

ASX Announcement

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PNX secures drill funding through NT government collaboration program

Testing of new VMS and SEDEX prospects

Drill Funding awarded through the Northern Territory Government's Collaboration Program to test two new Prospects:

- **Barossa – cluster of 9 late-time EM anomalies with Zinc-Gold-Silver VMS potential**
- **Tractor Corner – large SEDEX style Zinc-Lead target**

PNX Metals Limited (**ASX: PNX**) is pleased to announce that it has been awarded government grants totalling approximately \$85,000 to co-fund diamond drilling of two prospects within its Burnside and Chessman projects in the Northern Territory (Figure 1).

The grants, awarded through the Northern Territory Geological Survey's Geophysics and Drilling Collaborations funding program, comprise up to \$34,100 for the Barossa zinc-silver-gold VMS prospect and up to \$51,590 for the Tractor Corner lead-zinc prospect.

The Geophysics and Drilling Collaborations program forms part of the Northern Territory Government's CORE (Creating Opportunities for Resource Exploration) initiative and provides co-funding for exploration drilling and geophysical work in greenfields areas. PNX was one of nine successful applicants for the 2015-2016 round of co-funding for drilling.

PNX Managing Director James Fox said: *"This financial support provides a further boost for drilling programs which have the potential to create substantial value for PNX shareholders. The Barossa EM conductors in particular have been modelled at relatively shallow depths and are situated in a new and untested target area. We look forward to testing both Barossa and Tractor Corner later in the year when access approvals have been granted."*

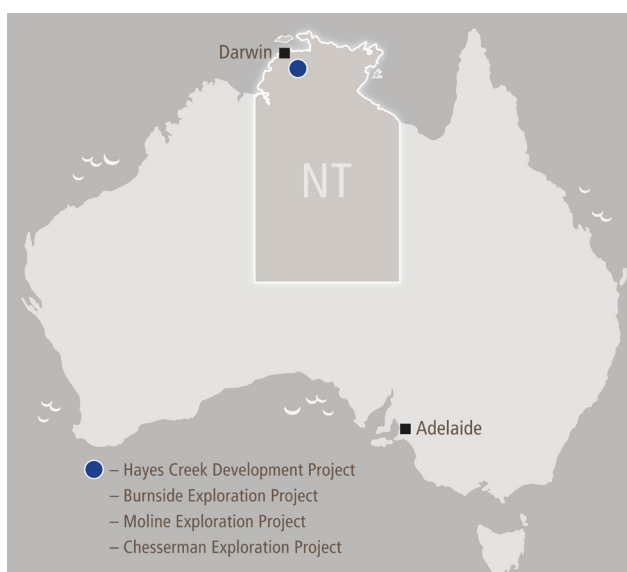
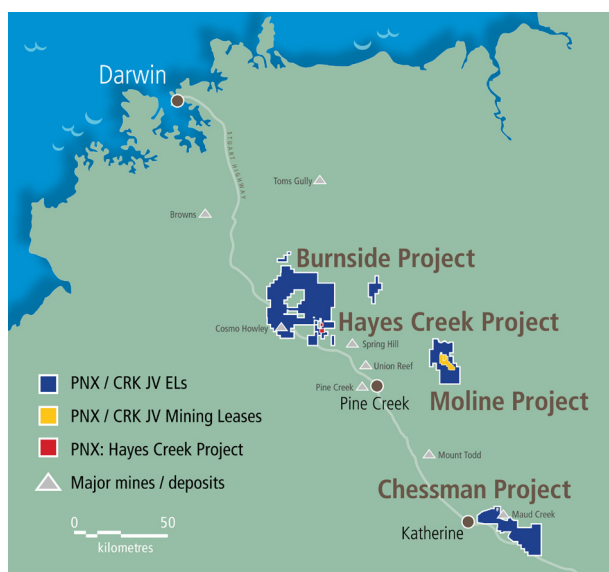


Figure 1: NT Project locations

Barossa VMS Target (Burnside Project)

Barossa is a cluster of volcanogenic massive sulphide (VMS) style zinc-silver-gold targets in an area which has never been drilled or explored. Nine strong late-time airborne electromagnetic (VTEM) anomalies consistent with that of VMS camps have been identified using the nearby Iron Blow and Mt Bonnie VMS deposits as known analogies (Figure 2).

