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ASX ANNOUNCEMENT, 18th August 2014

ACQUISITION OF HIGH-GRADE MASSIVE SULPHIDE DEPOSITS AND EXPLORATION JV IN THE NT

Phoenix Copper has signed an agreement to acquire 100% of the Iron Blow and Mount Bonnie deposits from Canadian-listed gold producer Crocodile Gold Corp, and to earn up to a 90% interest in the nearby Burnside, Moline and Maud Creek base metals and gold exploration projects in the Northern Territory.

- **Represents first step under previously stated strategy to identify and acquire new projects offering near term mining and development potential and significant exploration upside**
- **Acquisition will comprise 15 Mining Leases that include the Mount Bonnie high-grade massive sulphide deposit, and an NI 43-101 compliant Inferred mineral resource estimate at Iron Blow of 3.17Mt @ 2.08g/t Au, 100.9g/t Ag, 3.28% Zn, 0.76% Pb, and 0.19% Cu**
- **Both the Iron Blow (IBDH) and Mount Bonnie (MBH) deposits remain open and feature high-grade intercepts, including:**

  IBDH006 – 48.4M @ 3.53g/t Au, 429.2g/t Ag, 9.58% Zn, 3.37% Pb and 0.27% Cu from 94.9m[1]

  IBDH007 – 20.3m @ 5.89g/t Au, 481.6g/t Ag, 13.92% Zn, 3.10% Pb and 0.61% Cu from 193m

  MBH001 – 9.6m @ 2.55g/t Au, 312g/t Ag, 13.16% Zn, 3.47% Pb and 0.65% Cu from 75.2m[2]
- **The Burnside, Moline and Maud Creek exploration projects host priority untested drill ready targets in areas of proven gold and under-explored for base metals**
- **Capital raising of $316,000 by way of a share placement via CPS Capital Group at 1.3c**

Phoenix Copper Limited (**ASX:PNX**) is pleased to advise that it has entered into an agreement to acquire and earn into advanced gold and under-explored base metals projects in a two part $4 million agreement with Crocodile Gold Australia Pty Ltd a subsidiary of Canadian listed gold producer, Crocodile Gold Corp (**TSX:CRK**).

Under this Asset Sale and Farm-in Joint Venture Agreement Phoenix Copper will, subject to conditions precedent being satisfied, acquire the Iron Blow and Mount Bonnie massive sulphide deposits north of Pine Creek, and have the right to earn up to a 90% interest in the Burnside, Moline and Maud Creek base metals (excluding uranium) and gold exploration projects (Figure 2).

All project areas are within the highly prospective Pine Creek Orogen located 180km to the southeast of Darwin and are well positioned in regard to mining infrastructure, rail, road, natural gas and power (Figure 2).

[1] See Crocodile Gold Corp release (www.sedar.com) March 2012, 'Crocodile Gold's Iron Blow massive sulphide deposit returns significant assay results'

[2] See Crocodile Gold Corp release (www.crocgold.com) July 2013, 'Report on the Mineral Resources & Mineral Reserves of the Burnside Gold and Base Metals Project'

The Iron Blow and Mount Bonnie assets will be acquired for a nominal $1 and the grant of a royalty in respect of gold and silver production, as part of a broader commitment by Phoenix Copper to spend $4 million over the next four years earning up to a 90% joint venture interest in the three larger base metals and gold exploration projects (Burnside, Moline and Maud Creek).

Odessa Resources Pty Ltd on behalf of Crocodile Gold Corp, defined a Canadian NI 43-101 compliant Inferred resource estimate for the Iron Blow massive sulphide deposit in 2009 (Table 1).

Table 1 ***– NI 43-101 compliant initial Inferred mineral resource estimate (at 1.0g/t Au cut-off grade) at Iron Blow***

	Gold g/t	Silver g/t	Lead %	Zinc %	Copper %
Tonnes	3,174,876	3,174,876	3,174,876	3,174,876	3,174,876
Grade	2.08	100.9	0.76	3.28	0.19
Contained Metal	212,318 oz	10,299,488 oz	24,129 t	104,136 t	6,032 t

This resource estimate is a foreign resource estimate and is not reported in accordance with the JORC Code; Insufficient work by the competent person has been undertaken on the foreign resource estimate to classify in accordance with the JORC Code, and it is uncertain that following evaluation and/or further exploration work the foreign resource estimate will be able to be reported as a mineral resource in accordance with the JORC Code. Refer to Appendix 1, Table 1-3. 'Assessment and Reporting Criteria Mineral Resource – JORC 2012' describing compliance with the 2012 JORC Code requirements for the reporting of the Mineral Resource estimate for the Iron Blow deposit.

