



Phoenix Copper Limited

ABN 67 127 446 271

ASX Code: PNX

Issued Capital as at 30/10/12: 178,707,749

ORD

Board & Management:

Chairman: Graham G Spurling
Non Exec Director: Paul J Dowd
Non Exec Director: Peter J Watson
Non Exec Director: David Hillier
CEO: James Fox
CFO/Company Secretary: Tim Moran

Top Shareholders as at 30/10/2012:

Long Fortune Limited	15.15%
Asia Image Limited	13.75%
Talis SA	11.84%

Share Registry:

Computershare Investor Services Pty Limited
Level 5 115 Grenfell Street
Adelaide South Australia 5000
Phone: 1300 305 232 (within Australia)
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PHOENIX COPPER LIMITED

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REPORT FOR QUARTER END

30th September 2012

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HIGHLIGHTS

Exploration - Burra North

- **A second phase of drilling** commenced late August 2012 on the Eagle Prospect to better define the high levels of mineralisation intercepted earlier in the year in holes PCD 0037, 0038, 0040, 0041, 0042 and 0043.
- **Phase Two Results continue to be encouraging:**
 - **PCD0044A** was completed to a depth of 140m on 1st October 2012.
 - **PCD0045** was completed to a depth of 98.7m on the 30th August 2012, assays results include:
 - **13.3m¹ at 1.22% copper** from 69.2m, including **6.0m at 1.60% copper** from 69.3m (refer **Figure 1** below).
 - **PCD0047** is currently underway aiming to intersect the mineralised zone 40m below the intersection in PCD0044A at about 150m down hole depth.
 - Drilling conditions however remain challenging.
- **The mineralised zone defined in the drilling to date still remains open in all directions, and further geophysical analysis is being planned in an effort to better define the boundaries of this zone.**



Figure 1: Consistent zone of disseminated Bornite in altered silty dolomite from 70.4 - 80.0m in PCD0045

Exploration - Yorke Peninsula

- An Information Memorandum has been sent to prospective joint venture partners to assist with funding the major exploration program warranted by the significant iron oxide copper gold (IOCG) prospectivity of the tenements.
- Tenement acquisition – Exploration License (EL) 3907 (Coonarie), transaction to be completed November 2012.
- Detailed magnetic data obtained over EL4312S (Koolywurtie), further defining exploration targets for follow up work.
- Planned exploration program scheduled for early 2013 to include highly prospective targets at Balgowan and Cross.
- Field studies to commence on newly acquired tenements.

¹ All intercepts are down hole length, interpreted approximate true width 9.5m.

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Exploration – Leigh Creek

- Two tenements were applied for in the North Flinders and Leigh Creek region, ELA2012/257 (Nantawarrinna) and ELA2012/258 (Mt Elkington) resulting in a new significant exploration tenure of 1,553km² (see **Figure 2**).

Operations

- Mining and processing operations at Mountain of Light (MoL) are currently under care and maintenance.
- A mini pilot plant (MPP) is being used by InnovEco Australia to undertake Ion Exchange (IX) test work on Phoenix Copper’s Paltridge North ore from MoL.

Finance

- Cash on hand at the end of the quarter was \$1.80M.

1 EXPLORATION



Figure 2: Phoenix Copper Limited’s Tenement Location Plans including the recent acquisition of EL3907 on the Yorke Peninsula and recent tenement applications in the Leigh Creek district.

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1.1 YORKE PENINSULA PROJECT

Phoenix Copper's 100% owned highly prospective Yorke Peninsula tenure now consists of four Exploration Licenses, including the recently granted EL4983, newly acquired EL3907 (ASX:PNX announcement 7th August 2012, completion due November 2012), EL4031 and EL4312, and covers a significant land area of 1,419km².

The tenements are adjacent to Rex Minerals' Hillside deposit and to the south of the historic Moonta-Wallaroo 'Copper Triangle'. The Olympic IOCG Domain, in which Phoenix Copper's Yorke Peninsula tenement package sits, hosts a number of large scale copper-gold deposits including the giant Olympic Dam copper-gold-uranium deposit and world class resources at Prominent Hill, Carapateena and Hillside. The increase in tenure gives Phoenix Copper greater opportunity for the discovery of economic IOCG mineralisation and allows greater flexibility and planning with its exploration programs (see **Figures 2 and 3**).

These four tenements remain largely unexplored and the 6 holes drilled as part of Phoenix Copper's maiden diamond drilling program (completed in May 2012) cover only a very small area within this large highly prospective tenure.

