

Phoenix Copper Limited

ABN 67 127 446 271

ASX Code: PNX

Issued Capital as at 31/01/14: 207,641,828

Board & Management:

Chairman:	Graham Ascough
Non Exec Director:	Paul J Dowd
Non Exec Director:	Peter J Watson
Non Exec Director:	David Hillier
Chief Executive:	James Fox
CFO/Co Secretary:	Tim Moran

Top Shareholders as at 31/01/14:

Long Fortune Limited	13.04%
Asia Image Limited	11.83%
Talis SA	10.19%

Share Registry:

Computershare Investor Services Pty Limited
Level 5 115 Grenfell Street
Adelaide South Australia 5000
Phone: 1300 305 232 (within Australia)
+61 3 9415 4657 (outside Australia)



Phoenix Copper Limited

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PHOENIX COPPER LIMITED

ABN 67 127 446 271

REPORT FOR QUARTER END

31st December 2013

HIGHLIGHTS

Exploration

- Corporate activities looking to grow Phoenix Copper took precedence over exploration this quarter.
- Exploration focused on community engagement, landholder consultation and regulatory approvals for proposed exploration programs; no exploration activities of significance were conducted during the quarter.
- Phoenix Copper is in discussions with a potential joint venture partner for our Iron Oxide Copper Gold (IOCG) Yorke Peninsula tenements and will continue to update the market when new information becomes available.

Leigh Creek Copper Mine

- Sale of Leigh Creek Copper Mine to Clean TeQ Holdings Ltd was not completed, as announced on 22nd January 2014.
- Discussions with other interested parties have re-commenced.

Corporate

- 19,799,159 shares were issued at 4.5 cents to a sophisticated investor raising \$0.9 million.
- A loan facility from a shareholder for \$1.2 million was arranged and drawn.
- Proceeds from the loan were used to acquire shares in Avalon Minerals Ltd (ASX: AVI), bringing Phoenix Copper's holding in Avalon to 10.4%.

1 EXPLORATION

Phoenix Copper's exploration is primarily focussed on copper and gold minerals in three main project areas within South Australia (**Figure 1**).

Exploration work over the quarter was focussed on seeking landholder access agreements on the Yorke Peninsula and at Burra, and ongoing desktop geological analyses on those two areas. Detailed modelling of geophysical data in conjunction with geological and geochemical information with consultant geophysicists has enabled the further development of existing 3D models for follow up drill testing at the Eagle Prospect and to the north at the Grove Prospect.

Community engagement activities have also been ongoing with staff presenting to the public at the Burra Show in mid-October. Community workshops were completed at the Yorke Peninsula in June 2013 with feedback being received by DMITRE at the end of October – this has all been positive and Phoenix Copper continues to engage and be involved with the community in all of its exploration areas.

All tenements are in good standing with all regulatory reporting up to-date.

Phoenix Copper's exploration personnel, exploration equipment including FPXRF (Field Portable X-Ray Fluorescence) instruments and vehicles have been contracted and leased to various other exploration companies to assist with offsetting costs.

1.1 Adelaide Geosyncline

Black Hill

The Black Hill prospect is situated approximately 22km to the north-east of Burra in South Australia within the Mongolata Goldfields (**Figure 2**).

The geological information gained at Black Hill during a 1,000m drilling program undertaken in 2013 will be used to vector future drill targets in the Mongolata goldfields and in particular those along the Mongolata trend. No exploration activities were undertaken during the quarter.



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Mongolata

The Mongolata goldfields are located approximately 15km north-east of the town of Burra and are underexplored, with opportunities for discoveries along the 12km line of old surface workings and at depth into primary mineralisation (**Figure 2**). Gold was discovered at Mongolata in 1930, and since that time small tonnages of high grade ore have been mined¹.

Detailed mapping and sampling in the area by the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) in

the 1980s and more recently by Phoenix Copper indicates that the gold mineralisation occurs within auriferous quartz-limonitic breccia lodes and veins associated with the thrust faulted contact between the Cox Sandstone and the underlying Tapley Hill Formation.

A field trip to the Mongolata Goldfields was undertaken by DMITRE and Phoenix Copper exploration personnel in November which included reviewing geological contacts, interpreted structural controls and some of the mineralised zones in the underground workings. This was a highly valuable opportunity for both parties to share and discuss geological knowledge and ideas.