The Burnside, Moline and Maud Creek exploration projects comprise 21 exploration licenses and 4 mining leases over 1,700km² within the Pine Creek Orogen. The area is highly prospective for the discovery of new base metal and gold mineralisation and contains a number of priority drill-ready targets that offer excellent exploration potential.

A review of Crocodile Gold's regional database is underway. Of particular interest is the data generated from a 4,079 line km heliborne VTEM survey completed in 2011 over the Burnside, Moline and Maud Creek projects that identified a large number of untested high priority targets.

Phoenix Copper CEO, Mr James Fox:

"The acquisition and farm-in are consistent with our strategy to identify new and advanced base metal projects in amenable mining jurisdictions such as the Northern Territory. This transaction has the potential to create near term value for our shareholders through the discovery and development of quality new metal resources."

"Previous drilling at Iron Blow intercepted high grade mineralisation over significant width. We aim to quickly add value by preparing a 2012 JORC compliant resource in addition to developing an initial resource estimate at Mount Bonnie. There is significant upside potential linked to success within the Joint Venture area that has largely been ignored for base metals exploration, not due to lack of potential, but due to a focus on gold by previous explorers. The Company also plans to work closely with Crocodile Gold in exploiting the gold prospectivity of the region to potentially provide additional feed for their existing mill at Union Reefs."

Initial funding will be provided by a capital raising of $316,000 by way of a share placement via CPS Capital Group Pty Ltd (CPS) at 1.3c per share. 24,300,000 fully paid ordinary shares will be issued to professional and sophisticated investors (or taken up by CPS) without shareholder approval under the Company's placement facility available under ASX Listing Rules 7.1.

Phoenix Copper continues to evaluate the best options to raise additional funds, including preliminary discussions with other parties. It is most likely that the funding required to earn the full 90% joint venture interest will be raised in stages over the next few years.

