



**PHOENIX COPPER LIMITED
ACN 127 446 271**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Phoenix Copper Limited will be held:

- on **Thursday 20 November 2014**
- at **10:30am (Adelaide time)**
- at **Suite 6, Ground Floor, 60 Hindmarsh Square, Adelaide**

for the purpose of transacting the business set out in the following agenda.

Please note that the Company's Annual Report 2014 can be viewed at the Company's website at <http://www.phoenixcopper.com.au/>

This is an important document. Please read it carefully.
If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed with this document in accordance with the instructions set out on it.

AGENDA

GENERAL BUSINESS

2014 Financial Statements

To receive and consider the Company's Directors' Report, Financial Statements and Auditor's Report for the year ended 30 June 2014.

ORDINARY BUSINESS

RESOLUTION 1 Adoption of Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the Company adopts the Remuneration Report for the financial year ended 30 June 2014."

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 Re-election of Mr Paul Dowd as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Paul Dowd, a director retiring by rotation in accordance with clause 2.5 of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company".

RESOLUTION 3 Appointment of Grant Thornton as Company Auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to ASIC granting its consent to the resignation of the Company's current auditor, Deloitte Touche Tohmatsu, Adelaide, for the purposes of section 327B of the Corporations Act and for all other purposes, Grant Thornton Audit Pty Ltd, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company and the Directors be authorised to set its remuneration."

RESOLUTION 4 Subsequent approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rules 7.1 and 7.1A

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the securities issued without Shareholder approval under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A during the 12 month period since 21 November 2013, outlined in the Explanatory Notes accompanying this Notice of Meeting, be approved."

SPECIAL BUSINESS

RESOLUTION 5 Approval of 10% Placement Facility

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders authorise the Company to have the additional capacity to issue Equity Securities under ASX Listing Rule 7.1A, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusions

Resolution 1

In accordance with the Corporations Act, a vote must not be cast (in any capacity), and the Company will disregard any votes cast, on Resolution 1 by any Key Management Personnel and any Closely Related Party of such Key Management Personnel, the details of whose remuneration are included in the Remuneration Report.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the appointment of the Chair as proxy expressly authorises the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair. This authorisation is included in the proxy form enclosed.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies.

Resolution 2

There are no voting exclusions in relation to Resolution 2.

Resolution 3

There are no voting exclusions in relation to Resolution 3.

Resolution 4

The Company will disregard any votes cast on Resolution 4 by James Fox, convertible note holders, the lender of the \$1.2m unsecured debt, and sophisticated and professional investors who participated in the 19 November 2013 and 25 August 2014 placements, and associates of any of those parties.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5

The Company will disregard any votes cast on Resolution 5 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if Resolution 5 is passed. As at the date of this Notice of Meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential (if any) issue of Equity Securities under ASX Listing Rule 7.1A.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

In accordance with section 249L of the Corporations Act and clause 16.2(3)(d) of the Company's constitution, members are advised that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

To record a valid vote other than by voting in person at the meeting, Shareholders will need to complete and lodge the Proxy Form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at the share register of the Company, Computershare Investor Services Pty Ltd. Please complete and forward the Proxy Form to Computershare Investor Services:

by post at the following address:

**Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001**

OR

by facsimile on **1800 783 447** (within Australia) or **+61 3 9473 2555** (outside Australia);

or for **Intermediary Online subscribers only** (custodians), cast the shareholder's vote online by visiting www.intermediaryonline.com

so that it is received by no later than **10.30 am (Adelaide time) on Tuesday, 18 November 2014.**

Voting Entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that the Shareholding of each Shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears in the share register of the Company at 7:00pm Adelaide time on **Tuesday 18 November 2014.**

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's representative. A form of certificate of appointment can be obtained from the Company's share registry, Computershare Investor Services Pty Limited, by phoning 1300 305 232 (within Australia) or +61 3 9415 4657. The certificate or letter may be sent to the Company or the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 in advance of the Meeting or handed in at the Meeting when the appointed representative registers as a corporate representative.

Explanatory Notes

The Explanatory Notes accompanying this Notice of Meeting are incorporated in, comprise part of and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes, which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Notes.

By order of the Board

A handwritten signature in blue ink, appearing to read 'Tim Moran', with a long horizontal flourish extending to the right.

Tim Moran
Company Secretary
Dated: 20 October 2014

EXPLANATORY NOTES

Important Notice

These Explanatory Notes contain an explanation of, and information about, the resolutions to be considered at the Annual General Meeting of Shareholders proposed to be held at Suite 6, Ground Floor, 60 Hindmarsh Square, Adelaide on **Thursday, 20 November 2014 at 10:30am** (Adelaide time). They are given to Shareholders to help them determine how to vote on the resolutions set out in the Notice of Meeting.

