessman Projects**
  - 19 exploration licences, and 4 mineral leases covering 1,700km²
  - PNX to earn 51% by spending $2M over 2 years (excluding Uranium), which can include up to $0.5M spent on the Acquired Tenements
  - PNX to earn up to 90% by spending a further $2M within a further 2 years (excluding Uranium), which can include up to a further $0.5M spent on the Acquired Tenements
  - NMK can acquire 90% of any 2012 JORC compliant gold and silver deposit within 6 months of resource being announced by paying 3x expenditure
  - Further $0.5m (in cash or shares) payable to NMK upon completion of a DFS on any NT base metals project within the Acquired or Earn-in tenements
- **PNX has spent ~$1.4M (as of 30 Jun 2016) and is required to spend a further ~$0.6M to complete stage 1 of the Earn-in with Newmarket Gold by 15 Dec 2016**
$1.6 million in total, under separate but identically structured Silver Streaming and Royalty Agreements (Agreement) signed with two investors (Investor).

Each Agreement results in the forward sale of 112,000 troy ounces (oz) of silver for $0.8 million to be delivered at a rate of 14,000 oz per quarter (56,000 oz per year) for 2 years once commissioning and ramp up of the Project is complete, expected to be in 2019.

Each Investor may exercise an option (Option), within 3 months of completion of the PFS, to increase the amount of silver by 56,000 oz to be delivered over a further one year period for payment, made at the time of exercising the option, of $0.4 million.

At the end of the two year (or, if the Option is exercised by an Investor, three year) silver delivery period, each Investor will be entitled to a 0.24% (or 0.36%, if the Option has been exercised) Net Smelter Return (NSR) royalty. The NSR royalty applies in respect of gold and silver produced from the Hayes Creek Project, and will be paid for a 5 year period from the end of the silver delivery period.

PNX can buy back the NSR royalty from an Investor prior to production commencing for $0.27 million (or $0.4 million, if the Option is exercised).

If production at the Hayes Creek Project has not commenced within 5 years and PNX or an Investor elects to terminate the Agreement, the forward payment made by that Investor ($0.8 million, or $1.2 million, if the Option has been exercised) converts to PNX shares based on a 30 day VWAP. The NSR royalty will also apply in these circumstances in relation to each tenement comprising the Hayes Creek Project for 5 years from when production commences on that mining tenement.

If shareholder approval and/or Foreign Investment Review Board approval is required but not received in relation to the conversion to shares then the applicable forward payment is to be repaid in cash.

If production at the Hayes Creek Project is suspended for 12 consecutive months during the silver delivery period and PNX or an Investor terminates the Agreement then the amount that converts to PNX shares, or is to be repaid in cash, is an amount equal to that portion of the forward payment representing the undelivered silver. The NSR royalty will also apply in this circumstance in respect of each mining tenement comprising the Hayes Creek Project for 5 years from when production recommences on that mining tenement.
Hayes Creek: In good company

Selected Polymetallic Mines and Projects:
ranking by mineral resource relative value and size

Source: SNL Mining & Metals, Terra Studio. EV = Enterprise Value as at 24 June 2016. Zinc equivalent grades and metal contents calculated using the following metal prices: copper $2.10/lb, gold $1,250/oz, lead $0.80/lb, silver $15/oz and zinc $0.85/lb
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<th>Board / Management</th>
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| **Graham Ascough**         | Non Executive Chairman  
Senior resource executive and geophysicist with more than 25 years of industry experience. Strong technical background and current Non-executive Chairman of four ASX listed companies. |
| **James Fox**              | Managing Director & CEO  
20 years experience in a variety of technical roles in the mining industry. Previously responsible for development and operation of Nickel Laterite Heap Leach at Murrin Murrin Operations, and Process Manager at Nifty Copper Operations. |
| **Paul Dowd**              | Non Executive Director  
45 Years in mining industry. Former MD of PNX Metals Ltd and of Newmont Australia and former director of Macarthur Coal and AuRico Gold Australian entities. Current NED of Oz Minerals Ltd, and ERA. Chairman of the CSIRO Minerals Resources Sector Advisory Council, and an Advisory Board Member of the South Australian Minerals and Petroleum Expert Group (SAMPEG) and the University of Queensland – Sustainable Minerals Institute. |
| **David Hillier**          | Non Executive Director  
A Chartered Accountant with more than 30 years experience in commercial aspects of the mining industry. Former CFO and Executive Director of Mineral Securities Ltd and CEO of Buka Gold Ltd. Current Executive Chairman of a private exploration group. |
| **Peter Watson**           | Non Executive Director  
45 Years in corporate law. Founder and Partner at Watsons Lawyers, former Partner of Norton Rose and former Group Legal Counsel and Group Executive of Normandy Mining Limited. Founder of PNX Metals. |
| **Tim Moran**              | Co Sec & CFO  
Former CFO and Company Secretary of Canadian listed oil and gas company, former Senior Audit Manager at KPMG Adelaide. |
| **Andy Bennett**           | Exploration Manager  
More than 20 years experience in the exploration & mining industry with roles in a wide variety of geological settings at both junior and large companies. Former BHP Billiton Chief Geologist during the Olympic Dam open pit expansion studies, and former Exploration Superintendent at WMC Resources. |
| **David Readett**          | Project Manager  
30 years in mining industry. Chartered Professional Metallurgical Engineer (FAusIMM CPMet) involved in test work, process flowsheet development, design, construction, commissioning, optimisation, operation and management of numerous metallurgical projects specialising in base metals and gold. Involved with a number of Australian based projects and operations with extensive overseas experience in the Americas, Europe, Africa, and South-East Asia. |