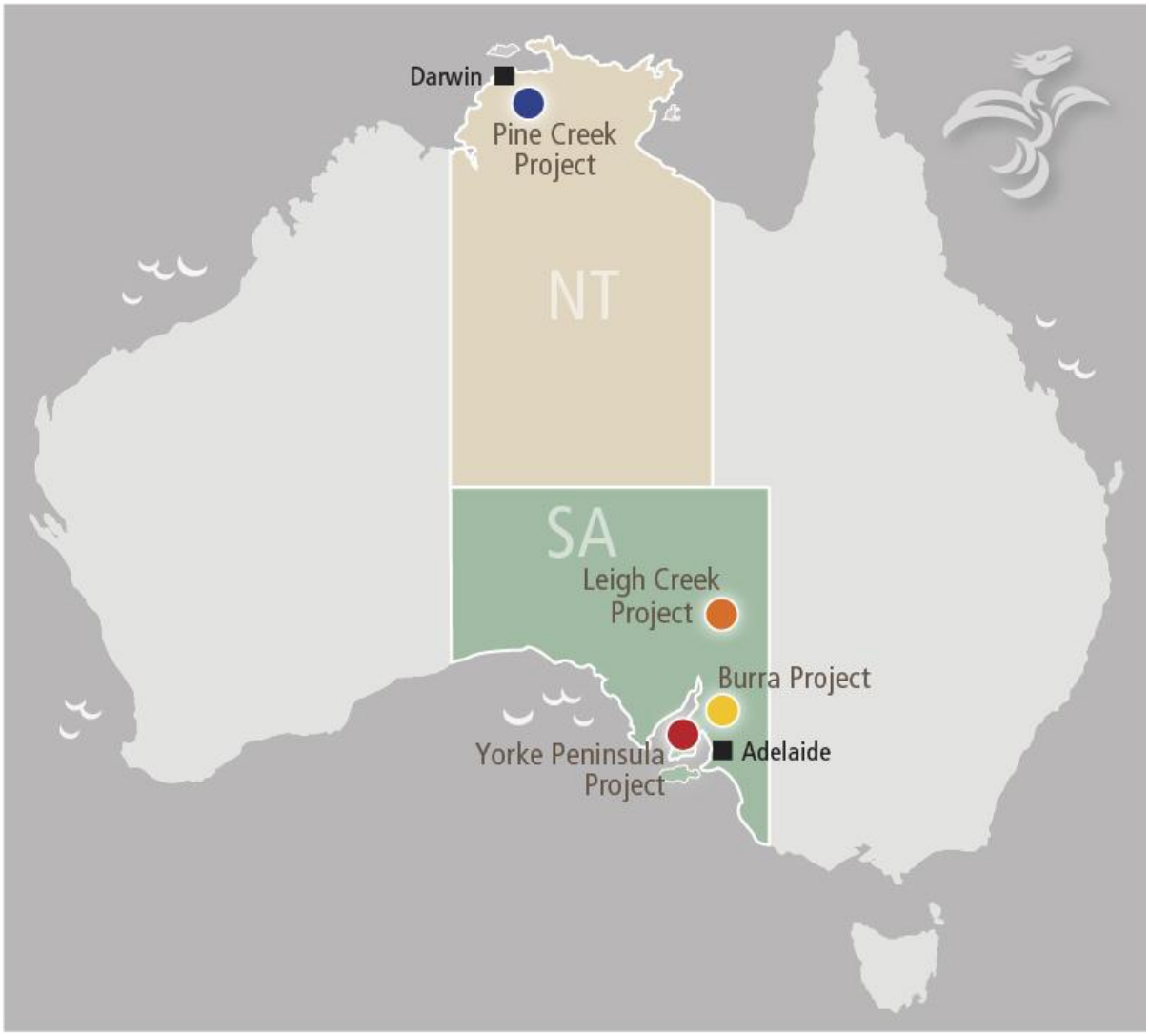

Figure 1: *PNX Project Location Map*

Planned Activities

New exploration by Phoenix Copper will focus on the activities outlined below aimed at advancing the Iron Blow and Mount Bonnie deposits, drill testing the current exploration targets and prioritising regional VTEM targets.

- Upgrade Iron Blow Inferred mineral resource estimate to JORC 2012 mineral resource
- Conduct infill and extension drilling at Iron Blow to test continuity of mineralisation along strike and at depth
- Define a 2012 JORC compliant mineral resource estimate at Mount Bonnie
- Assess the Iron Blow and Mount Bonnie deposits in order to determine their economic viability and development potential
- Drill test known prospects, prioritising existing geochemical anomalies and geophysical targets in favourable lithological and structural settings
- Re-interpret VTEM data to confirm targets and follow-up with geochemical ground based fieldwork and Reverse Circulation drilling

Figure 2: *Burnside, Moline and Maud Creek Exploration Projects*

Key Terms of Acquisition of Mount Bonnie and Iron Blow

- Phoenix Copper will acquire 15 Mining Leases (**Sale Tenements**) including those that contain the Iron Blow and Mount Bonnie deposits in exchange for a 2% royalty over the market value of gold and silver contained in concentrate production from the Sale Tenements.
- Crocodile Gold has the right to clawback a 30% interest in the Sale Tenements within 6 months of the completion of a Pre-Feasibility Study by paying Phoenix Copper three times its accumulated expenditure on these tenements.

Key Terms of Farm-in on Crocodile Gold tenements

- 21 exploration licences and 4 mining leases covering 1,700km² over three main project areas (**Farm-in Tenements**).
- Phoenix Copper can earn a 51% interest (excluding uranium) with the expenditure of $2 million over 2 years (which can include up to $0.5 million spent on the Sale Tenements).
- Phoenix Copper can elect to increase the earned interest to 90% by spending an additional $2 million within a further 2 years (which can include up to a further $0.5 million spent on the Sale tenements).

- Crocodile Gold can acquire 90% of any 2012 JORC compliant gold and silver deposit (80% or more of the in situ metal value comprised of the value of gold and silver) by paying Phoenix Copper three times its accumulated expenditure related to that deposit within 6 months of an initial resource estimate being announced by Phoenix Copper to the ASX for that deposit.
- Phoenix Copper can withdraw before spending the initial $2 million. However, it would forfeit any right to the Farm-in Tenements.
- Further consideration of $500,000 (in cash or PNX shares) is payable upon completion of a Bankable Feasibility Study on any base metals deposit within the Farm-in Tenements or the Sale Tenements.

The agreement contains Conditions Precedent which include, amongst other things, Foreign Investment Review Board approval for the transactions and the parties entering into certain deeds of assignment and assumption with relevant third parties in relation to existing third party agreements. The conditions precedent must be satisfied or (if capable of being waived) waived on or before 15th November 2014. The acquisition of the Sale Tenements and the Farm-in to the Farm-in Tenements can proceed independently of each other.