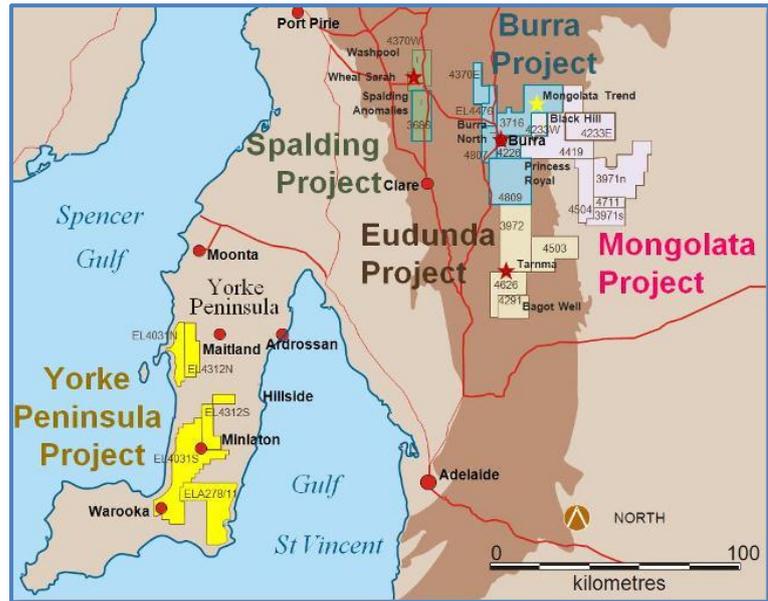
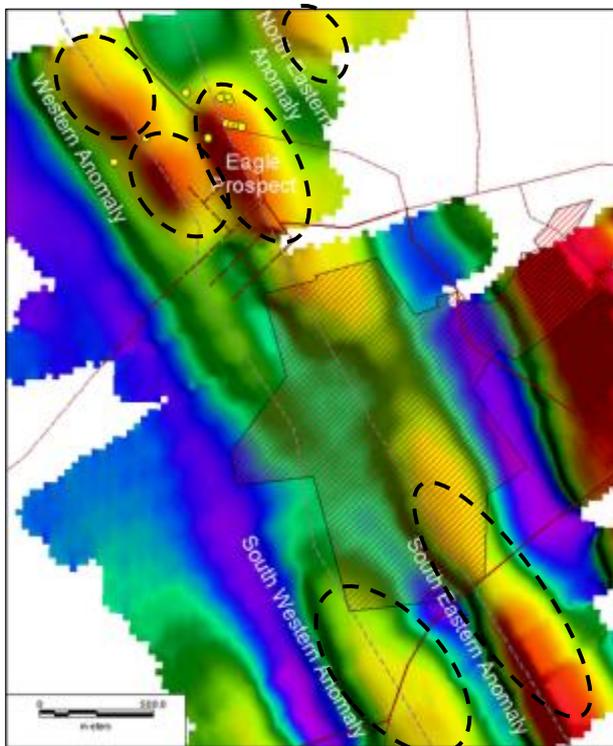


Figure 2: Phoenix Copper tenure, South Australia



Eagle Prospect – North Burra

Subject to timing and funding, drilling is planned at the targets identified in Figure 3 to test the effectiveness of Induced Polarisation (IP) as a method with which to further identify copper sulphides in the area.

Interpretation of previous drilling by Phoenix Copper and the reprocessed IP data have indicated that the high grade copper drill intercepts at the Eagle prospect are all located close to the surface and in the northern portion of a north-west trending IP high approximately 600m in length (**Figure 3**). The targets identified all have the potential for copper sulphide mineralisation similar to that observed at Eagle where the best results from PCD0040² were 26.3m at 2.86% copper

Figure 3: Reprocessed IP data at Eagle, targets (highs) are highlighted by the black dashed lines

¹ The Mongolata Goldfield, I Plimer 1997. Redfire Resources NL

² Refer PNX ASX announcement 13th December 2012

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from 50.7m, including 15.7m at 4.65% copper from 61.1m, and 2.4m at 11.28% copper from 65.0m.

Grove Prospect – North of Eagle

The Grove Prospect lies 5km north of Burra (**Figure 2**), and is a copper target which relates to the continuation of the north-south trending Kingston Fault associated with copper mineralisation at the Burra Mine (Monster Mine) and Eagle Prospect.

Historic exploration in the region identified geophysical anomalies that warrant drill testing. Previous attempts to test these targets in 1999 were unsuccessful due to difficult ground conditions and uncontrolled ingress of ground water. Drilling technique and water capture would alleviate this issue. The targets remain untested and the next step for Phoenix Copper will be to complete a detailed geophysical survey to assist with delineating the Kingston Fault, interpreted to be the host to significant mineralisation, and to prioritise drill targets.

1.2 Yorke Peninsula Project

Phoenix Copper's 100% owned highly prospective Yorke Peninsula tenure consists of four Exploration Licenses and covers a significant land area of 1,413km² (**Figure 4**). The tenements are adjacent to Rex Minerals' Hillside deposit and within the Olympic Domain which hosts a number of large scale iron-oxide copper gold (IOCG) deposits.

Prospective geology and geochemistry within a significant alteration system has been identified together with a new area at the Cross Prospect that has the potential for mineralisation at depth.

