



Capital Raising Presentation  
April 2019

An Australian Zinc and  
Precious Metals  
Development Company

# Disclaimer & Important Notes

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# Disclaimer & Important Notes

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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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- The Hayes Creek Project ("Project") production target and the forecast financial information and income-based valuation derived from the production targets reported in this document are based on Mineral Resources which are classified as 98% Indicated and 2% Inferred. There is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will result in their conversion to Indicated Mineral Resources, or that the production targets themselves will be realised. The Company is however satisfied that the use of 2% Inferred Mineral Resources in the production targets is not the determining factor in the overall viability of the Project and that it is reasonable to include this 2% Inferred Mineral Resources component. The Company cautions that there is no certainty that the production targets or the forecast financial information and income-based valuation derived from the production targets will be realised.
- This document contains 'forward-looking statements' that are based on the Company's expectations, estimates and projections as of the date on which the statements were made. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.
- The Company believes there is a reasonable basis for the Project's production targets and the forecast financial information and income-based valuation derived from those production targets provided in this document. In addition, the forward-looking statements are based on the Company's belief that it has reasonable grounds to expect that funding will be secured to advance the Project through to the completion of a DFS and that the capital costs of the Project will be financed. There is no certainty, however, that sufficient funding will be raised by the Company when required.
- Refer to PNX's ASX announcement 12 July 2017 regarding the Hayes Creek Pre-Feasibility Study (PFS) for detail on the material assumptions underlying the PFS, and for further information on the basis for forward-looking statements related to the Hayes Creek Project.
- 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 is a consultant to the Company and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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# PNX Metals Limited

*Precious & Base Metals Development Company with Australian assets*



Mt Bonnie Open-pit

## **Company Background**

- PNX owns the Hayes Creek zinc-gold-silver Project in Northern Territory
- A 2017 PFS demonstrates the potential for a low-cost, high-margin Australian zinc and precious metals mine at Hayes Creek
  - Proposed +7 year mine-life with zinc/gold/silver in concentrates ~40kt ZnEq pa
  - Marketing & offtake discussions well advanced
- Successful near-mine and regional exploration in 2018
  - New gold discoveries and potential expansion of existing Mineral Resources
- New Mineral Resource estimate anticipated in May 2019

## **Capital Raising to Fund DFS**

- Underwritten rights issue to raise \$5.5m
- Funds to complete Hayes Creek definitive feasibility study (“DFS”), regulatory approvals, ongoing exploration and project development work

# Corporate Overview

A Junior Resources Company with Supportive Major Shareholders



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## Capital Structure

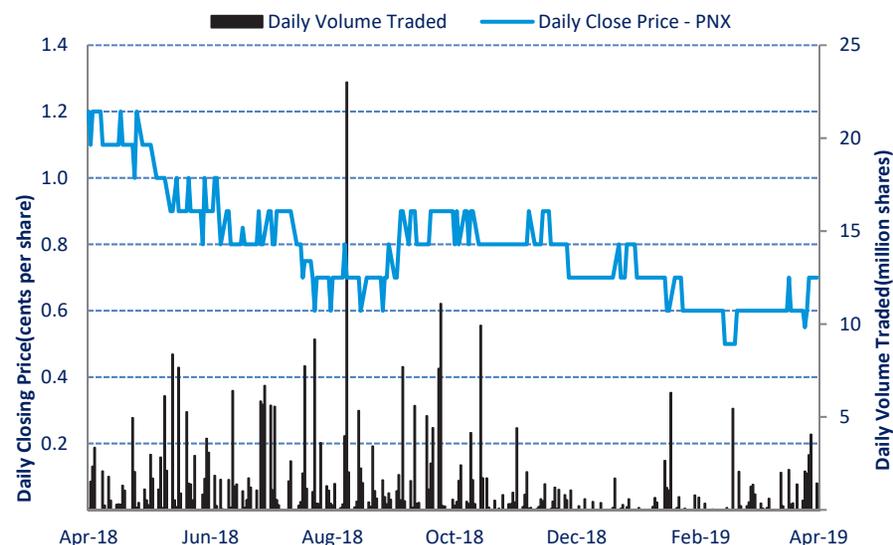
	Pre Offer	Post Offer
Shares <sup>1</sup>	1,522m	2,435m
Options	519m	519m
Share price (16/04/19)	\$0.007/sh	\$0.007/sh
Market Capitalisation	\$10.7m	\$16.1m
Cash (A\$m) <sup>2</sup>	\$1.0m	\$7.1m
Debt (A\$m)	Nil	Nil
Enterprise Value (A\$m)	\$9.1m	\$9.1m

1. Assumes 913m Shares are issued under the Rights Issue (fully subscribed)
2. Pre Offer cash balance is at 31 December 2018 and the Rights Issue proceeds of \$5.5m are shown before costs

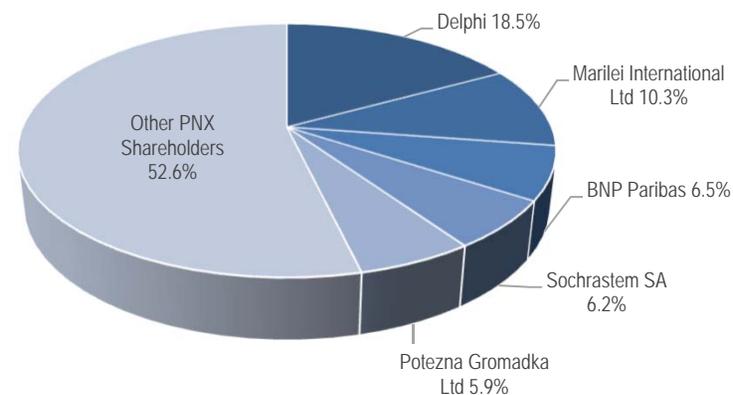
## Board & Management

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
Angelo Gaudio	CFO/Company Secretary

## Share Price



## Substantial Shareholder Breakdown



## Section 1

# Details of the Rights Issue



# Capital Raising to Deliver DFS

*Underwritten Rights Issue, with offer for Sub-Underwriters to participate*



<b>Offer Structure</b>	<ul style="list-style-type: none"> <li>Underwritten, non-renounceable pro-rata rights issue on the basis of three (3) new fully paid ordinary shares (“Shares”) for every five (5) existing shares (“Rights Issue” or “Offer”)</li> <li>Rights Issue will raise ~\$5.48m (before costs) via the issue of approximately ~913m Shares</li> <li>Underwritten by Major shareholder DELPHI Unternehmensberatung Aktiengesellschaft (“Delphi”) and Hartleys Limited (“Hartleys”)</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>The Offer Price of 0.60 cents per Share, represents:             <ul style="list-style-type: none"> <li>3.6% discount to 30-day VWAP of 0.62 cents per share</li> <li>14.3% discount to last closing price of 0.70 cents per share</li> <li>9.4% discount to TERP<sup>1</sup> based on last closing price of 0.70 cents per share</li> </ul> </li> </ul>
<b>Underwriting &amp; Support from Shareholders</b>	<ul style="list-style-type: none"> <li>PNX has received irrevocable undertakings from existing shareholders, including from substantial shareholder Sochrastem SAS, to apply for \$850,000 in total of shares under the Rights issue Commitments</li> <li>Delphi has agreed to take up its rights and underwrite the balance of the Offer, excluding the Commitments, subject to the terms of the Delphi Underwriting Agreement</li> </ul>
<b>Sub-underwriting Invitation Period</b>	<ul style="list-style-type: none"> <li>PNX, through Hartleys, will invite eligible investors to participate in the capital raising by way of a sub-underwriting invitation period</li> <li>Delphi’s underwriting commitment will be reduced to the extent of allocations to sub-underwriters secured during the Invitation Period</li> </ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"> <li>The proceeds of the Rights Issue will be used to fund the completion of a DFS at the Company’s Hayes Creek Project in the Northern Territory of Australia, as well as for related exploration and working capital</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>Shares will rank equally with existing the Company current fully paid ordinary shares on issue</li> </ul>
<b>Other Information</b>	<ul style="list-style-type: none"> <li>Hartleys is appointed as Lead Manager</li> <li>Investors should have regard to the Offer Document once it is issued for further details of the Offer</li> </ul>

1. The Theoretical Ex-Rights Price (“TERP”) is the theoretical price at which PNX shares should trade after the ex-date for the Rights Issue. TERP is calculated by reference to PNX’s last closing share price of 0.70 cents per share, being the last trading day prior to entering a trading suspension on 16/04/19. TERP is a theoretical calculation only and the actual price at which PNX shares trade immediately after the ex-date of the Rights Issue will depend on many factors and may not be equal to the TERP.