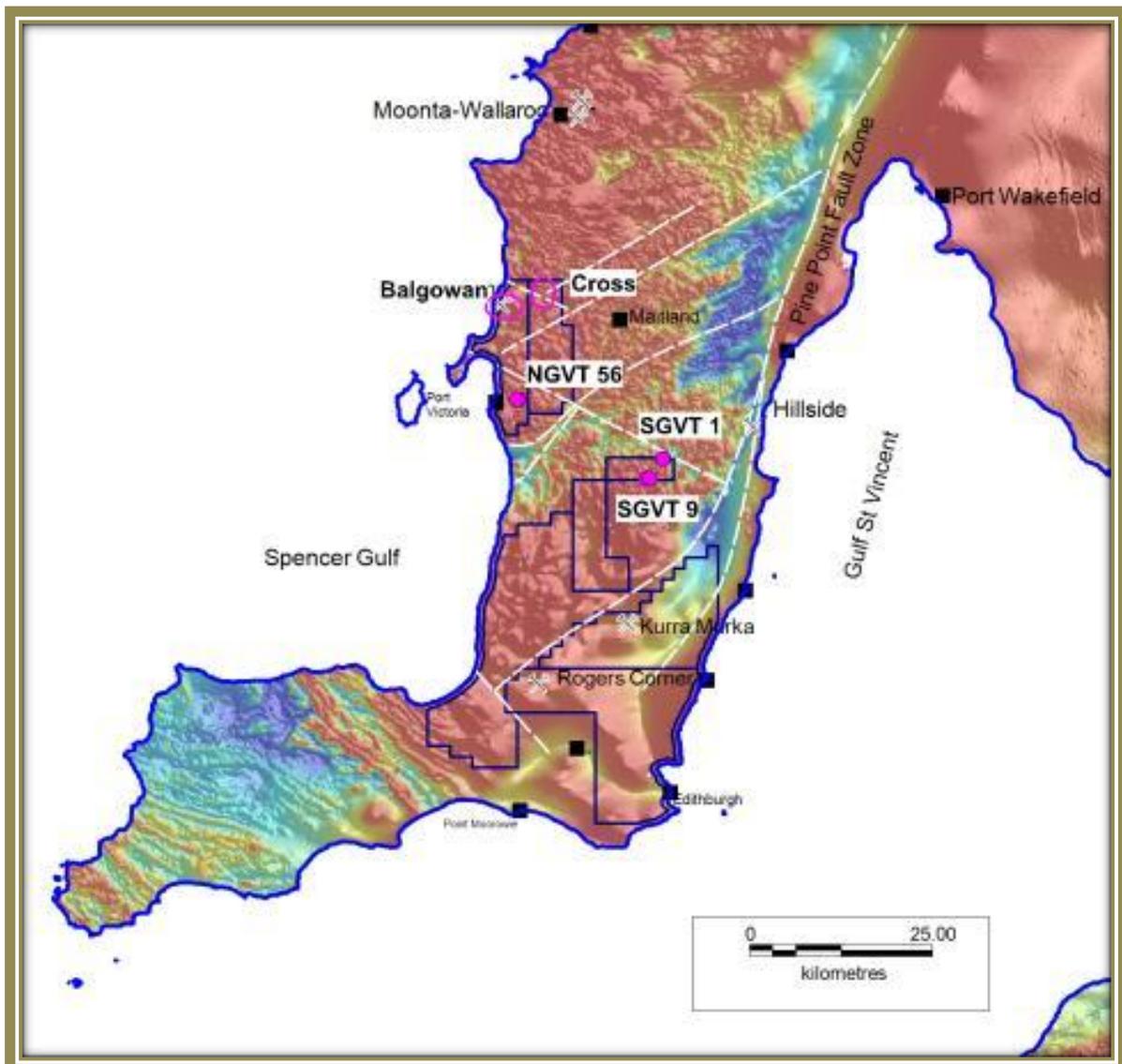


Figure 3: Yorke Peninsula Project tenure on magnetic image showing significant structures, Phoenix Copper drill hole locations, and exploration targets at Balgowan and Cross.



Phoenix Copper's exploration program has thus far only tested 3 of the 29 versatile time domain electromagnetic survey (VTEM) targets and 1 of the 13 "3D" magnetic and gravity targets identified through geophysical modelling.

The prospectivity of each of the three drill targets has been confirmed by the intersection in all 6 diamond drill holes of anomalous copper values, favourable lithologies, style and intensity of alteration, and pervasive disseminated sulphides.

Drilling has also confirmed that the shallow depth of cover in the northern portions of EL4031 and EL4312, between 30m and 70m thick, **increases the effectiveness of geochemical and geophysical tools in identifying potential mineralisation.**

Exploration Program - 2013

The geological information gathered from Phoenix Copper's maiden diamond drilling program combined with detailed gravity, 3D magnetic inversion and VTEM data, has resulted in an in-house ranking system being developed in order to prioritise the significant number of key prospects identified. This ranking has highlighted the Balgowan and Cross prospects situated in the northern portions of EL4312 and EL4031 as primary IOCG targets (see **Figure 3**).

The **Balgowan Prospect** (see **Figures 3, 4** and **5**) will be the principal exploration target for an aircore drilling program scheduled for early 2013 when the crops are off (subject to landholder approvals). Drilling will focus on the IOCG style mineralisation intercepted in historic drill holes DDH1 and DDH2 drilled by the State government in 1955, and the overlying near coincident gravity and magnetic anomalies which are a key exploration signature for magnetite/haematite alteration and potential IOCG mineralisation.

Five kilometres to the east of Balgowan is the **Cross Prospect** where Phoenix Copper has identified several coincidental magnetic and gravity anomalies adjacent to deep crustal structures within favourable lithologies – Oorlano metasomatite and Hiltaba granites (see **Figures 3, 6** and **7**). An aircore drill program is likely to be carried out across these anomalies in early 2013 subsequent to the Balgowan drill program.