These Explanatory Notes form part of the Notice of Meeting and should be read in conjunction with the Notice of Meeting. Shareholders should read these Explanatory Notes in full, because individual sections may not give a comprehensive review of the proposals contemplated in them.

Capitalised terms in these Explanatory Notes are defined in the Glossary at the end of these Explanatory Notes.

If you are in doubt about what to do in relation to the resolutions set out in the Notice of Meeting you should consult your financial or other professional adviser.

GENERAL BUSINESS

Receiving financial statements and reports

The financial report of the Company for the year ended 30 June 2014 (including the financial statements, directors' report and auditors' report) was included in the 2014 annual report of the Company, a copy of which is available on the Company's website at www.phoenixcopper.com.au.

There is no requirement for Shareholders to approve these reports. However, Shareholders attending the Meeting will be given a reasonable opportunity:

1. to ask question about or make comments on the management of the Company; and
2. to ask the Company's auditor questions relevant to:
 - a. the conduct of the audit;
 - b. the preparation and content of the auditor's report;
 - c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - d. the independence of the auditor in relation to the conduct of the audit.

A Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the auditor if the question is relevant to:

1. the content of the auditor's report to be considered at the annual general meeting; or
2. the conduct of the audit of the annual financial report to be considered at the annual general meeting.

A written question may be submitted by giving the question to the Company no later than 13 November 2014, being five business days before the day on which the Meeting is to be held, and the Company will then pass the question on to the auditor. At the Meeting the Company will allow a reasonable opportunity for the auditor to answer written questions submitted to the auditor.

The Company will make copies of the question list available to Shareholders attending the Meeting.

No resolution is required to be moved in respect of this item of General Business.

ORDINARY BUSINESS

RESOLUTION 1 Adoption of Remuneration Report

The Remuneration Report for the financial year ended 30 June 2014 is set out in the Directors' Report section of the Annual Report, which either accompanies this Notice or is available on the Company's website www.phoenixcopper.com.au. The Remuneration Report outlines the remuneration arrangements in place for directors and Key Management Personnel of the Company.

Section 250R(2) of the Corporations Act requires listed companies to put to vote a resolution that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Directors or the Company.

If more than 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the remuneration report for two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must stand for re-election.

At the 2013 AGM, the Company's remuneration report for the year ended 30 June 2013 did not receive a 'no' vote of 25% or more, with more than 98% of the votes having been cast in favour of adoption of the remuneration report.

The Directors recommend that Shareholders vote in favour of Resolution 1.

The Chairman intends to vote undirected proxies in favour of Resolution 1.

RESOLUTION 2 Re-appointment of Mr Paul J Dowd as Director

Mr Dowd was appointed to the Board in September 2007. In April 2012 he retired as Managing Director of Phoenix Copper, a position he assumed in September 2008, but he remains on the Board as a non-executive director.

Paul Dowd has over 45 years' experience in the mining industry in Australia and many overseas countries. Mr Dowd's experience includes executive management roles including Vice President of Newmont Mining Corporation's Australian and New Zealand Operations and Managing Director of Newmont Australia Limited, and as a senior public servant – head of the resources and petroleum department in the Kennett Government of Victoria.

He is currently Chairman of the SA Mineral Resources & Heavy Engineering Skills Centre and non-executive director of Oz Minerals Limited. Mr Dowd is also a board member of the Sustainable Minerals Institute and the University of Queensland, Chairman of the Mineral Resources Sector Advisory Council of the CSIRO and a SA Training and Skills Commissioner.

Mr Dowd has a relevant interest in 2,230,000 Shares.

To enable compliance with clause 2.5 of the Company's constitution and ASX Listing Rule 14.5, Mr Dowd voluntarily retires at the close of the Meeting. Being eligible, Mr Dowd has offered himself for re-election in accordance with clause 2.5(5) of the Company's constitution.

Accordingly, Resolution 2 provides for the re-election of Mr Dowd as a director of the Company.

The Directors (other than Mr Dowd) recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote undirected proxies in favour of Resolution 2.

RESOLUTION 3 Appointment of Grant Thornton as Company Auditor

Deloitte Touche Tohmatsu, Adelaide ('Deloitte') have been the Company's auditors since 2008. Deloitte have resigned as the Company's auditors, effective at the conclusion of the Meeting, subject to the consent of ASIC.