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# Use of Funds

*De-risking the completion of the Hayes Creek DFS*



- PNX to progress the development of Hayes Creek with completion of a DFS. This includes:
  - Environmental and government approvals;
  - Project management, drilling and assays, technical studies;
  - Metallurgical testwork;
  - An options study for the Fountain Head project;
  - Project holding and management costs;
  - Ongoing greenfield exploration activities; and
  - Working capital and costs of the Rights Issue.

Sources of Funds		Uses of Funds	
Rights Issue <sup>1</sup>	\$5.5m	Project approvals	\$1.2m
Existing Cash <sup>2</sup>	\$1.0m	Drilling, assays, technical studies	\$0.9m
		Metallurgical test work	\$1.1m
		Fountain Head options study	\$0.1m
		Regional Exploration	\$1.2m
		Working Capital	\$2.0m
<b>Total Sources</b>	<b>\$6.5m</b>	<b>Total Uses</b>	<b>\$6.5m</b>

1. Rights Issue proceeds of \$5.5m are shown before costs

2. Pre Offer cash balance of \$1.04 million as at 31 March 2019

# Capital Raising Timetable

*Opportunity for Sophisticated Investors to Participate via Sub-underwriting Invitation Period*



Key Event	Indicative Date & Time (Adelaide time)
Announcement of Rights Issue	Thursday, 18 April 2019
Capital Raising Presentation Released	Thursday, 18 April 2019
Letter to Security Holders Containing Relevant Information	Tuesday, 23 April 2019
Ex-Date	Wednesday, 24 April 2019
Record Date for Rights Issue	6:30pm Friday, 26 April 2019
Rights Issue Opens	Monday, 1 May 2019
Sub-underwriting Invitation Period Commences	Monday, 29 April 2019
Sub-underwriting Invitation Period Closes	5pm Wednesday 8 May 2019
Rights Issue Closes	5pm Friday, 10 May 2019
Notification of Shortfall to ASX (if any)	Wednesday, 15 May 2019
Make Allocations of Stock Pursuant to Shortfall Facility and Underwriting	Friday, 17 May 2019
Issue date for new Shares and Deferred Settlement Trading Ends	Monday, 20 May 2019
Trading of new Shares commences and Holding Statements Despatched	Tuesday, 21 May 2019

All dates and times are subject to change and are indicative only. The Company and the Lead Manager reserve the right to vary these dates and times without notice.

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## Section 2

# PNX Project Overview



# Regional Overview

Exciting gold & base metals opportunities emerging across the region



## Hayes Creek Project

- High-Grade Zn-Au-Ag VMS deposits
- 4.1Mt @ 10.9% ZnEq \*
- PFS completed, DFS underway

## Fountain Head

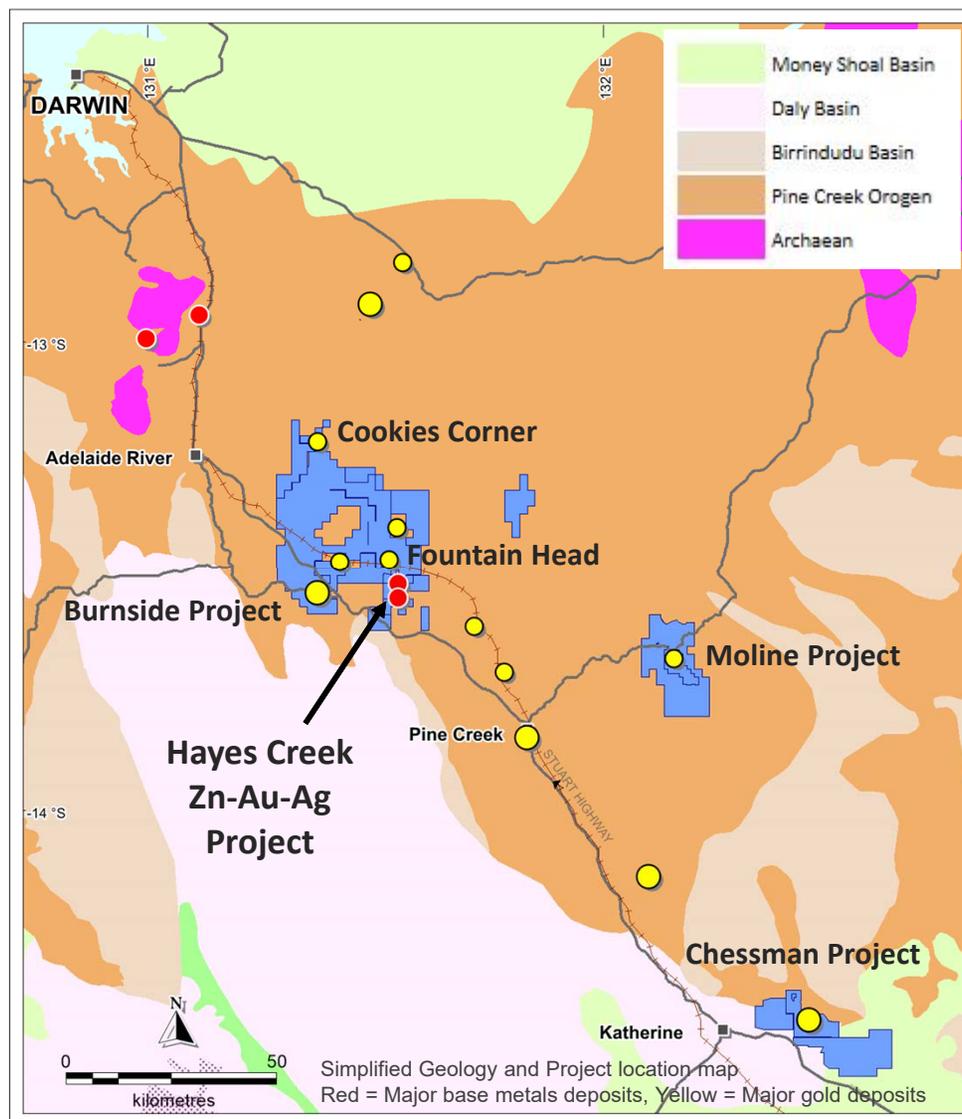
- High grade gold system emerging
  - 6.0m @ 39.5 g/t from 54m <sup>1</sup>
  - 6.7m @ 11.35 g/t Au from 201m
- Potential for expansion of existing open-pit

## Burnside Project

- Cookies Corner discovery with >800m strike of gold mineralisation drilled <sup>2</sup>
- Open in all directions
- Numerous high-class Au deposits locally