Field studies are to commence on newly acquired tenements (EL3907 (completion due November 2012) and EL4983). The **Rogers Corner prospect** is located in the far west of EL4983 (see **Figure 3**). Analysis of water bores in the area by the State government in 1982 indicated anomalous heavy metal geochemistry – copper, silver, lead, gold and barium. The anomaly is also associated with a deep circular magnetic high which sits on the flanks of a regional gravity high zone. The elevated geophysical and ground water geochemistry are possibly sourced from a copper gold prospective Mesoproterozoic basement intrusive as per the historic Moonta Wallaroo deposits. **The area remains unexplored and warrants follow up testing.**

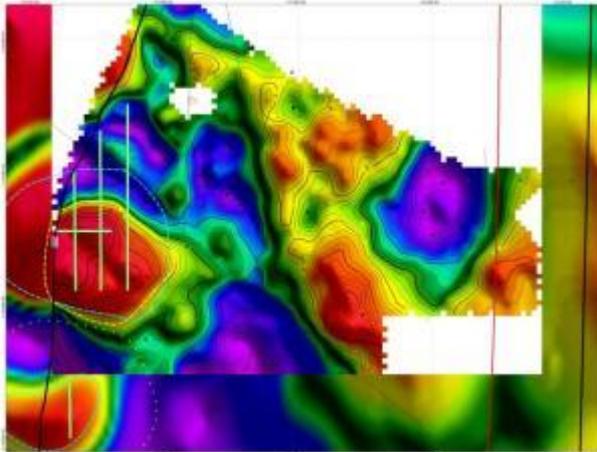


Figure 4: Balgowan Prospect detailed gravity image with contours over total magnetic intensity image (TMI); proposed drill traverse in green

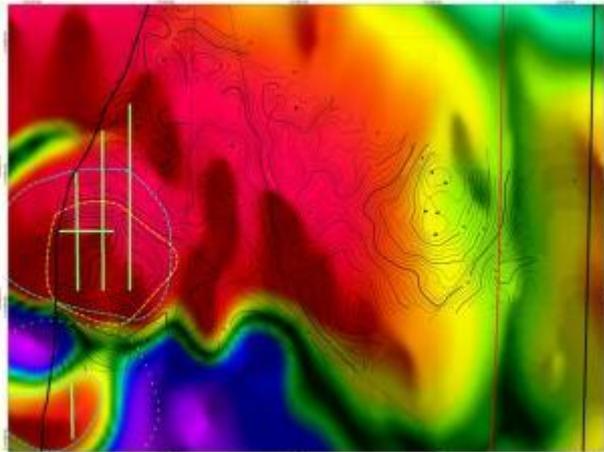


Figure 5: Balgowan Prospect regional TMI image with gravity contours showing coincident geophysical anomalies and proposed drill traverses in green

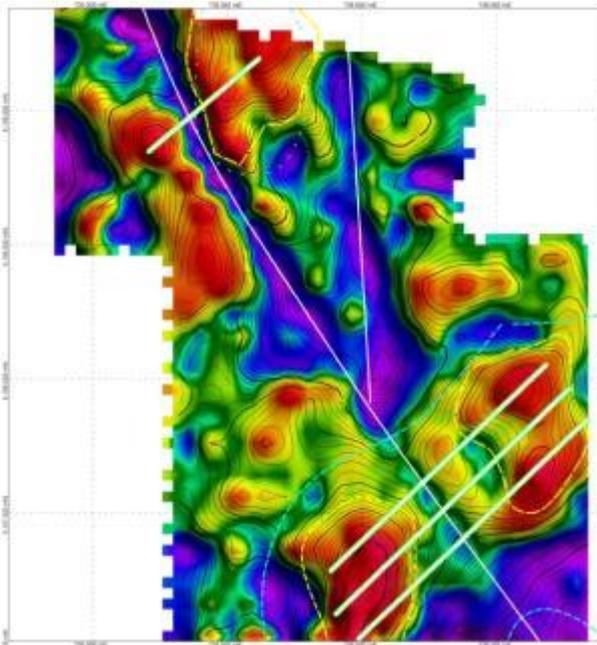


Figure 6: Cross Prospect detailed gravity image with contours showing coincident anomalies and proposed drill traverses in green



Figure 7: Cross Prospect regional TMI with gravity contours showing coincident anomalies and proposed drill traverses in green

Detailed Magnetic Data over EL4312 South East

During the quarter, Phoenix Copper obtained detailed magnetic data over the south eastern portion of EL4312. In this region the Company now has detailed gravity, magnetics, VTEM, geochemical data (road side aircore, field-portable X-ray fluorescence (FPXRF), and biochemistry) and 4 diamond drill holes – PYD001, PYD002, PYD003 and PYD004. Data is currently being reviewed with target vectoring for a follow up field program in early 2013.

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1.2 BURRA PROJECT

Burra North

Exploration drilling continued at the **Eagle Prospect** during the quarter on the Company's wholly-owned Burra tenement EL4226, with the aim of better defining the **high levels of mineralisation intercepted earlier in the year in holes PCD 0037, 0038, 0040, 0041, 0042 and 0043** (see Figure 8).