An historical matter that may bear on Phoenix Copper's rights in respect of the Sale Tenements is being further investigated, and significant expenditure on these tenements may be delayed pending the outcome of those investigations. This does not affect the farm-in to the Burnside, Maud Creek and Moline exploration projects.

Phoenix Copper is very pleased with the opportunity that this transaction presents to our existing shareholders and new investors, and looks forward to providing updates as they become available.

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.

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APPENDIX 1 - *Assessment and Reporting Criteria Mineral Resource – JORC 2012*		
Section 1: Sampling Techniques and Data		
Criteria	***JORC Code Explanation***	**Commentary**
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Diamond holes completed at the Iron Blow and Mount Bonnie projects were selectively sampled, with sample intervals defined by geological boundaries, resulting in variable sample lengths. Core sampling commenced at a distance downhole selected by the geologist, and continued to the end of hole, with the most common sample length being 1m.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Measures taken by the previous operator to ensure sample representivity are unknown to PNX.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	Sampling procedures for the half core samples involved marking the sample boundary on the core then cutting or breaking the core at that boundary. A diamond saw was then used to cut the core lengthways along the sample interval. One half was sent for analysis, the remaining half retained in the core tray.
Drilling Techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	NQ diamond drilling.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	Core recovery data was typically high (greater than 90%) in all lode intersections. This information was logged and recorded in database.
	Measures taken to maximise sample recovery and ensure representative nature of the samples	PNX does not know if any measures were taken.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	The mineralisation zones showed no issue of sample bias due to material loss or gain.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Entire holes were comprehensively geologically and geotechnically logged.
	Whether logging is qualitative or	Geological logging for stratigraphy, lithology,

	quantitative in nature. Core (or costean, channel, etc) photography.	mineralogy, mineralisation, texture and colour was conducted using defined material type codes based on characterisation studies and mineralogical assessments. No core photos have been reviewed by PNX.
	The total length and percentage of the relevant intersections logged	All drill holes were logged in full.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Sampling procedures for the half core samples involved marking the sample boundary on the core then cutting or breaking the core at that boundary. A diamond saw was then used to cut the core lengthways along the sample interval. One half was sent for analysis, the remaining half retained in the core tray.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Diamond drilling only.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The half/quarter core sample was initially crushed in a jaw crusher, to a size of -10mm, cleaned by compressed air between samples. It was then passed through a roll crusher to reach a size of 2-3mm (or more if tabular/platy). This sample was then split down to 1kg, with the remaining samples returned as coarse reject, which was returned to site and stored under cover for future reference. The 1kg sample was Keegor milled to a size of 100 microns, and the mill cleaned with a barren silica flush between samples. 400g of this fine material was retained for sampling, from which 50g was taken for assay analysis. The remaining sample was kept as a pulp sample for future reference.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Quality control procedures include checks to ensure that the sample was pulverised to the required size. In addition, a barren wash of the bowls using silica sand was carried out between samples. Repeats were done on a one in eight ratio on a random selection basis. In addition, high assays were repeated. High and low range standards were assayed with the batch jobs, the high range standards used were purchased from Gannet Holdings Pty Ltd, with the standards used being COMPASS, BM438 and BM 22.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	PNX believes results of duplicate sampling indicate no systematic bias due to sub-sampling techniques.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate to correctly represent the mineralisation at Iron Blow and at Mount Bonnie: the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.
Quality of Assay and laboratory test	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Northern Australian Laboratories (NAL) at Pine Creek, Northern Territory analysed all samples for the Iron Blow deposit and the Mount Bonnie Drilling.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the	PNX has no knowledge of these tools being used.

	analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of the in house procedures. Certified reference materials, having a good range of values, were inserted blindly and randomly. Results highlight that sample assay values are accurate and that contamination has been contained. Repeat or duplicate analysis for samples reveals that precision of samples is within acceptable limits.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	PNX is currently undertaking due diligence to verify some of the significant intersections identified by the previous operator.
	The use of twinned holes.	No twin holes have been drilled to PNX knowledge.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	The information was validated and compiled into master SQL database. PNX is yet to review protocols.
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill collar positions have been surveyed by differential GPS. Differential GPS positions have reported accuracy of +/- 5cm.
	Specification of the grid system used.	All drill collars have been located in UTM, MGA94, Zone 52S grid system.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drilling is generally at 50m spacing.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Data spacing is sufficient for Inferred Mineral Resource category. PNX plans to infill drill to 25m spacing where necessary.
Orientation of data in relation to geological structure		All drill holes were drilled at -60° towards the west. This was appropriate for the steep dip of the deposit and generally results in intersections close to orthogonal to the lode orientation.
Sample security	*The measures taken to ensure sample security.*	No information has been supplied to PNX
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	PNX review of previous sampling techniques appears to have been conducted to industry standards.
Section 2: Reporting of Exploration Results		
Criteria		
Mineral Tenement and Land Tenure status	***JORC Code Explanation***	**Commentary**
	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and	The Iron Blow deposit is located within MLN214 which covers an area of some 6.27 hectares, and the Mount Bonnie drilling is within MLN1033 which covers an area of 4.75 hectares and MLN1039 which covers an area of 1.23 hectares and forms part of the Burnside Project.