## Moline Project

- Historical mining centre 65km from Hayes Creek – resource potential <sup>3</sup>
- Amenable to flotation co-feed for Hayes Creek – test work underway



\*See Appendix for further details on Hayes Creek Mineral Resources, <sup>1</sup>See PNX ASX release 20 December 2018 <sup>2</sup>See PNX ASX release 29 January 2019,

<sup>3</sup>See PNX ASX release 7 August 2018

# Company Strategy

*Two Parallel Strategies Aimed at Unlocking Value for Shareholders*



***PNX is targeting high-value, highly profitable deposits complementary to Hayes Creek. The Company is pursuing two work streams in parallel***

## Project Development Stream



Project development activities, focusing on continually upgrading the project and its economics

## Exploration Stream



Aggressive near mine and regional exploration to unlock the significant potential of this VMS and gold district to provide additional feed to Hayes Creek

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**Section 3**

**Hayes Creek Development Overview**



# Hayes Creek project overview

An Exceptional Mining Project



## Strong Economics

Revenues of \$628 million over an initial 6.5 year LOM, **NPV<sub>10%</sub> \$133 million**<sup>1</sup>

## Excellent Cash flow

**\$41m** estimated pre-tax net cash flow per annum (\$266m LOM)

## Rapid Payback

Payback of capital in less than **15 months** – exceptionally fast, low risk

## Low Capital Hurdle

Upfront capex of **\$58 million** (includes processing facility and mine development)

## Strong Production

18.3ktpa Zn, 14.7kozpa Au, and 1.4Mozpa Ag (~**40ktpa ZnEq**)<sup>2</sup>

## Infrastructure Access

Located in **existing infrastructure corridor** with rail, gas, power and other mining operations, only 170km from Darwin

## Exploration Potential

**Strong near-mine gold and base metal exploration potential**, multiple drill targets

## Commodity Outlook

The supply and demand fundamentals for zinc remain strong, as does the price outlook for gold and silver

<sup>1</sup> Refer ASX release of 12 July 2017 for full details of PFS. The material assumptions underpinning the production targets and the forecast financial information derived from the production targets continue to apply and have not materially changed. Revenues based on forward consensus commodity prices (US\$) & FX rates: Zn \$2,570, Au \$1,289, Ag \$19.4, Pb \$2,129, Cu \$6,366, US\$0.73c

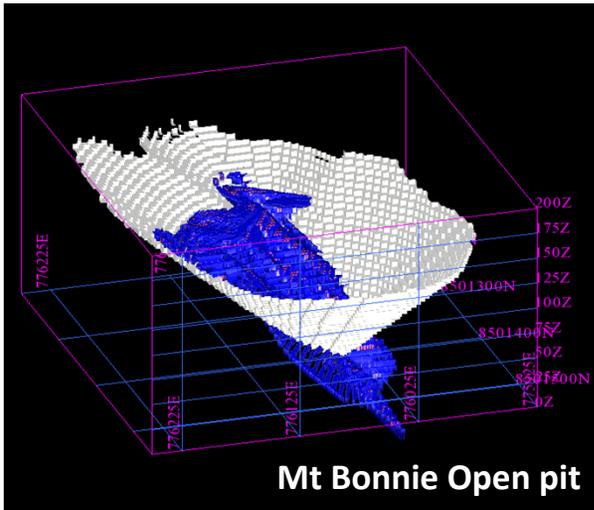
<sup>2</sup> ZnEq = See notes relating to Mineral Resources in Appendix for metal equivalents definitions and assumptions

# Hayes Creek DFS Underway

Two zinc-gold-silver rich VMS Deposits

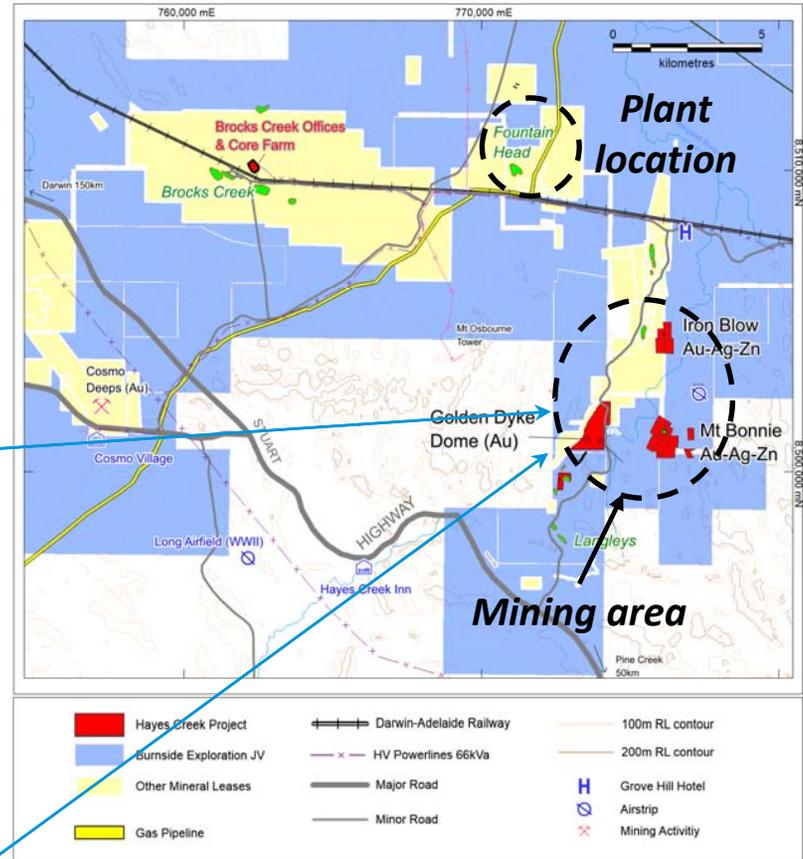


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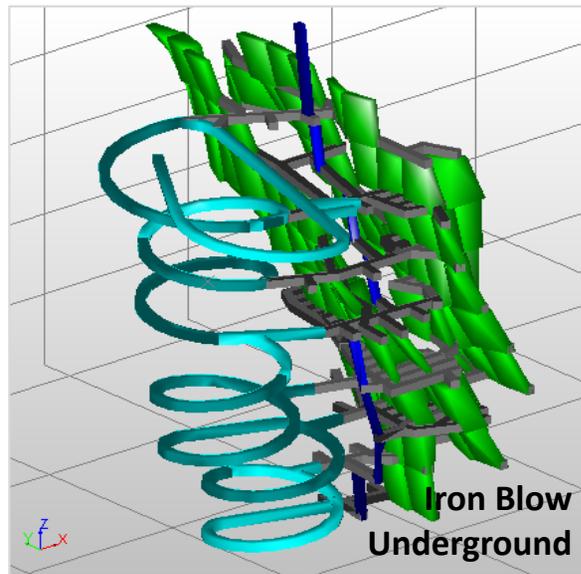


Mt Bonnie Open pit

- ✓ Open-pit mining at Mt Bonnie, then underground mining at Iron Blow
- ✓ 3Mt of high-grade (11.9% ZnEq) Mining Inventory of which 98% Indicated



- ✓ Mining areas sit on granted MLs, less than 3km apart
- ✓ MLs for process plant and tailing site at Fountain Head
- ✓ 15-20km along existing haul roads from mine location