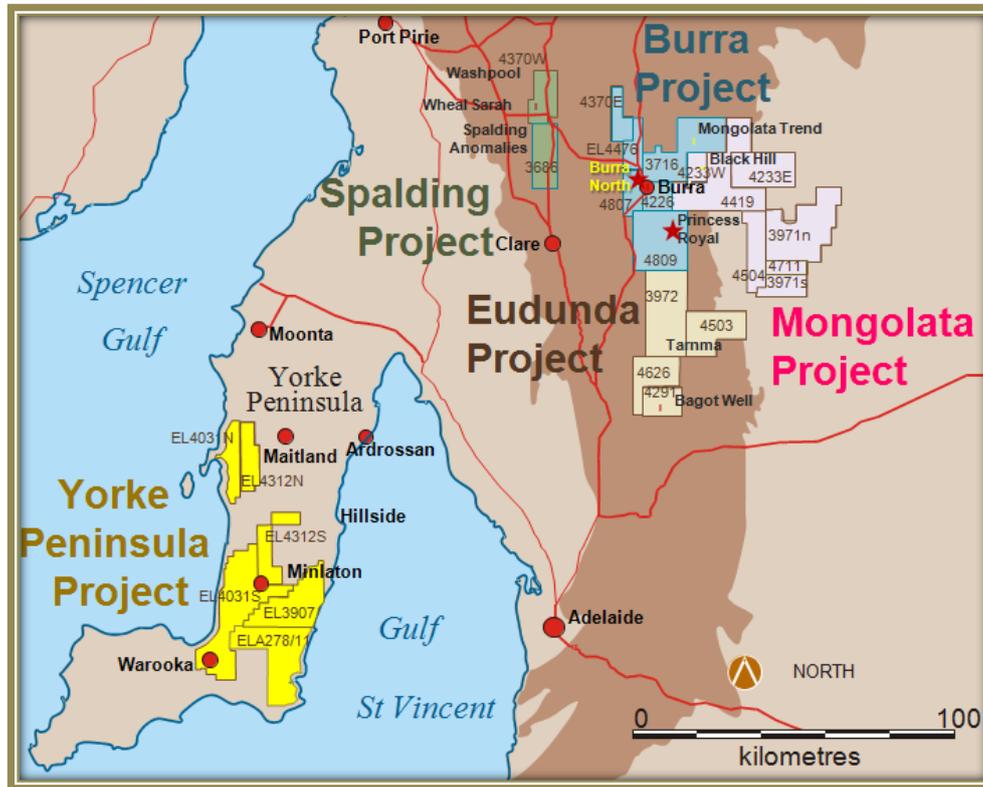


Figure 8: Burra North and Yorke Peninsula tenement and prospect location plan.

Eagle Prospect

A second phase of diamond drilling has commenced on the Eagle Prospect the results of which continue to be encouraging and are as follows:

- **PCD0044A** was pre-collared adjacent to PCD0044 (which was abandoned due to continuous hole collapse) and following RC drilling to 22m, was completed with diamond core to a depth of 140m (see **Figures 11 and 13**), assay results and lithology as follows:
 - 1.6m @ 0.15% Cu from 130m, within
 - 7.5m² of strongly pyritic, quartz carbonate veined, cherty dolomitic siltstone showing weak chalcopyrite from 126m
- **PCD0045** was completed to a depth of 98.7m (see **Figures 12 and 13**), assays results include:
 - **13.3m³ at 1.22% copper** from 69.2m, including
 - **6.0m at 1.60% copper** from 69.3m in silty dolomite that hosts a **broad zone of evenly disseminated purple bornite** (see **Figures 1, 9 and 10**), with minor chalcopyrite and chalcocite in rims around and along fractures within the bornite.
- **PCD0046** was abandoned due to continual collapse within the hanging wall, just above the mineralised zone at 108m (see **Figures 12 and 13**). It is planned to run NQ drill rods as far as possible back down the hole, then finish the hole using BQ core.

² Intercepts are down hole length, interpreted approximate true width 5m.

³ All intercepts are down hole length, interpreted approximate true width 9.5m.



- **PCD0047** is currently underway (see **Figures 11** and **13**) at a depth of 130m and is aiming to intersect the mineralised zone 40m below the intersection in PCD0044 at approximately 150m down hole depth.
- **PCD0048** RC precollar was completed to 39.0m depth, diamond tail yet to commence.
- **PCD0049** RC precollar was completed to 47.0m depth, diamond tail yet to commence.

Since the first phase of drilling began in February 2012, thirteen diamond holes and four reverse circulation pre-collars have been completed (see **Table 1**).

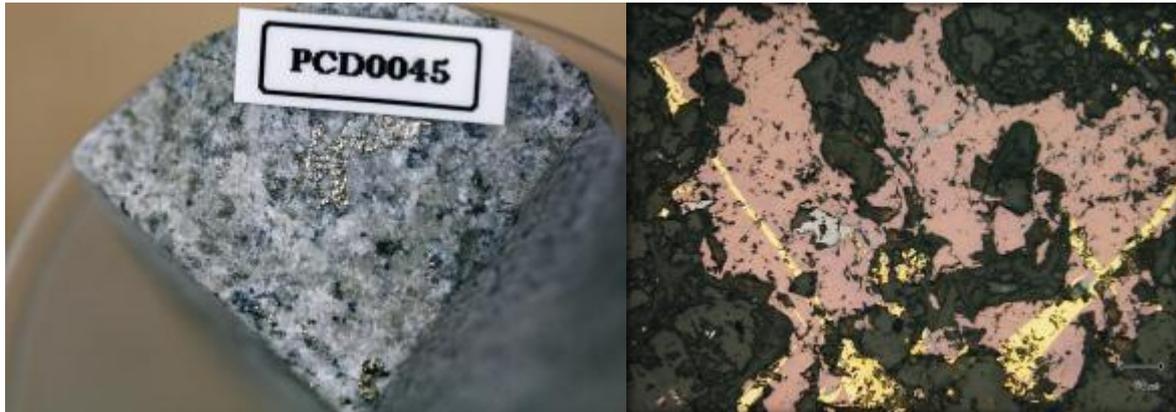


Figure 9: Disseminated bornite in meta-somatically altered potassic pelitic dolomite at 70.5m in PCD0045 representative of the zone between 69.3 and 75m. For scale, image is of quarter NQ core (47.6mm in diameter).