As required by section 329(5) of the Corporations Act, Deloitte have applied for the consent of ASIC to their resignation as the Company's auditors. Resolution 3 is conditional upon ASIC's consent to the resignation of Deloitte. The Company anticipates that this consent will be obtained by the date of the Meeting.

In accordance with the requirements of section 327B of the Corporations Act, the Company is required to fill any vacancy in the office of auditor at the Meeting.

In accordance with section 328B of the Corporations Act, notice in writing nominating Grant Thornton Audit Pty Ltd ('Grant Thornton') as the Company's auditor has been given to the Company by a Shareholder. A copy of this notice is included in Appendix B of this Notice of Meeting. The Company has received the consent of Grant Thornton to act as auditor of the Company, if approved by Shareholders.

If ASIC consent to the resignation of Deloitte is obtained prior to the Meeting and the ordinary resolution is passed, the appointment of Grant Thornton will take effect at the conclusion of the Meeting.

The Directors unanimously recommend that shareholders vote in favour of Resolution 3.

The Chairman intends to vote available undirected proxies in favour of Resolution 3.

RESOLUTION 4 Subsequent approval under ASX Listing Rule 7.4 of securities issued under ASX Listing Rules 7.1 and 7.1A

ASX Listing Rule 7.1 provides that a listed company may only issue or agree to issue up to 15% of the company's ordinary issued capital in any 12 month period, unless shareholder approval is obtained (subject to certain exceptions).

ASX Listing Rule 7.4 allows a company in a general meeting to subsequently approve an issue of securities under ASX Listing Rule 7.1, provided the company did not breach the 15% capacity, and also approve an issue of securities under ASX Listing Rule 7.1A, provided the company did not breach the 10% capacity.

Resolution 4 seeks subsequent shareholder approval of the securities issued during the 12 month period since 21 November 2013 as described below, pursuant to ASX Listing Rule 7.4. These securities were issued without Shareholder approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.1A. If such approval is given, the Company will be entitled under ASX Listing Rule 7.1 to issue up to 15% of its ordinary issued capital, if required, in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- 19 November 2013 – 19,799,159 fully paid ordinary shares (ranking equally with all existing shares) were issued at 4.5 cents to a sophisticated investor, raising funds of \$890,962 for working capital purposes.
- 25 November 2013 – 357,142 fully paid ordinary shares (ranking equally with all existing shares) were issued at a deemed price of 4.2 cents (30 day VWAP) to convertible note holders in lieu of payment of \$15,000 cash to settle 6 monthly interest payable on the notes. Further detail on the issue is contained in **Appendix A**. No funds were raised by the issue but the Company's liability in respect of the 6 monthly interest payable on the notes was fully satisfied.
- 7 May 2014 – 1,740,384 fully paid ordinary shares (ranking equally with all existing shares) were issued at a deemed price of 2.6 cents (30 day VWAP) to a lender in lieu of payment of \$45,000 cash to settle 6 monthly interest payable on the loan. Further detail on the issue is contained in **Appendix A**. No funds were raised by the issue but the Company's liability in respect of the 6 monthly interest payable on the loan was fully satisfied.
- 22 May 2014 – 670,046 fully paid ordinary shares (ranking equally with all existing shares) were issued at a deemed price of 2.2 cents (30 day VWAP) to convertible note holders in lieu of payment of \$15,000 cash to settle 6 monthly interest payable on the notes. Further detail on the issue is contained in **Appendix A**. No funds were raised by the issue but the Company's liability in respect of the 6 monthly interest payable on the notes was fully satisfied.
- 20 August 2014 – 375,000 fully paid ordinary shares (ranking equally with all existing shares) were issued to James Fox, CEO of the Company, on the vesting of an equivalent number of Performance Rights that were originally issued in September 2013. No funds were raised by the issue.

- 25 August 2014 – 24,300,000 fully paid ordinary shares (ranking equally with all existing shares) were issued at 1.3 cents to sophisticated and professional investors identified by CPS Capital Group Pty Ltd, raising funds of \$315,900 for exploration activities and working capital purposes.
- 19 September 2014 – 1,200,000 Performance Rights were issued to the Company's Chief Executive Officer James Fox with performance conditions outlined in **Appendix A**. Each Performance Right is convertible into one Share, if the performance conditions are met. No funds were raised by the issue.

A voting exclusion statement is set out in the Notice of Meeting.

The Directors unanimously recommend that shareholders vote in favour of Resolution 4.

The Chairman intends to vote available undirected proxies in favour of Resolution 4.