Iron Blow Underground

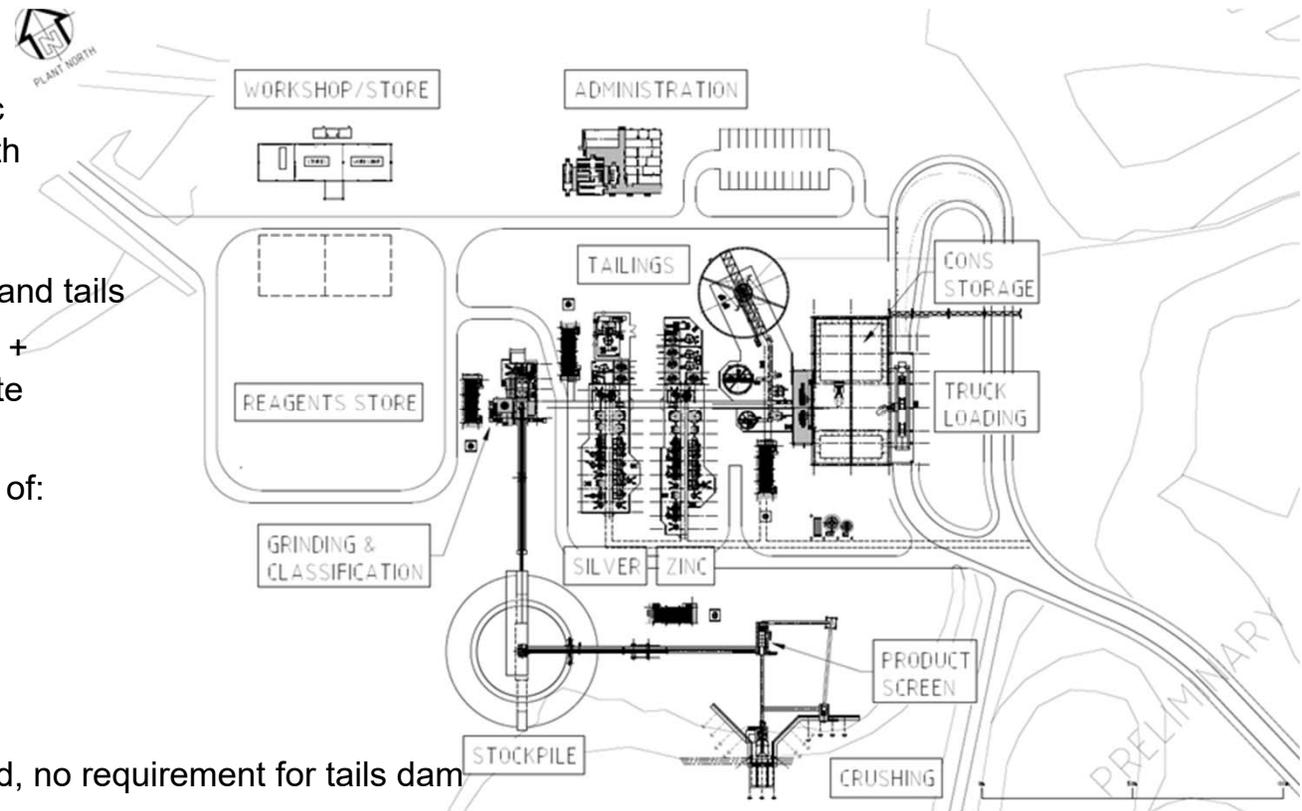
- ✓ Proposed plant location at Fountain Head utilises historic open-pit for TSF, existing water, rail, gas, grid power, camp facilities
- ✓ Good access to markets and services

# Hayes Creek Processing

Zinc concentrate + Precious Metals concentrate



- Plant designed around 450ktpa feed rate
- Planned location at historic Fountain Head, <20km north of mining area
- Process Flowsheet: Crushing, milling, flotation and tails
- Products: zinc concentrate + precious metals concentrate
- Estimated average annual production in concentrates of:
  - **18,300t zinc**
  - **14,700oz gold**
  - **1.4Moz silver**
  - **3,300t lead/copper**
- In-pit tails at Fountain Head, no requirement for tails dam construction
- Ongoing government and environmental approvals, and stakeholder engagement



# Test work identifies New Process Stream

*Potential for material increase in Project gold and silver recoveries*

- Innovative flotation and leaching test work on Iron Blow rougher tails
- New reagent targets residual gold and silver that would otherwise remain unrecoverable
- First pass improved recoveries to a scavenger concentrate by 26.6% gold and 19.9% silver
- Three well known hydrometallurgical processes then applied
  - intense cyanidation,
  - ferric oxidation, and
  - pressure oxidation
- Intense cyanidation achieves additional recoveries of precious metals of at least 10.7% gold and 17.0% silver to doré
- This equates to approximately 13koz Au and 1Moz silver over LoM at Iron Blow potentially creating a new revenue stream for the Project
- This test work will be advanced as part of the DFS and has the potential to increase the already robust economics of the Hayes Creek project as demonstrated by the 2017 PFS