Figure 10: Image from a polished thin section at 70.5m in PCD0045 representative of the zone of disseminated bornite in meta-somatically altered potassic pelitic dolomite between 69.3 and 75m. Note coarse pinkish bornite, with lamellae of yellow chalcopyrite, and hosting inclusions of pale grey chalcocite (magnification x 200).

Hole Id	Northing	Easting	Azimuth	Dip	Downhole	RL	
PCD0035	6272610.0	306832.0	276	-60	205.3	466.00	Diamond
PCD0036	6272622.9	307105.5	61	-50	177.5	467.69	Diamond
PCD0037	6272682.4	307203.6	0	-90	46.0	468.90	Diamond
PCD0038	6272680.0	307233.9	280	-60	121.0	468.28	Diamond
PCD0039	6272500.0	306700.0	266	-60	144.7	467.00	Diamond
PCD0040	6272682.4	307203.0	281	-60	77.0	468.90	Diamond
PCD0041	6272682.0	307203.6	200	-60	87.0	468.90	Diamond
PCD0042	6272681.5	307203.6	200	-47	73.0	468.90	Diamond
PCD0043	6272686.7	307184.3	201	-60	52.9	469.39	Diamond
PCD0044A	6272785.7	307193.0	215	-60	144.0	495.97	RC -
PCD0045	6272682.8	307203.3	202	-74	98.7	468.94	Diamond
PCD0046	6272676.9	307242.5	236	-62	108.0	468.06	Diamond
PCD0047	6272804.2	307184.1	206	-75	70.0	497.64	RC -
PCD0048	6272799.9	307156.2	215	-74	39.0	497.01	RC pre-
PCD0049	6272805.3	307162.2	257	-60	47.0	497.34	RC pre-

Table 1: Collar file showing Burra North drill hole details

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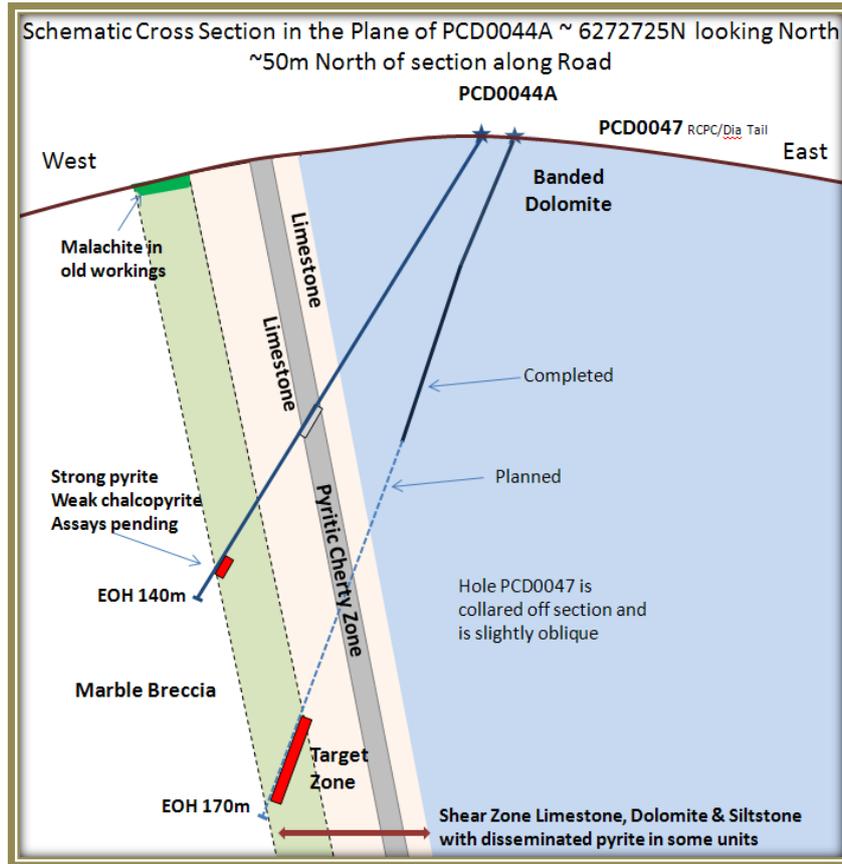


Figure 11: Schematic cross section 6272725N including drill holes PCD0044 and PCD0047