SPECIAL BUSINESS

RESOLUTION 5 Approval of 10% Placement Facility

Under Listing Rule 7.1A an Eligible Entity can seek shareholder approval by special resolution at an annual general meeting to place additional Equity Securities equivalent to 10% of its issued share capital, in accordance with the terms set out below (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An 'Eligible Entity' for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity.

At the Company's 2013 Annual General Meeting (**2013 AGM**) Shareholder approval was obtained regarding the availability of the 10% Placement Facility for the 12 months period ending 21 November 2014. A total of 18,745,775 Shares were issued under Listing Rule 7.1A in the 12 month period since the 2013 AGM (these Shares form part of the 19 November 2013 and 25 August 2014 Share issues for which subsequent Shareholder approval is sought under Resolution 4).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility for a further 12 months. Resolution 5 therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that could be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section (c) below).

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 5.

No Director or Related Party will participate in any issue under the 10% Placement Facility unless specific approval is obtained for the purposes of ASX Listing Rule 10.11.

Description of Listing Rule 7.1A

(a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of this Notice of Meeting, has one quoted class of Equity Securities on issue, being Shares.

(c) Formula for calculating the 10% Placement Facility

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

Where: **A** is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are *not* issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 234,727,258 Shares¹ and therefore has a capacity to issue:

- (i) 35,209,088 Equity Securities under ASX Listing Rule 7.1 (assuming Resolution 4 is passed); and
- (ii) subject to Shareholder approval being sought under this Resolution 5, 23,472,725 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section (c) above).

¹ This figure is expected to increase to approximately 352,000,000 following completion of a 1 for 2 non-renounceable pro-rata Rights Issue announced on 25 September 2014. Approximately 117 million shares are expected to be issued under the Rights Issue on or about 23 October 2014. If this occurs, the Company will have the capacity to issue 52,800,000 equity securities under ASX Listing Rule 7.1 and 35,200,000 equity securities under ASX Listing Rule 7.1A.

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as non-cash consideration, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking)

(10% Placement Period).

(g) Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities, if issued, will be issued at a price of not less than 75% of the VWAP of the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If this Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date for the Equity Securities (as noted in (a) above); and
 - (iii) the Equity Securities may be issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the market price of Shares as of 13 October 2014 and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in ASX Listing Rule 7.1A.2		Dilution		
		\$0.014 50% decrease in Issue Price	\$0.029 Issue Price	\$0.058 100% increase in Issue Price
Current variable "A" 234,727,258 Shares	10% Voting Dilution	23,472,725 Shares	23,472,725 Shares	23,472,725 Shares
	Funds Raised	\$328,618	\$680,709	\$1,361,418
50% increase in current variable "A" 352,090,887 Shares	10% Voting Dilution	35,209,088 Shares	35,209,088 Shares	35,209,088 Shares
	Funds Raised	\$492,927	\$1,021,064	\$2,042,127
100% increase in current variable "A" 469,454,516 Shares	10% Voting Dilution	46,945,451 Shares	46,945,451 Shares	46,945,451 Shares
	Funds Raised	\$657,236	\$1,361,418	\$2,722,836

The table presents theoretical examples only, and on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) None of the unlisted options, Performance Rights or convertible notes that the Company currently has on issue are exercised or vest before the date of the issue of the Equity Securities. The table also does not take into account the impact of any shares issued under the Company's 1 for 2 non-renounceable pro-rata Rights Issue announced on 25 September 2014.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue, assuming variable A is equal to the total issued share capital. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) A market price of \$0.029, being the closing price of the Shares on ASX on 13 October 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets (including expenses associated with such acquisition(s)), continued exploration on the Company's current exploration licenses, and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors that include, but are not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing Shareholders and/or new investors who are not Related Parties of the Company or their associates.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If Resolution 5 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the 10% Placement Period, as and when the circumstances of the Company require.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 21 November 2013. Appendix A contains detailed information required under Listing Rule 7.3A.6 regarding Equity Securities issued since 21 November 2013.
- (g) A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to vote undirected proxies in favour of Resolution 5.