\*See ASX release 10 April 2019

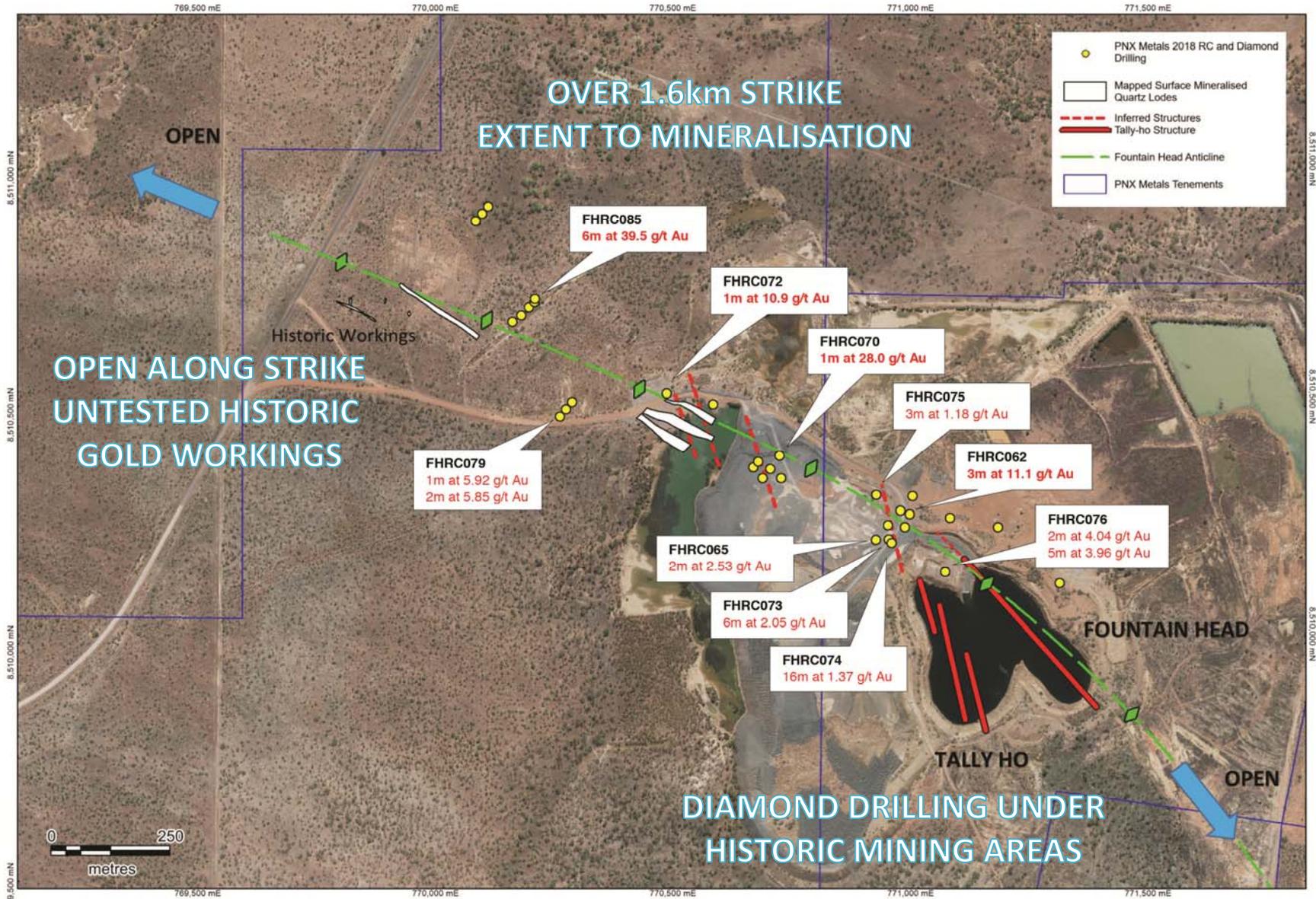
## Section 4

# Exploration Potential



# Fountain Head gold project

Exceptional gold grades, with scale potential



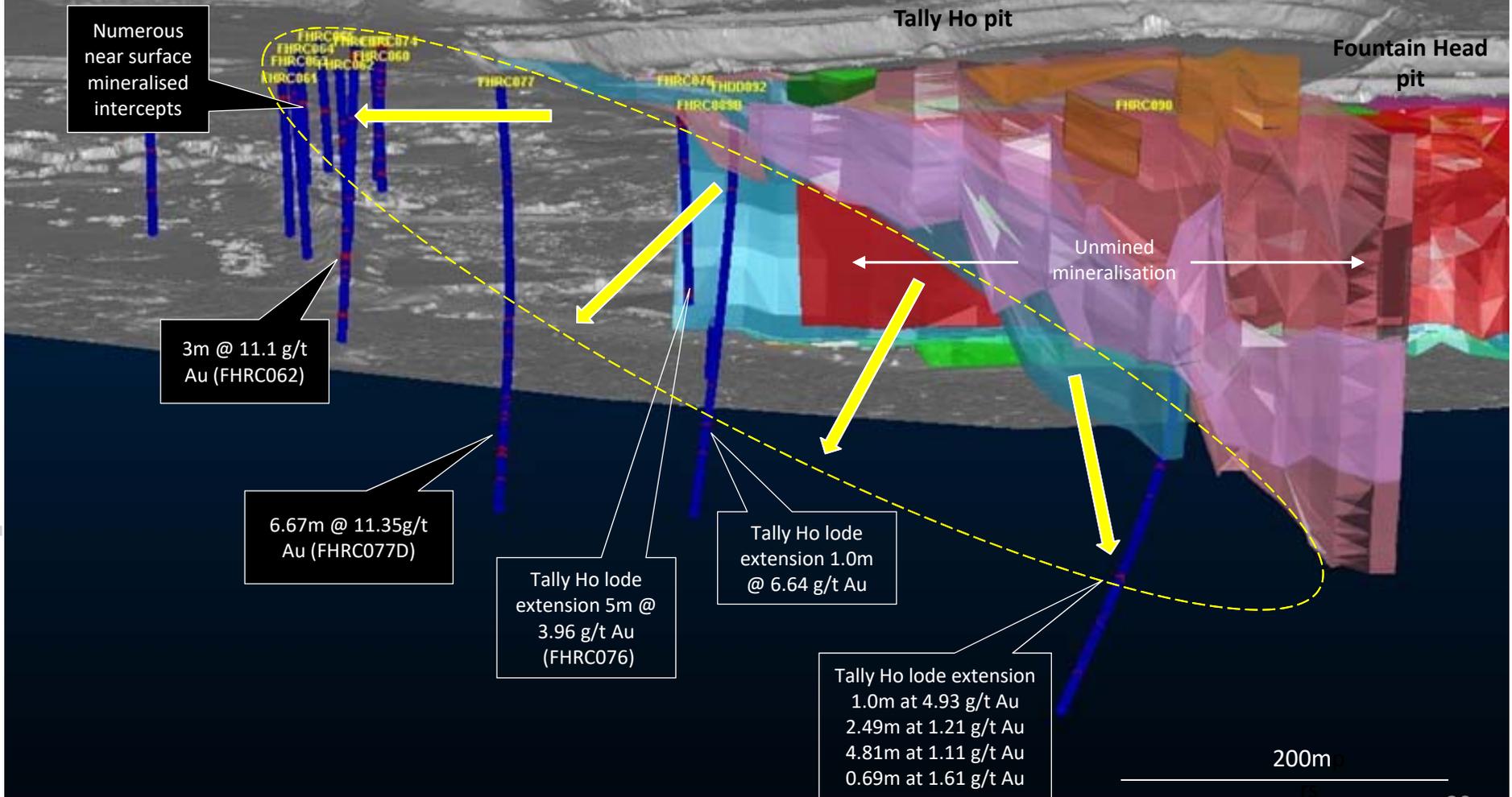
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# Fountain Head gold project

Large scale gold system emerging



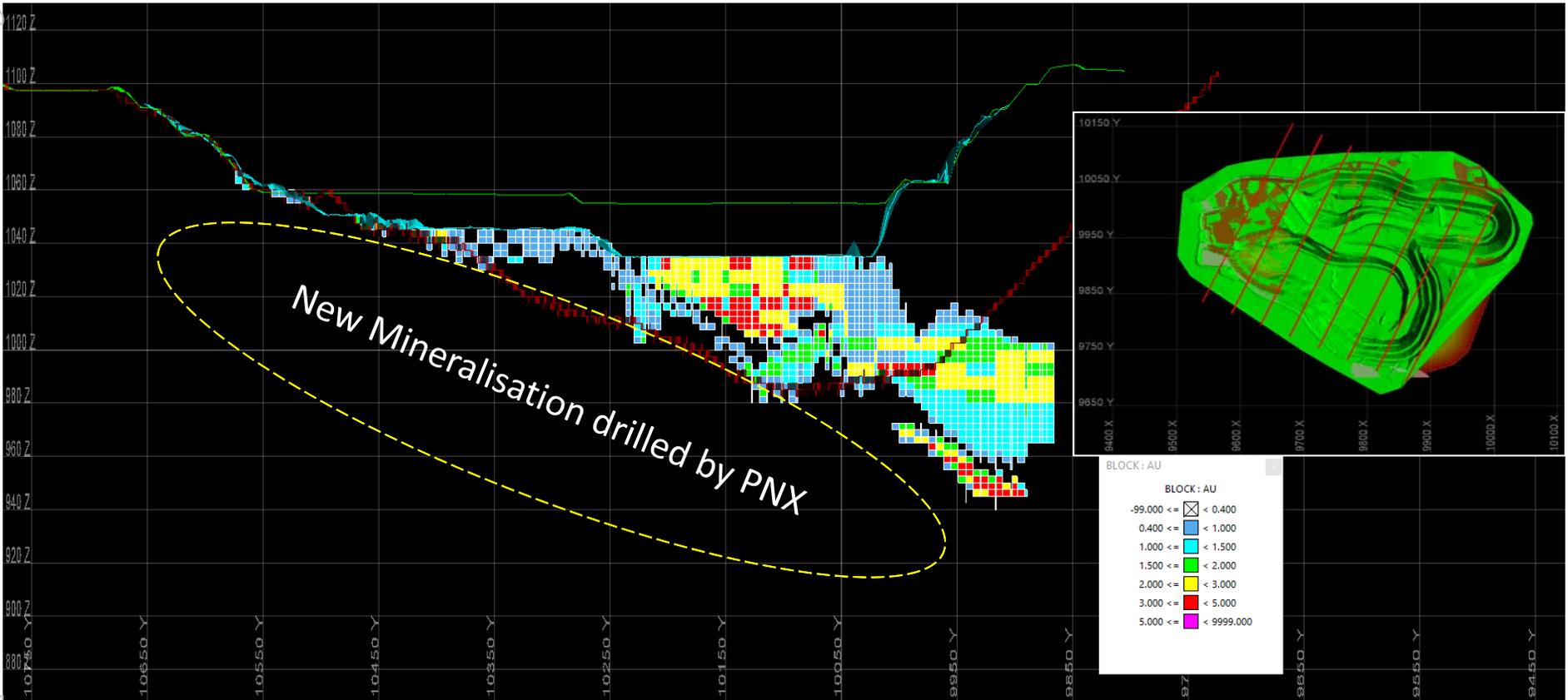
*"The Fountain Head lodes are interpreted to represent the near-surface expression of a larger and previously overlooked gold system, which remains open"*