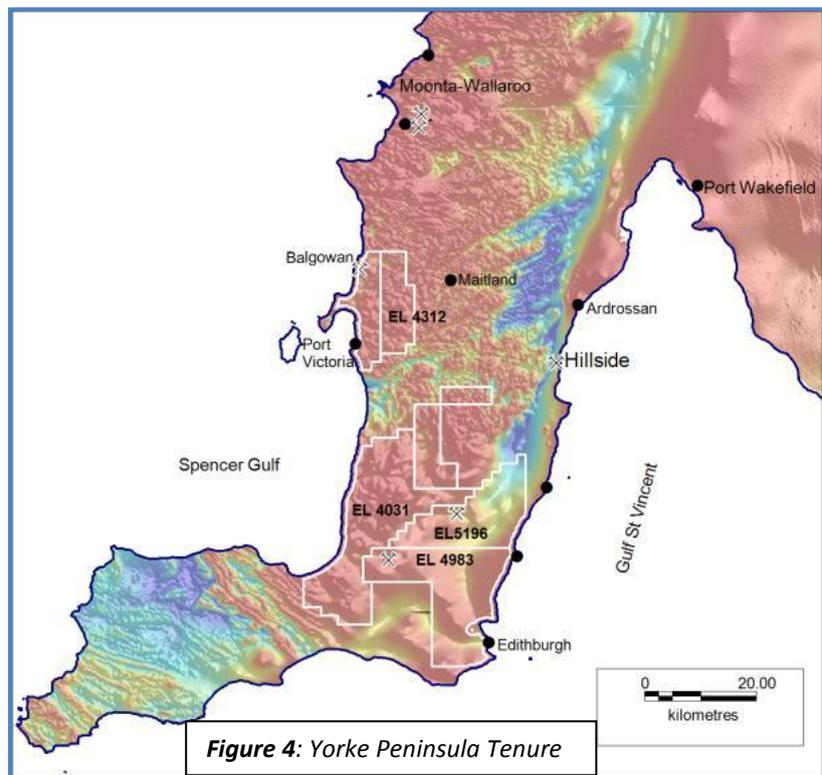


Figure 4: Yorke Peninsula Tenure

The next stage of exploration will be to test the depth extents of the surface anomalies at Cross and Balgowan through basement drilling, along with further interpretation and analysis of geochemical results from the last round of drilling in 2013.

Landholder consultation is currently underway for proposed geophysical surveys and drill testing, subject to funding.

Phoenix Copper is currently in discussions with a potential joint venture partner for our extensive IOCG Yorke Peninsula tenements and will continue to update the market when information becomes available.

1.3 Leigh Creek Project

No exploration activities were undertaken over the two exploration licenses EL5264 and EL5300.

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2 OPERATIONS – LEIGH CREEK

As announced on the 22nd January 2014, Phoenix Copper was advised by Clean TeQ Holdings Ltd that it would not be proceeding with the acquisition of Leigh Creek Copper Mine Pty Ltd (LCCM).

Clean TeQ completed a due diligence program on LCCM which included an extensive technical and legal review of the assets, existing operation and in situ resources and advised Phoenix Copper that while the LCCM assets showed significant promise as a low-grade oxide copper project, the project did not meet all of Clean TeQ's criteria for investment.

LCCM holds three mining leases and associated processing facilities including the Mountain of Light operation located near Leigh Creek in South Australia. During the 18 months to 31st December 2011, approximately 425 tonnes of copper were produced and sold from the Mountain of Light operations. These operations have been under care and maintenance since January 2012.

Fortis Ago, on behalf of Phoenix Copper, has commenced discussions with another party that has expressed interest in acquiring LCCM.

3 FINANCIAL & CORPORATE

As at 31st December 2013, Phoenix Copper had cash of \$1.1 million. During the quarter, the Company raised \$0.9 million via the placement of 19,799,159 shares to a sophisticated investor at 4.5 cents. The raising was on the condition that the funds be used for corporate purposes.

Phoenix Copper also arranged an unsecured loan facility for \$1.2 million (see ASX release on the 14th November 2013) in order to fund a sub-underwriting obligation in relation to Avalon Minerals Ltd ('Avalon'). While no funds were ultimately required for sub-underwriting purposes, the full loan facility was used to acquire shares in Avalon through on and off-market trades.

Phoenix Copper now holds 10.4% of Avalon and believes it to be a significant investment in a company with a quality copper asset. Strategic options regarding this investment are being considered.

Avalon's flagship asset is the Viscaria Copper-Iron Project located in northern Sweden. The project is immediately adjacent to the LKAB's Kirunavaara iron-ore operation and is in close proximity to established infrastructure including power, high-capacity rail and port facilities. An ASX announcement on 9th July 2013 by Avalon stated "scoping study results indicate that the potential NPV 10% REAL (pre-tax) of an Open Pit Mining Scenario on the Viscaria Project is now US\$373 million dollars".

Capital Structure

At 31st December 2013, the Company had on issue 207,641,828 fully paid ordinary shares, 1.5 million performance rights, and 1.3 million unquoted options, the latest of which expire in July 2015.

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Ms Nicole Galloway Warland (BSc (Hons)), a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of Phoenix Copper Limited. Ms Galloway Warland 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". Ms Galloway Warland consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

James Fox, CEO

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