GLOSSARY

"AGM" means an Annual General Meeting of the Company;

"ASIC" means the Australian Securities and Investment Commission;

"ASX" means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires;

"ASX Listing Rules" means the official listing rules of ASX;

"Board" means the board of Directors;

"Closely Related Party" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member controls;

"Company" or **"Phoenix Copper"** means Phoenix Copper Limited (ACN 127 446 271);

"Corporations Act" means *Corporations Act 2001* (Cth);

"Director" means a director of the Company;

"Eligible Entity" means an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less;

"Equity Securities" has the meaning given to that term in the ASX Listing Rules;

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise);

"Listed Options" means ASX listed Options;

"Meeting" means the Annual General Meeting of the Company to be held on Thursday 20 November 2014 at 10:30am;

"Notice of Meeting" or **"Notice"** means the notice convening the annual general meeting of Phoenix Copper to be held on 20 November 2014 and which these Explanatory Notes accompany;

"Option" means an option to subscribe for a Share;

"Performance Right" means a performance right granted under the Phoenix Copper Employee Performance Rights Plan.

"Related Party" means has the meaning given to that term in the Corporations Act;

"Share" means a fully paid ordinary share in the capital of the Company;

"Shareholder" means a holder of a Share;

"Shareholding" means a holding of one or more Share(s);

“Trading Day” means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules;

“VWAP” means Volume Weighted Average Price of the Company’s ASX-listed Shares trading under the code PNX.

APPENDIX A

Names of persons who received securities or basis on which those persons was determined																			James Fox
Price	\$0.045	\$0.042	\$0.026	\$0.022															James Fox
Discount to market price (if any)	None	None	None	None															None
For cash issues																			
Total cash consideration received:	\$890,962	\$15,000	\$45,000	\$15,000															N/A
Amount of cash consideration spent:	\$890,962	Refer below	Refer below	Refer below															Approximately half
Use of cash consideration:	Exploration and corporate activities	Shares were issued in lieu of cash payment of \$15,000 for interest charges	Shares were issued in lieu of cash payment of \$45,000 for interest charges	Shares were issued in lieu of cash payment of \$15,000 for interest charges															Exploration activities related to Northern Territory and working capital
Intended use for remaining amount of cash (if any):	N/A	N/A	N/A	N/A															Exploration activities related to Northern Territory

For non-cash issues									
Non-cash consideration paid:	N/A	N/A	N/A	N/A	N/A	N/A	Shares were issued upon vesting of an equivalent number of Performance Rights as performance conditions were met. Shares therefore issued in return for services from the Company CEO.	N/A	1,200,000 Performance Rights issued to CEO as part of his remuneration arrangements.
Current value of that non-cash consideration:							Services already provided		No Shares have yet been issued pending satisfaction of vesting conditions.

*shares were issued after the 2013 AGM Notice of Meeting was sent out and therefore were not able to be approved at the 2013 AGM

Notes

1. Performance Rights issued to CEO James Fox, under Phoenix Copper's Employee Performance Rights Plan (Plan approved at the Company's 2013 Annual General Meeting), with the following performance conditions:

- achievement of a capital raising in excess of \$2 million by 30 December 2014 (375,000 Rights);
- a discovery defined by two drill holes spaced a minimum of 75 metres apart with ore-grade mineralisation by 30 June 2016 (375,000 Rights); and
- double the contained metal of the current foreign resource estimate at the Iron Blow project in the Northern Territory by 30 June 2016 (450,000 Rights).

Each Performance Right entitles the holder to one ordinary share in the Company, if the performance conditions are met.

2. \$600,000 unsecured convertible notes accrue interest at 5% per annum, payable semi-annually in cash or Shares at the option of the Company. If Shares are to be issued, the number will be determined as the interest payable divided by the Company's volume weighted average ASX closing price over the 30 days preceding the end of the interest period.

3. \$1,200,000 unsecured loan accrues interest at 7.5% per annum, payable semi-annually in cash or Shares at the option of the Company. If Shares are to be issued, the number will be determined as the interest payable divided by the Company's volume weighted average ASX closing price over the 30 days preceding the end of the interest period.

APPENDIX B - NOMINATION OF AUDITOR

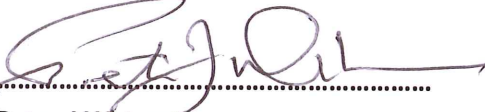
29 September 2014

Phoenix Copper Limited
1/135 Fullarton Road
Rose Park, SA 5067

Notice of Nomination of Auditor in accordance with Section 328B of the *Corporations Act 2001*

I Peter Watson, of 5 Pembroke St, College Park SA 5069, being a member of Phoenix Copper Limited ('Company') nominate Grant Thornton Audit Pty Ltd, a subsidiary of Grant Thornton Australia Ltd, of Level 1, 67 Greenhill Rd, Wayville SA 5034 for appointment as Auditor of the Company at the next Annual General Meeting of the Company.

Dated: 29 September 2014



.....

Peter J Watson

Member and Director

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