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# Fountain Head gold project

New Mineral Resource Estimate due following successful recent drilling



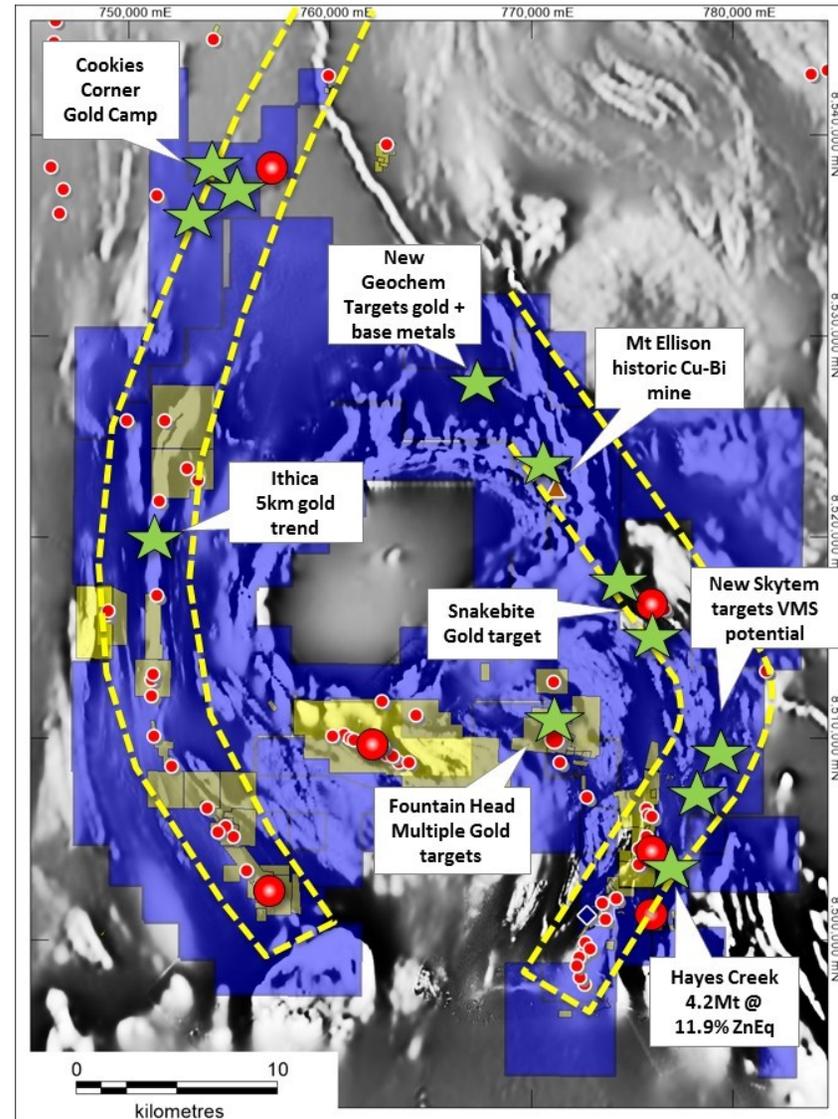
- NEW mineralisation drilled by PNX in 2018 being modelled, potential to significantly increase the size and scale of the deposit
- Optimisation shows opportunity for cutback from surface/ deepening of Fountain Head and Tally Ho
- 80% of gold is contained in Tally Ho deposit and shell extends ~80m below the current mined out pit
- Resource modelling and new pit optimisation underway – due for completion May'19

\*See ASX releases 20 December 2018, 19 September 2018, 22/23 August 2018, 1 August 2018, 23 July 2018 and 14 June 2018

# Burnside Exploration project

Large tenure with untested gold & base metals potential

- Birthplace of the NT gold rush in the 1870's
- **Potential for:**
  - **Multi-million ounce gold deposits (i.e. Callie style deposit, Cosmo Howley)**
  - **VMS i.e. Hayes Creek (4.1 Mt @ 11.9% ZnEq)**
  - **Woodcutters (historical production of 4.65 Mt @ 12.28% Zn, 5.6% Pb, 87g/t Ag)**
- Gold and base metals prospectivity over a major ground holding – 1,550km<sup>2</sup>
- Pipeline of prospects ranging from newly identified geochemical and geophysical anomalies....
- ... to advanced exploration targets which are ready to drill and have economic grades and widths discovered in historical datasets
- Exploration success could extend Hayes Creek Project mine life – big incentive to fast-track discovery



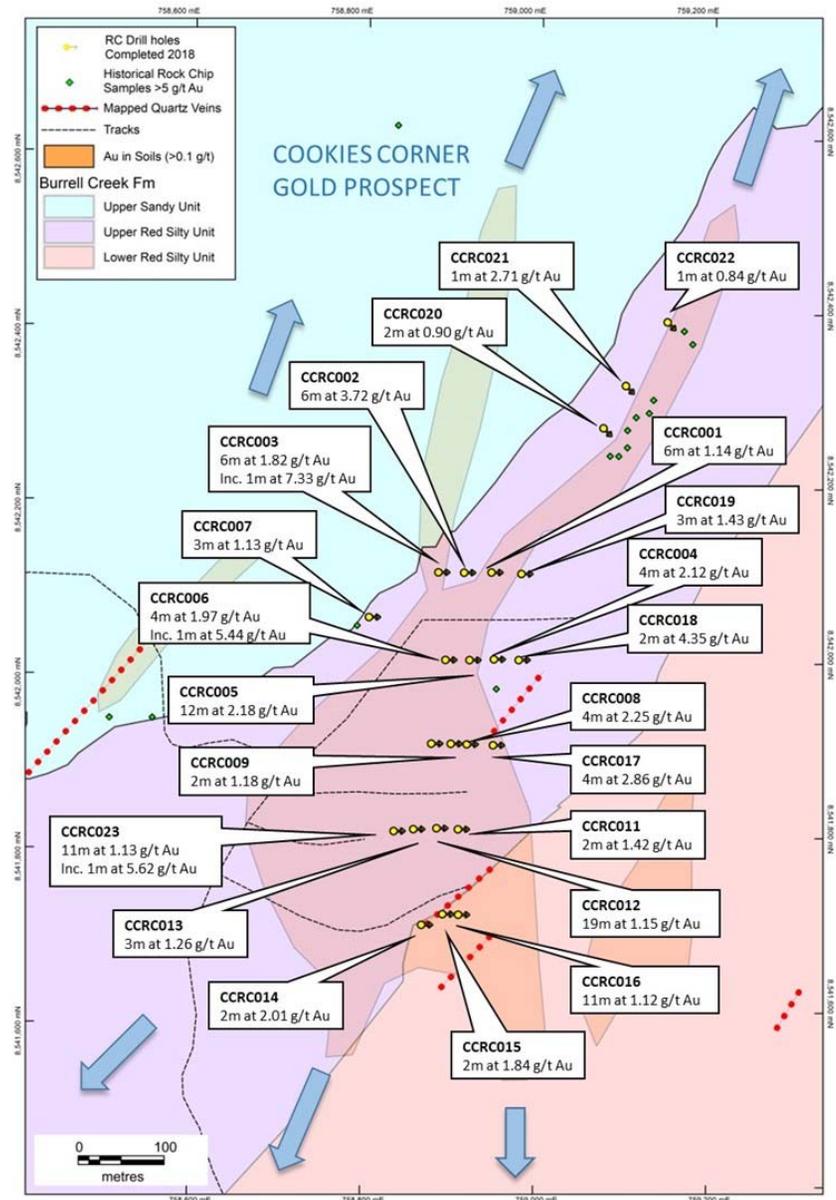
Blue = PNX exploration leases, Yellow MLs owned by others, Red = Mineral Deposits, Green Stars = PNX target areas