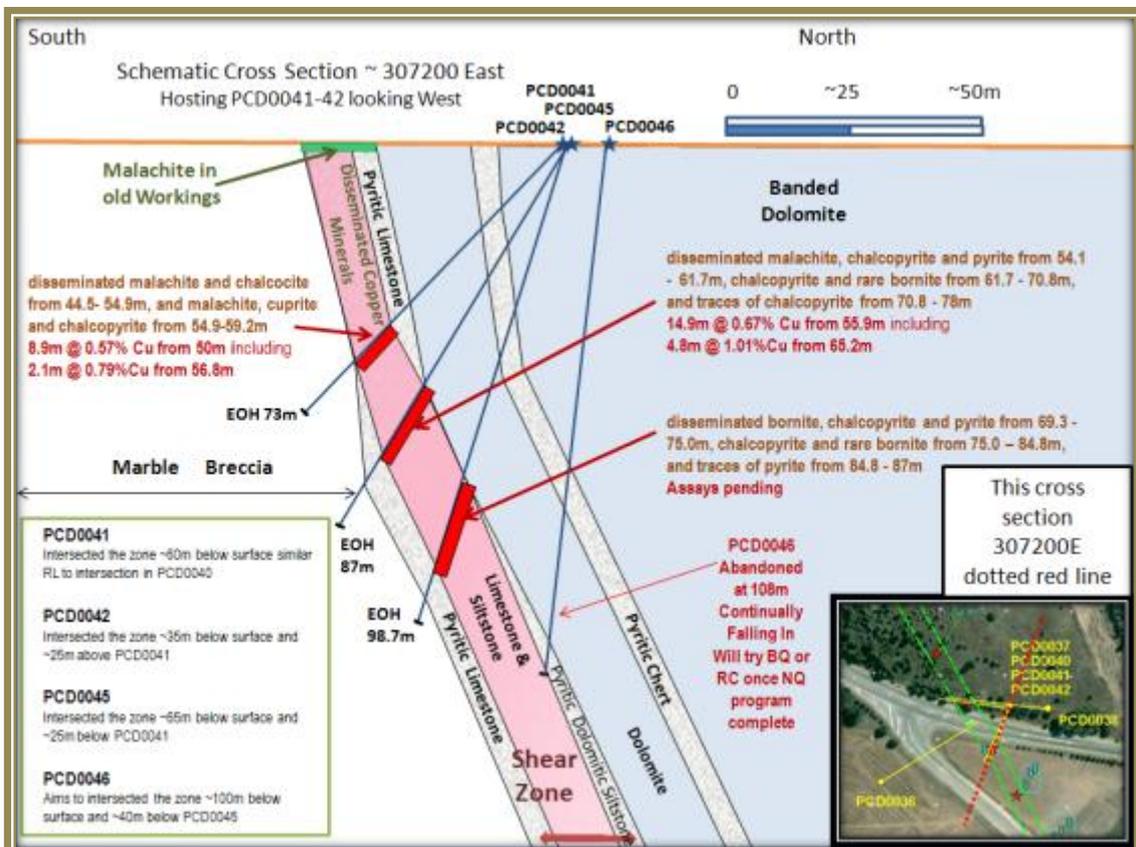


Figure 12: Schematic cross section at 307200E including PCD0041, PCD0042, PCD0045 and PCD0046

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Figure 13: Schematic long section at the Eagle prospect

Planned Activities

The discovery of the Eagle prospect by drilling historic Induced Polarisation (IP) anomalies in the Burra North area has prompted Phoenix Copper to investigate other IP anomalies generated by previous surveys further to the north west (see **Figure 14**). These are along the interpreted strike of the mineralised trend extending from south of the Monster Mine through the Eagle Prospect and on to the north west (from here to be referred to as the “**Burra Line of Lode**”).

Grove Prospect

M.I.M Exploration Pty Ltd conducted five lines of IP over the Grove Prospect in 1997 (see **Figure 14**). This work identified four main zones of anomalism **which remain outstanding areas to continue exploration.**

The **Central Anomaly** was drilled in 1978 by Selection Trust with 5 holes all being unsuccessful. In 1999/2000 MIM drilled 5 holes across various anomalies with 4 returning anomalous copper up to 330ppm over 2 metres.

No systematic cross sections of angled holes has been attempted and **thus the anomalies in this steeply dipping terrain, several over 5km in strike length, remain largely untested.**

A consultant geophysicist is currently reprocessing and merging the historic IP data, with the aim of identifying areas for further IP surveying, Field Portable X-Ray Fluorescence (FPXRF) and/or drilling for copper mineralisation.