	environmental settings.	The deposit and drilling is situated within Pastoral Lease No. 903, Douglas, held by Tovehead Pty Ltd.
Exploration done by other parties	*The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	The Mineral Leases are in good standing and no known impediments exist.
Geology	*Acknowledgment and appraisal of exploration by other parties.*	The Iron Blow gossan was discovered in 1873 and developed as an underground mine in 1886 when 100t was mined. Between 1898 and 1906 Northern Territory Goldfields of Australia produced 13,700t from underground and surface mining. It was explored between 1957 and 1971 by the BMR, mining companies and NTGS. A Geopeko-BHP JV explored the deposit from 1975, drilling 15 core holes, 8 of which met with massive sulphide. They determined that Iron Blow comprised two stacked lenses. The Upper Lode contained 92,000t, averaging 400g/t Ag, 8.1% Zn, 3.0% Pb, 0.4% Cu and 4.3g/t gold. The Lower Lode was larger and of lower grade comprising 887,500t averaging 87.3g/t Ag, 6.7% Zn, 0.7% Pb, 0.4% Cu, and 1.9g/t gold. A total of 12 inclined diamond holes were drilled into the Iron Blow lodes. These returned generally high zinc grades with associated gold and silver mineralisation. The oxide zone was relatively enriched in gold and silver and the deposit was open pitted to 40m by Henry and Walker in 1984. Records show that Iron Blow produced 10,000t of oxide @ 9.0g/t gold and 250g/t Ag and 25,000t of sulphide @ 7.0g/t Au, and 360g/t Ag in this period.
Drill hole Information	*Deposit type, geological setting and style of mineralisation.*	Iron Blow and deposit is a sediment hosted polymetallic gold deposit. It lies on the western limb of a north plunging syncline within the lower Mt Bonnie Formation.
Data aggregation methods	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar · elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar · dip and azimuth of the hole · down hole length and interception depth hole length.*	Exploration results are not material to this report because the Mineral Resource estimate is based on all available and relevant core drilling data and represents the most significant mineralisation in the project.
	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	Exploration results are reported as weighted averages using a 1.0g/t Au cut-off.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not relevant in this report.
Relationship between mineralisation widths and intercept lengths	*The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No metal equivalent values are used for reporting exploration results.

Diagrams	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	The deposit comprises a number of sub-parallel mineralized bands dipping at approximately 70°E. In long-section several steeply south plunging overlapping lodes are interpreted with vertical dimensions of about 200m. Notable observations from the data include: • The development of multiple parallel massive-sulphide lodes; • Assayed true widths of up to 18 metres; • Elevated gold grades associated with zinc together with discrete gold intervals peripheral to the massive-sulphides; and • Logged true-widths of up to 22 metres of massive-sulphides at depth (IBDH006)
Balanced reporting	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in Report.
Other substantive exploration data	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Comprehensive reporting of exploration results is not practicable at this time.
Further work	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	PNX is not aware of any information that may significantly impact the Resource Estimate or other results in this report. PNX is currently reviewing all geological, geochemical and geophyiscal data relating to the project.
	The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive	PNX is currently undertaking due diligence on the deposit, and plans to undertake a drilling program to: extend mineralisation along strike and at depth; infill drill to 25m spacing; and upgrade resource to JORC compliant.
Section 3 Estimation and Reporting of Mineral Resources		
(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)		
Criteria		
Database integrity	***JORC Code Explanation***	**Commentary**
	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	The analytical database was provided by Crocodile Gold as text file exports from a master SQL database.