# Burnside Exploration project

*Cookies Corner Gold Prospect Showing Extensive Mineralisation*



- Drill targeted ~1km long 0.1g/t gold in soils anomaly associated with NE trending structures \*
- Immediate exploration success – extensive gold mineralisation over a continuous 800m strike
- Near-surface mineralisation open in all directions
- High-impact, low cost drilling, all 24 holes drilled were successful, see diagram for results
- High-grade rock chips extend to the north, demonstrate the potential for strike extensions
- Opportunity for multiple deposits; numerous untested target areas in close proximity
- Same structural corridor as Kirkland Lake's Cosmo Mine (>2Moz Au) & Pine Creek shear zone
- Comparable size and tenor to Goodall Mine (historic mined 330,000oz Au resource) <4km SW
- Follow-up planned during new exploration season (from May'19)
- Demonstrates significant untapped potential within large exploration tenure



\*See ASX releases 29 January 2019, 14 November 2018, 9 October 2018

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# Moline Exploration project

Likely a Source of New Feed for Hayes Creek



- 100% owned granted MLs, only 65km from Hayes Creek \*
- Numerous gold and base metal occurrences
- Large mineralised envelope with several km of strike over three parallel trends
- High-grade 'shoots' x-cutting the main mineralised zones in a N/S trend
- Opportunity to delineate additional feed for the Hayes Creek project
- Testwork highlights potential to generate a high-value concentrate through the proposed Hayes Creek process plant
  - Au-Zn-Pb well liberated at coarse grind
  - Additional flotation test-work to commence
- Mineralisation to be wire-framed and modelled for incorporation into resource estimates
- Focus will initially be on the near-surface potential open-pit zones
- Drilling has barely scratched the surface....

\* See PNX ASX release 7 August 2018

## Section 5

# Risks & Restrictions



# Specific & Operational Risks

Material risks that could adversely impact the business are summarised below



<b>General</b>	Any investment in the Company should be considered speculative because of the nature of the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade
<b>General Economic Climate</b>	Factors such as inflation, currency fluctuation, interest rates, government policy and supply and demand have an impact on costs, commodity prices and stock market prices. The Company's future costs, projected project economics and the market price for its Shares may be affected by these factors, in particular by fluctuations in the prices for base and precious metals and currency rates, which are beyond the Company's control.
<b>Operational and Project Development Risks</b>	<p>The business of mining and mineral exploration, development and production by its nature involves significant risks. Future profitability and current asset values can be affected by host of factors. The business depends on, amongst other things, successful exploration and delineation of mineral reserves, security of tenure, the availability of adequate funding, satisfactory performance of mining operations, weather conditions, availability and cost of consumables, plant and equipment and skilled labour when required, good industrial relations and competent management. Until the Company is able to realise value from its projects, it will incur ongoing operating losses.</p> <p>No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. It is noted that the Company's key project, the Hayes Creek zinc-gold-silver Project, is currently in the pre-feasibility stage but there is no assurance that the project will ultimately go ahead or be a commercial success. Some of the risks related to the development of the Hayes Creek Project include reduced metal recoveries and metallurgical difficulties, and increased capital costs. Other project development risks related to resource estimates, environmental matters, land access, and capital requirement are discussed in the sections below.</p>
<b>Mineral Resource Estimates</b>	Mineral Resource Estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare Mineral Resource Statements, such estimates may nevertheless prove to be inaccurate. Furthermore, MRE's may change over time as new information becomes available and as the various price/cost inputs change. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, MRE's may need to be altered in a way that could adversely affect the Company's operations.
<b>Requirements for Capital</b>	The Company's capital requirements depend on numerous factors including the outcome of and progress made under feasibility studies at the Hayes Creek Project, and the success of its regional exploration programs as well as opportunities for acquisitions or other corporate transactions. The Company anticipates that significant further capital will be required in order to develop the Hayes Creek Project. Any future equity capital raisings could result in dilution to existing shareholders.
<b>Key Management</b>	The Directors are primarily responsible for overseeing the operations and the strategic management of the Company. The day-to-day operations of the Company are the responsibility of the Managing Director, assisted by the Exploration Manager, Hayes Creek Project Manager, and CFO/Company Secretary. There can be no assurance that there will be no detrimental impact on the Company if one or more of the Directors and/or one or more members of senior management depart the Company.
<b>Environmental Risks</b>	<p>The operations and proposed activities of the Company are subject to Australian Federal, South Australian and Northern Territory laws and regulations concerning the environment. All exploration projects and mining operations have an impact on the environment, particularly advanced exploration and mine development.</p> <p>The Company endeavours to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, as with all exploration and mining activities, the Company's operations are expected to have an impact on the environment. There are also risks inherent in the Company's activities including accidental leakages, spills, or other unforeseen circumstances that could subject the Company to extensive liability.</p> <p>Further, the Company will require approval from the relevant authorities before undertaking activities that are likely to impact on the environment. If the Company fails to obtain such approvals it will be prevented from undertaking those activities. This is currently the case regarding the development of the Hayes Creek Project. PNX is currently involved in the process of preparing applications for and seeking the approvals that will be required for that Project. There is a risk that what may otherwise prove to be a financially viable project may not be developed or could be delayed because of the refusal of, or delay in obtaining, a necessary approval. The Company cannot predict what future legislation and regulations may govern mining, and which may impose significant environmental obligations on the Company.</p>

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# Specific & Operational Risks