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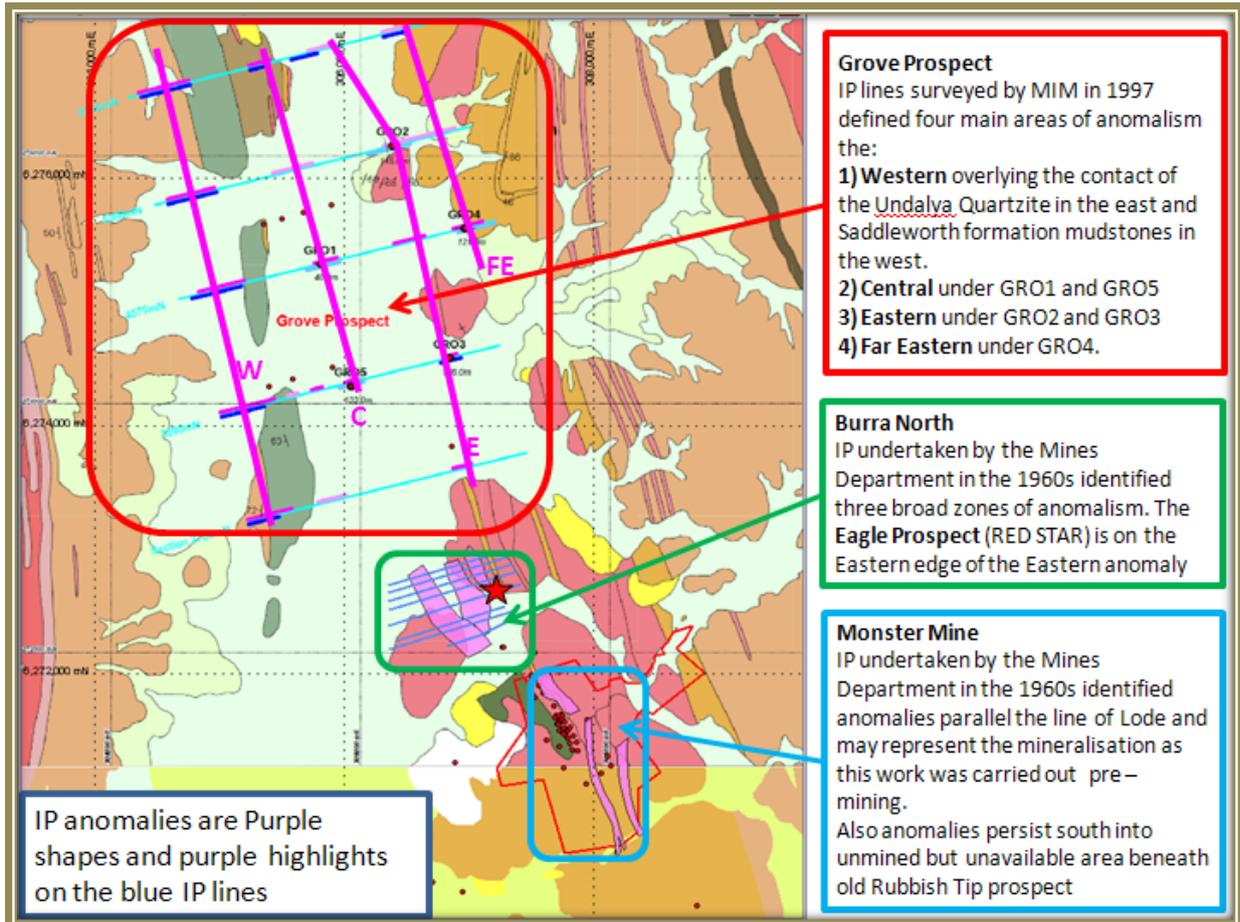


Figure 14: IP Surveys Location Plan Burra North.

1.3 LEIGH CREEK PROJECT

Tenement Applications

Phoenix Copper's applications for Mineral Exploration Release Areas ERAs 53 and 60 were successful and Exploration License Applications ELA2012-257 and ELA2012-258 have been allocated (see **Figure 15**).

Upon grant, the tenements will provide Phoenix Copper with significant exposure to Copper Carbonate and possibly Copper Sulphide exploration potential as many historical copper mines and workings are evident.

ELA2012-257 surrounds and encloses ML5741, Phoenix Copper's Mount Coffin mining lease (see **Figure 15**) where potential exists

- to the east and west along the projected strike of the old Elsie Adair and West Jubilee copper mines, and
- to the east of Reliance along the south east projected extension of the major structures and stratigraphic units that host Archer Exploration Limited's Mt Hutton manganese deposit and Perilya Limited's Reliance zinc project.

ELA2012-258 is located 60km to the south east of Leigh Creek (see **Figure 15**) and hosts many old copper mines and workings including the Nuccaleena Mine and the Blinman Mining Centre where in the period between 1862 and 1912, 9,700t of contained copper was mined.

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Planned Exploration

Previous work undertaken has included geological, geochemical and geophysical surveys including Aeromagnetic and Induced Polarisation.

Once the tenements are granted and appropriate waivers are in place, Phoenix Copper intends to undertake a systematic program of FPXRF analysis to effectively and efficiently identify areas to further focus exploration. This will include:

- Covering all areas of Burra Group rocks that are structurally disrupted or in close proximity to diapirs.
- Determining the extent and tenor of geochemical anomalism around old workings.
- Determining whether areas of anomalism identified in the previous geophysical surveys and not yet drilled have a distinct geochemical signature.