Site visits	*Data validation procedures used.*	During the importation of these tables into Gemcom/Surpac the software's built-invalidation tools were used to detect any errors. No database errors were encountered.
	Comment on any site visits undertaken by the Competent Person and the outcome of those visits	A site visit by PNX was conducted in June 2014.
Geological interpretation	*If no site visits have been undertaken indicate why this is the case.*	See above comment.
	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	Confidence in the geological interpretation at the Iron Blow Project is regarded as high based on the diamond drilling to date. PNX plans to infill drill to 25m spacing to increase this confidence.
	Nature of the data used and of any assumptions made.	Geological logging data and geochemical data was used to interpret domain boundaries.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	PNX is unaware of any alternative interpretation to mineralisation.
	The use of geology in guiding and controlling Mineral Resource estimation.	Geological logging data was used to interpret the domain boundaries - 6 lodes.
Dimensions	*The factors affecting continuity both of grade and geology.*	Factors controlling grade and geological continuity were based on drilling to date; this would be refined as the understanding of the deposit increases with further drilling. The mineralisation outlined to date is open to the north and south, and at depth.
Estimation and modelling techniques	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The current resource has been estimated from drilling over a distance of approximately 200m strike length with width approximately 200m and to a depth of approximately 350m.
	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	A 3D block model was generated using Surpac software. Inverse distance squared interpolation was used to estimate element grades for the Iron Blow Project. Each lode wireframe was treated as a separate hard boundary, restricting the grade interpolation to drillhole data located within each wireframe.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	To PNX knowledge this is an inaugural resource estimate for the Iron Blow deposit, there are no historical resource statements in place for this deposit.
	The assumptions made regarding recovery of by-products.	No recovery assumptions have been made.
	Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	Deleterious elements have not been considered.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	Blocks were subdivided into sub-blocks 6.25m x 1.25m x 2.5m (along-strike x across-strike x RL). The composite sample lengths used were 1m, which was the dominant original sample length of the data. Samples with zero recovery were ignored during the estimation.

	Any assumptions behind modelling of selective mining units.	No assumptions about selective mining units were made.
	Any assumptions about correlation between variables.	No assumptions about correlation between variables were made.
	Description of how the geological interpretation was used to control the resource estimates.	Inverse distance squared interpolation was used to estimate element grades for the Iron Blow Project. Each lode wireframe was treated as a separate hard boundary, restricting the grade interpolation to drillhole data located within each wireframe.
	Discussion of basis for using or not using grade cutting or capping.	Grade populations within the Iron Blow deposit were analysed statistically for capping of grades. Top-cuts were determined for all elements, to reduce their high coefficient of variation and to restrict the influence of extreme grade values during interpolation.
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	The Iron Blow block model was validated by several methods, including the following: • on-screen visual validation via vertical sections and plan views, showing block grades against input composites; • global statistical comparisons of average input composites and tonnage-weighted block grades; and • local grade/northing relationship plots. The results from the validation show that the resource model honours the underlying composite data with no obvious bias at a global scale.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages are estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	A 1g/t cut-off was used. The cut-off grades reported are based on Australian operations of a similar size and type.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	To PNX knowledge no mining factors or assumptions have been made as part of this NI 43-101 Inferred Resource estimation.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the*	There is insufficient metallurgical data to determine the economic viability of the Mineral Resource estimate to date. Additional metallurgical testing is required and is planned by PNX.

	metallurgical assumptions made.	
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	No other environmental factors have been considered at this time.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density was determined by NAL for all samples using wax encapsulated method.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	See comment above.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Bulk densities were interpolated together with other elements such that each block contained its own density as a basis for determining block tonnages.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories*	The Resource estimate at Iron Blow was prepared in compliance with the National Instrument 43-101 and Form 43-101. The resource estimate has been classified as Inferred on the basis of various criteria including drillhole spacing, sample locations, sampling density, wireframe geometry, geological confidence and grade continuity.
	Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The Inferred resource estimate is defined by broadly spaced drilling, with most lodes containing only one or two drill intercepts, and thus an Inferred classification was deemed appropriate for this deposit.
	Whether the result appropriately reflects the Competent Person's view of the view of the deposit.	In the opinion of the Competent Person the results are a fair and reasonable representation of the Mineral Resource.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	The NI 43-101 Resource was completed by Odessa Resources Pty Ltd and internally audited by CrocGold - July 2010. As part of PNX due diligence to acquire the Iron Blow Project this NI 43-101 Resource has been internally reviewed. No material issues were found as a result of this review.
Discussion of relative accuracy/confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an*	The resource estimate is a global estimate of Inferred category - NI 43-101 Canadian.

	approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	In the opinion of the Competent Person the results are a fair and reasonable representation of the Mineral Resource.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data is available.