*Material risks that could adversely impact the business are summarised below*

<b>Land Access</b>	<p>There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both native title claimants and land owners/occupiers may be required before the Company can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.</p> <p>It is noted that PNX holds tenure over granted Mineral Leases and has a landowner/occupier access agreement in place regarding access to the land on which the Hayes Creek Project is situated. Agreements will need to be arranged to ensure continued access to the relevant mining tenements and transportation corridors. Access to transportation corridors required for the development and operation of a mine at Hayes Creek may necessitate reaching agreement with the Northern Lands Council and/or native title claimants as well as land owners/occupiers.</p>
<b>Government Policy</b>	<p>Changes in government, monetary policy, taxation and laws (including those regulating the resources industry) can have a significant influence on the outlook for mineral exploration or development projects, companies and the return to investors. A change to State, Commonwealth, or Northern Territory government policies and legislation could have a material adverse effect on the Company or its projects.</p>
<b>Joint Venture and Contractual Risk</b>	<p>The Company is party to contractual arrangements with third parties. In particular, it is party to a joint venture agreement with Newmarket Gold NT Holdings Pty Ltd ('Newmarket'), a wholly owned subsidiary of Kirkland Lake Limited relating to 1,550 m2 of Northern Territory exploration tenure containing the Burnside, and Chessman exploration projects over which the Company holds a 90% interest. The Hayes Creek, Fountain Head and Moline projects are 100% owned by PNX.</p> <p>There are risks associated with the financial failure, or default of, or dispute with, any participant in a joint venture or contractual arrangement to which the Company is or may become party. If this occurs it could have a material adverse impact on the Company, its assets and/or its financial position.</p> <p>If a counterparty defaults in the performance of its obligations or wishes to enforce its rights, it may be necessary for the Company to seek or defend legal remedies including through a court action. Legal action can be costly and there can be no guarantee that a legal remedy would ultimately be granted to the Company on the appropriate terms (if at all).</p>

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# Eligibility to participate in sub-underwriting



- This document does not constitute an offer of Shares.
- Expressions of interest to participate in the sub-underwriting of the Offer should be made to Angelo Gaudio at [info@pnxmetals.com.au](mailto:info@pnxmetals.com.au).
- To be eligible to participate, investors must be sophisticated or professional investors under section 708A(8) or 708A(11) of the Corporations Act.
- Offer documents, with full terms and conditions, will be sent to selected investors during the Sub-underwriting Invitation Period.
- Any shares offered pursuant to a Sub-underwriting Invitation will be offered in Australia only.
- This document may not be distributed to any person in any country outside Australia.

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# Appendix

# Hayes Creek Mineral Resources



## Iron Blow and Mt Bonnie VMS deposits

Table 1: Iron Blow Mineral Resources by JORC Classification as at 03 May 2017

JORC Classification	Lode	AuEq Cut-off (g/t)	Tonnage (Mt)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)	ZnEq (%)	AuEq (g/t)	
Indicated	East Lode	1.0	0.80	7.64	1.83	0.30	275	2.90	20.64	15.53	
	West Lode	1.0	1.28	4.14	0.33	0.31	60	1.73	8.84	6.66	
	<b>Total Indicated</b>		2.08	5.49	0.91	0.30	143	2.19	13.39	10.08	
Inferred	East Lode	1.0	0.02	0.48	0.34	0.16	132	6.01	13.65	9.43	
	West Lode	1.0	0.02	0.76	0.96	0.13	109	1.02	5.90	4.44	
	FW Gold	1.0	0.21	0.25	0.07	0.03	16	2.03	3.48	2.62	
	HW Gold	1.0	0.04	0.06	0.09	0.01	6	1.68	2.57	1.94	
	Interlode Gold	1.0	0.04	0.04	0.21	0.03	0.07	8	1.66	2.79	2.10
	Interlode Base Metal	1.0	0.12	0.12	3.52	0.32	0.14	35	0.69	5.87	4.42
	<b>Total Inferred</b>			0.45	1.11	0.18	0.07	27	1.71	4.38	3.30
<b>Total Indicated + Inferred Mineral Resource</b>			2.53	4.71	0.78	0.26	122	2.10	11.79	8.87	
<b>Total Contained Metal (t)</b>				119,200	19,700	6,650	9.9Moz	170.9koz	298,000t	721.5koz	

Table 2: Mt Bonnie Resource Mineral Resources by JORC Classification as at 08 February 2017

JORC Classification	Domain	Cut-off grade	Tonnage (kt)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)	ZnEq (%)	AuEq (g/t)
Indicated	Oxide/Transitional	0.5g/t Au	195	0.94	2.43	0.18	171	3.80	11.50	9.44
Indicated	Fresh	1% Zn	1,180	4.46	0.94	0.23	121	1.02	9.60	7.88
<b>Total Indicated</b>			1,375	3.96	1.15	0.23	128	1.41	9.87	8.11
Inferred	Oxide/Transitional	0.5g/t Au	32	0.43	1.33	0.29	74	2.28	6.37	5.23
Inferred	Fresh	1% Zn	118	2.91	0.90	0.15	135	0.54	7.61	6.25
Inferred	Ag Zone	50g/t Ag	21	0.17	0.03	0.04	87	0.04	2.36	1.94
<b>Total Inferred</b>			171	2.11	0.87	0.16	118	0.80	6.73	5.53
<b>Total Indicated + Inferred Mineral Resource</b>			1,545	3.76	1.12	0.22	127	1.34	9.53	7.82
<b>Total Contained Metal (t)</b>				58,000	17,300	3,400	6.3Moz	66.8koz	147,000t	388.5koz

See next page *Notes Relating to Mineral Resources* and ASX releases 09 February and 03 May 2017 for further information

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# Notes Relating to Mineral Resources



## Iron Blow and Mt Bonnie VMS deposits

Table 3: Total Hayes Creek Mineral Resources (Iron Blow + Mt Bonnie) by JORC Classification as at 03 May 2017

JORC Classification	Tonnage (kt)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)	ZnEq (%)	AuEq (g/t)
<b>Total Indicated (84.7%)</b>	3,455	4.88	1.01	0.27	137	1.88	11.99	9.29
<b>Total Inferred (15.3%)</b>	622	1.39	0.37	0.10	52	1.46	5.03	3.91
<b>Total Indicated + Inferred Mineral Resource</b>	4,077	4.35	0.91	0.25	124	1.81	10.93	8.47
<b>Total Contained Metal (t)</b>		177,200	37,000	10,050	16.2Moz	237.7koz	445,000t	1,110koz

### Notes relating to Tables 1, 2 & 3

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

Metallurgical recoveries and metal prices have been applied in calculating zinc equivalent (ZnEq) and gold equivalent (AuEq) grades.

Iron Blow - A mineralisation envelope was interpreted for each of the two main lodes, the East Lode (Zn-Au-Ag-Pb) and West Lode (Zn-Au), and four subsidiary lodes with a 1 g/t AuEq cut-off used to interpret and report these lodes.

Mt Bonnie - Zinc domains are reported above a cut-off grade of 1% Zn, gold domains are reported above a cut-off grade of 0.5 g/t Au and silver domains are reported above a cut-off grade of 50 g/t Ag.

In order to assess the potential value of the total suite of minerals of economic interest, formulae were developed to calculate metal equivalency for the gold and zinc (see below). Metal prices were derived from average consensus forecasts from external sources for the period 2017 through 2021 and are consistent with those used in PNX's recently updated Mt Bonnie Mineral Resource Estimate.

Metallurgical recovery information was sourced from test work completed at the Iron Blow deposit, including historical test work. Mt Bonnie and Iron Blow have similar mineralogical characteristics and are a similar style of deposit. In PNX's opinion all the metals used in the equivalence calculation have a reasonable potential to be recovered and sold.

PNX has chosen to report both the ZnEq and AuEq grades as although individually zinc is the dominant metal by value, the precious metals are the dominant group by value and will be recovered and sold separately to the zinc.

The formulae below were 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 \* Au recovery)

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 \* Zn recovery)

Metals	Unit	Price	Recovery Mt Bonnie	Recovery Iron Blow
<b>Zn</b>	USD / t	2,450	80%	80%
<b>Pb</b>	USD / t	2,100	60%	60%
<b>Cu</b>	USD / t	6,200	60%	60%
<b>Ag</b>	USD / troy ounce	20.50	70%	80%
<b>Au</b>	USD / troy ounce	1,350	55%	60%