The VTEM anomalies at Barossa are of a strength and geometry consistent with high concentrations of massive sulphides. The host stratigraphy and structural setting are also identical to those observed at the Iron Blow and Mt Bonnie deposits.

Two holes are proposed to test the highest-priority electromagnetic responses among the nine VTEM anomalies, being BLT021 and BLT018.

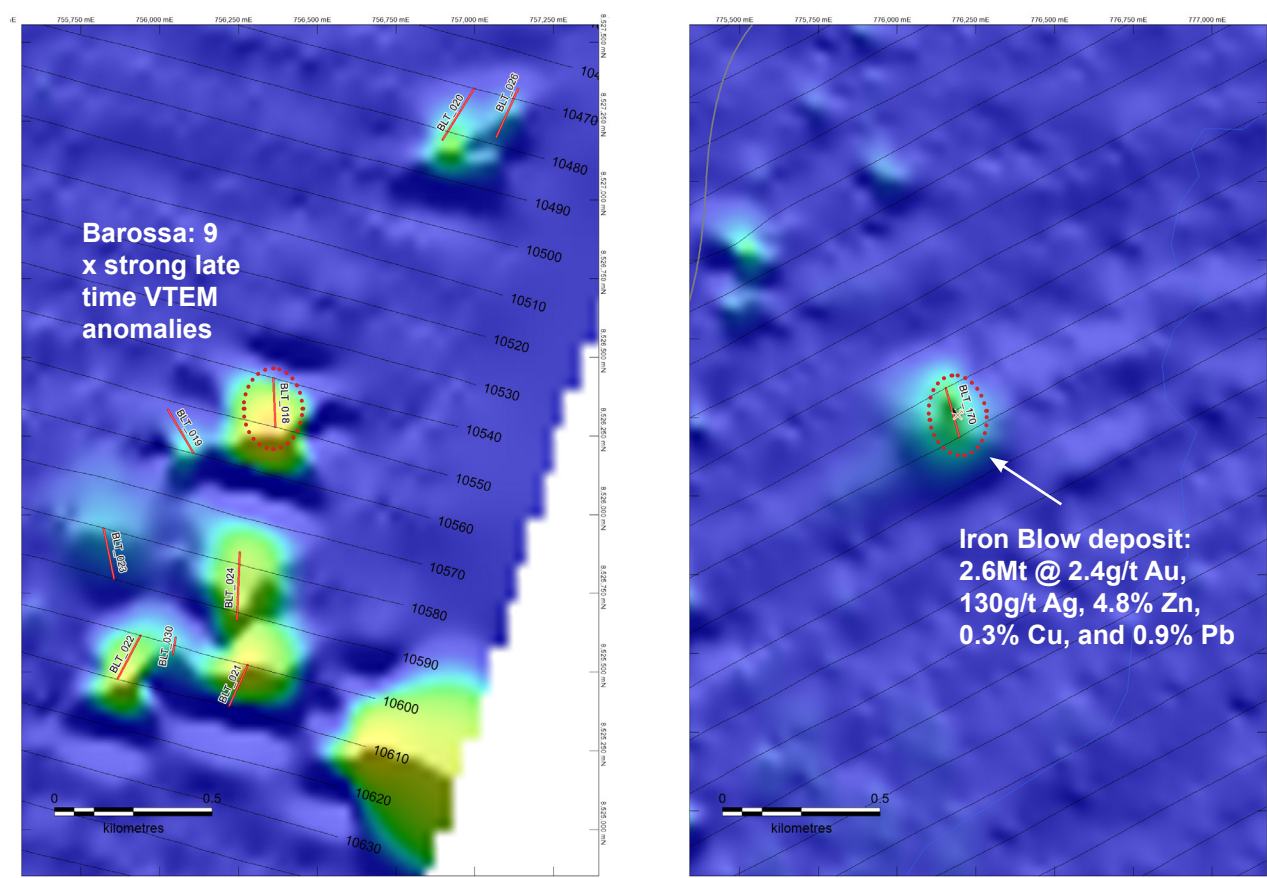


Figure 2: Barossa VTEM targets and Iron Blow deposit on VTEM time channel 42 (same scale)

Tractor Corner – SEDEX Target within the Chessman Project

Tractor Corner is a sedimentary exhalative (SEDEX) style zinc-lead target situated on the margin of the Cambrian Daly Basin and the Proterozoic Pine Creek Orogen (Figure 3), a favourable setting for such deposits.