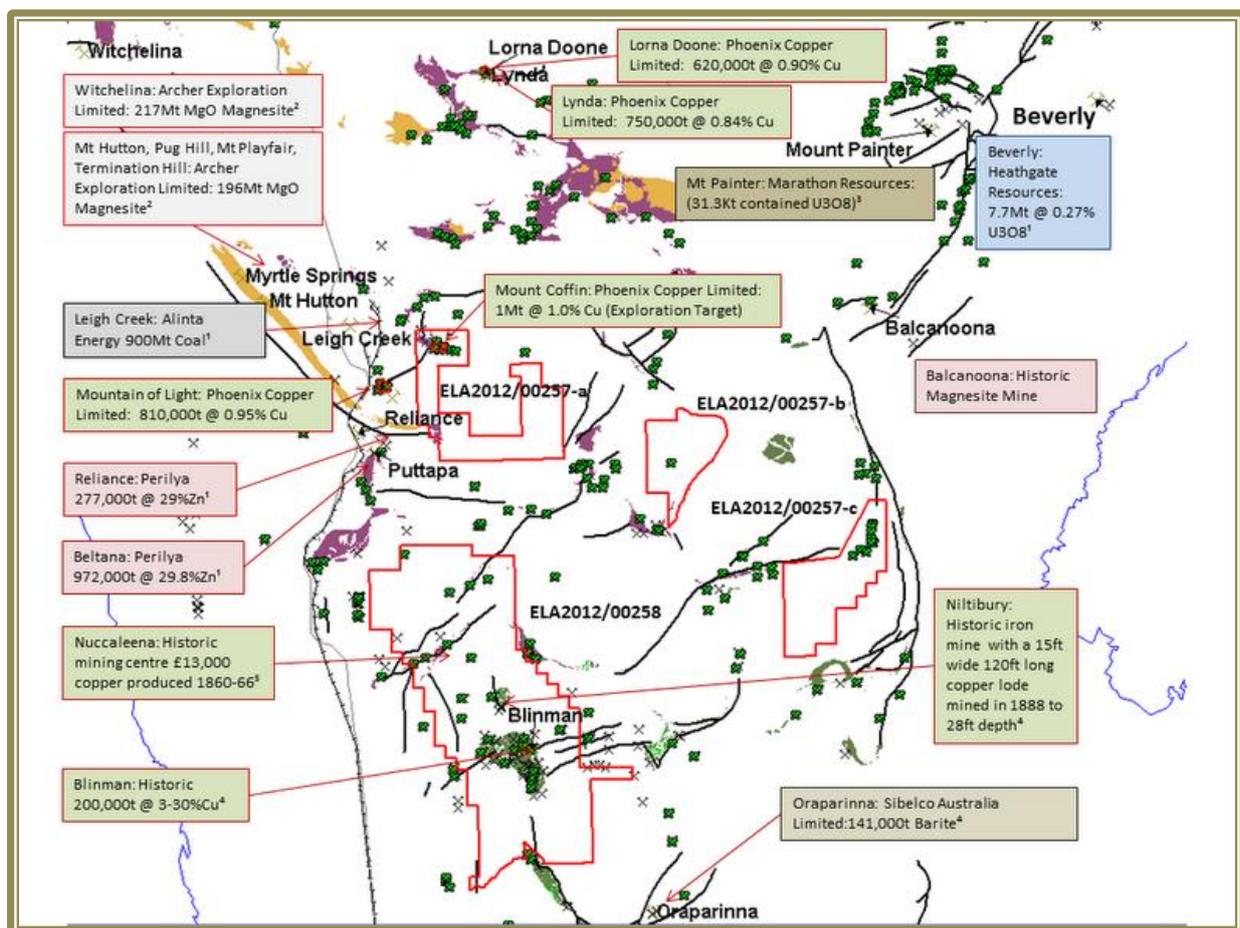


Figure 15: New Exploration License Applications and nearby projects. Data from DMITRE South Australia's Major Operating Mines and Mineral Development Project, Resource Estimates and Production Statistics; and DMITRE SARIG database.



2 OPERATIONS – LEIGH CREEK

Mining and processing operations at Mountain of Light (MoL) are currently under care and maintenance.

A mini pilot plant (MPP) is being used by InnovEco Australia to undertake Ion Exchange (IX) test work on Phoenix Copper's Paltridge North ore from MoL.

3 FINANCIAL & CORPORATE

As at 30th September 2012, Phoenix Copper had cash of \$1.80M, down slightly from \$1.85M at 30th June 2012. During the quarter, the receipt of the Group's 2011 Research and Development Tax Concession (\$643k) offset exploration and administrative expenditure. Exploration costs included the completion of the first phase Burra North drill program, and also costs related to follow-up program which commenced in late August. Exploration and evaluation costs during the quarter also included \$74k of test work and studies regarding alternative processing methods that could be used at the Company's Mountain of Light copper mine.

Forecast exploration costs for the December 2012 quarter of \$500k relate primarily to follow-up drilling and potential geophysical work at Burra North.

Corporate administration costs of \$383k, which mainly comprises head office salaries, overheads, insurance, and legal/professional fees, were on budget and lower than previous quarters due to the Company's ongoing cost containment efforts.

Equity

At 30th September 2012, the Company had on issue a total of 178,707,749 fully paid ordinary shares and 1,500,000 performance shares. During the quarter, the remainder of the shares related to the exercise of 15,264,449 30th June 2012 ten cent options (9,995,568) were issued. A corresponding 15,264,449 secondary options were also issued in July 2012, with a 15 cent exercise price and an expiry date of 30th June 2013. These options did not meet ASX quotation conditions. There are also a further 12,186,102 unlisted options on issue, expiring over the period January 2013 to July 2015. The majority of these options have an exercise price of 24.5 cents.

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on and accurately reflects information compiled by Mr Mark Manly and Ms Nicole Galloway Warland, who are both employees of Phoenix Copper Limited. Mr Manly (BSc (Hons)) is a Member of the Australasian Institute of Mining and Metallurgy and Nicole Galloway Warland (BSc (Hons)) is a Member of the Australia Institute of Geoscientists; both have sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Manly and Ms Galloway Warland consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

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