SEDEX deposits represent attractive exploration targets due to their size potential and the fact that they are responsible for more than 50% of the world's zinc and lead reserves. Australian examples include the Mt Isa, Century and McArthur River mines.

The base metal potential of this region is considered very high and under-explored.

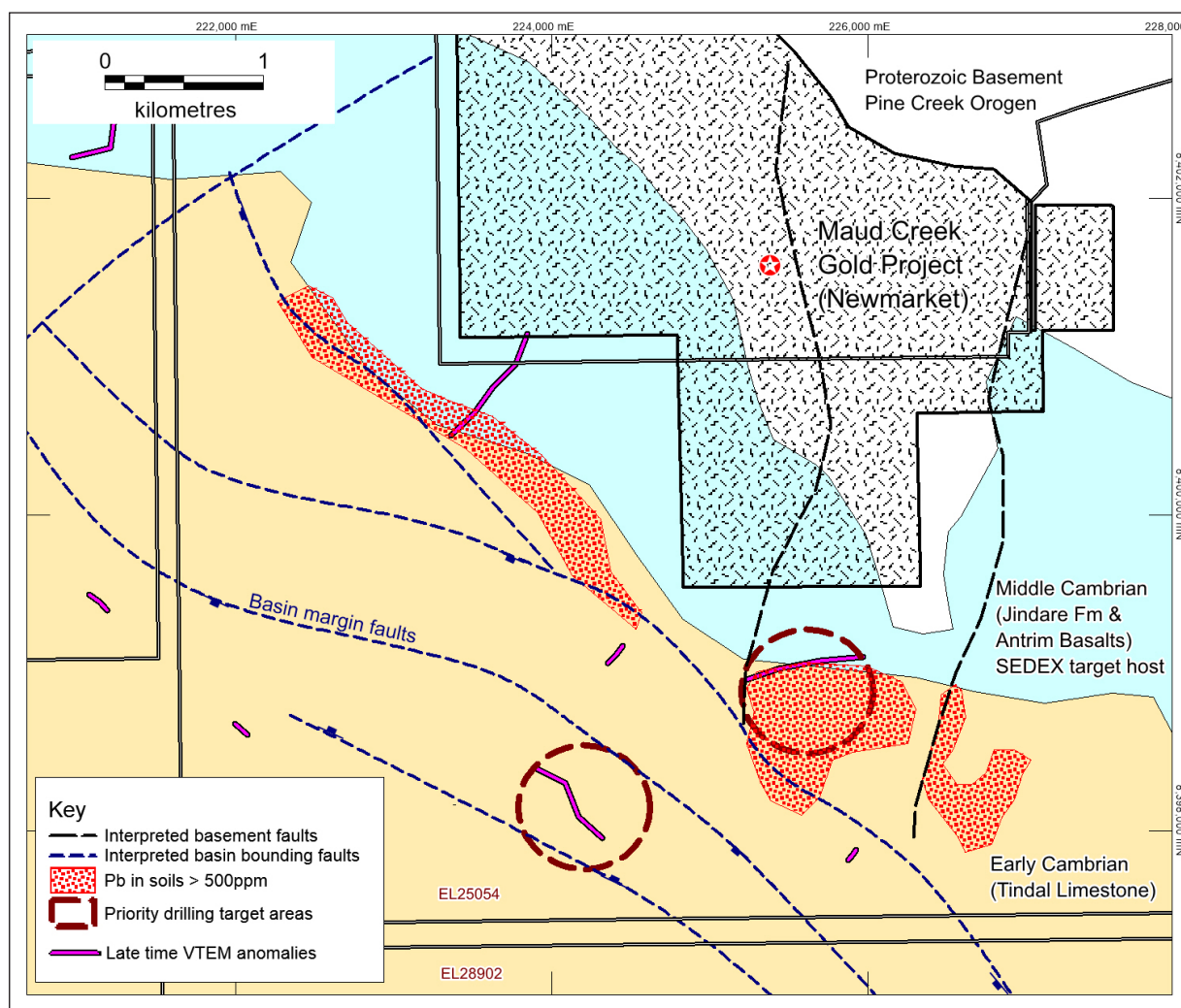


Figure 3: Simplified geology of the Tractor Corner area

Burnside, including Barossa, Moline and Chessman (Tractor Corner) are 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.

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

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