PHOENIX COPPER LIMITED

ABN 67 127 446 271

FINANCIAL REPORT
For the Half-Year Ended
31 December 2014

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DIRECTORS' REPORT

The directors of Phoenix Copper Limited (Phoenix Copper, or Company) are pleased to present the financial report for the half-year ended 31 December 2014. In accordance with the Corporations Act 2001, the directors report as follows:

The names of the directors of Phoenix Copper currently in office are:

Graham Ascough (Chairman)
Paul Dowd
Peter Watson
David Hillier
James Fox (Appointed 26 November 2014)

Each of the above named directors held office for the whole of the half-year, with the exception of James Fox as noted above.

REVIEW OF OPERATIONS

The comprehensive loss for the half-year was $1,768,228 (2013: loss of $789,922). Exploration expenditure during the period was $0.5 million. Net assets at 31 December 2014 were $5.2 million, including $2.2 million in cash and term deposits.

In August 2014, the Company executed an agreement with Crocodile Gold Australia Pty Ltd (Crocodile Gold), a subsidiary of Canadian-listed Crocodile Gold Corp., for the acquisition of 14 mining leases in the Northern Territory, and a farm-in arrangement whereby the Company can earn up to 90% in 21 exploration licences and 4 mining leases, also in the Northern Territory. The acquisition of the mining leases was formally completed on 20 November 2014, with the satisfaction of all conditions precedent.

The acquired mining leases include the Iron Blow and Mount Bonnie base metals and gold deposits contained within the newly named Hayes Creek project. The farm-in tenements include the Burnside, Moline and Chessman base metals and gold exploration projects.

Consideration for the purchase of the mining leases was $1 plus a 2% royalty on the market value of any future production of gold and silver from the leases (all other metals are excluded from the royalty). Under the terms of the farm-in, Phoenix Copper can earn a 51% interest in the farm-in tenements with expenditure of $2 million over 2 years, and can then elect to increase its interest to 90% with expenditure of an additional $2 million over a further 2 year period.

Payment of $500,000, either in cash or shares at the Company's election, is due if a bankable feasibility study is completed on any of the acquired or farm-in tenements. Crocodile Gold retains a 30% claw-back right over the acquired tenements by paying Phoenix Copper three times the Company's accumulated expenditure on the tenements, and can also re-acquire 90% of any gold or silver deposits with a JORC compliant resource on the farm-in tenements by paying Phoenix Copper three times the Company's accumulated expenditure on the deposit(s).

The transaction has expanded the Group's exploration focus from South Australia to include the Northern Territory.

During the half-year, the Company completed a partially underwritten one (1) for two (2) non-renounceable pro rata rights issue at an issue price of $0.023 that raised $2.69 million before costs, including the placement of shortfall shares:

- Valid acceptances from participants were received for 79.3 million new shares, or $1.82 million, a 68% take-up including oversubscriptions
- 31.5 million shares for $0.73 million were issued to clients of the underwriter
- 6.2 million of the remaining shortfall was placed for $0.14 million

During the half-year, Phoenix Copper also raised $315,900 before costs at a price of $0.013 via the placement of 24.3 million shares to sophisticated investors.

Exploration Activities

During the half-year, exploration activity was focused on the Company's new projects in the Northern Territory. Highlights include:

- Defining a JORC 2012 inferred mineral resource at Iron Blow
- 2 diamond holes drilled at Iron Blow with positive results

Iron Blow & Mt Bonnie (part of the Hayes Creek project)

An Inferred Mineral Resource Estimate (reported in accordance with the JORC Code, 2012) was completed for the Iron Blow deposit (before the 2 hole drilling program noted above):

- 2.6Mt @ 2.4g/t Au, 130g/t Ag, 0.3% Cu, 0.9% Pb and 4.8% Zn (at a minimum gold equivalent cut-off grade of 0.7g/t)[1]
- Contains approximately 200,000 ounces of gold, 10 million ounces of silver, and 125,000 tonnes of zinc

Two diamond drill holes (IBDH023 and IBDH024) were subsequently completed at Iron Blow for a total of 705.8 metres. IBDH023 was drilled to a depth of 365.8 metres and intersected significant widths of high grade of zinc, gold and silver:

- 50.39m @ 10.12% Zn, 2.66 g/t Au, 283 g/t Ag, 0.57% Cu, 1.39% Pb from 155.72m, including 19.45m @ 15.48% Zn, 2.65 g/t Au, 492 g/t Ag, 0.56% Cu, 2.52% Pb from 156.5m.[2]

IBDH024 did not intercept significant mineralisation.

The results from IBDH023 are very significant, primarily due to their exceptionally high grades, but they also demonstrate continuity of mineralisation and importantly that the overall mineralised envelope extends outside of the massive sulphide boundaries which have been used to constrain the resource estimate.

Iron Blow core has been sent for QEMSCAN metallurgical analysis, results of which will assist with designing a comprehensive metallurgical test work program.

Two holes planned at Mt Bonnie were not drilled due to weather constraints.

A structural evaluation of the Iron Blow and Mount Bonnie deposits was completed during the half-year which has assisted in understanding the geology of these complex deposits and provides a working model for exploration.

Hayes Creek and Burnside Projects

Ground truthing of a number of exploration targets in the Hayes Creek and Burnside project areas was completed. A total of 29 surface rock chip and soil samples were collected and assayed for gold and a 30-element base metal suite, and a number of promising regional exploration targets have been identified.

A full geophysical review was also undertaken on the Hayes Creek project, including sourcing and reprocessing of all datasets, resulting in identification of a number of new targets for ground-based exploration.

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[1] *Iron Blow Inferred Mineral Resource Estimate as at 8th October 2014. See ASX release 3 November 2014 where further details are provided. Note there has been no material change in the Mineral Resource Estimate since it was first reported on 3 November 2014.*
[2] *See ASX release 22 January 2015. There has been no material change in these results since first reported.*

South Australian Projects

No activity of significance occurred during the half-year at the Company's Burra project. The Company is continuing to pursue a joint venture partner to assist with exploring the Company's large land holding on the Yorke Peninsula. It also continues to seek a buyer for its Leigh Creek assets.

The Company also continues to hold an investment in Avalon Minerals Limited (ASX: AVI), currently representing approximately 7.2% of that company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is included on page 5 of the half-year financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors made pursuant to Section 306 (3) of the Corporations Act 2001.

On behalf of the directors

Graham Ascough
Chairman

Adelaide, 13 March 2015

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PHOENIX COPPER LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Phoenix Copper Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

PHOENIX COPPER LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Half-year ended 31 Dec 2014	Half-year ended 31 Dec 2013
Revenue		-	-
Interest income		16,093	12,787
Other income		18,395	36,041
Employee benefits		(135,115)	(127,821)
Exploration		(32,544)	-
Share registry and regulatory		(39,920)	(41,005)
Professional fees		(206,441)	(143,873)
Occupancy		(32,899)	(32,406)
Directors fees		(87,500)	(70,000)
Equity-based remuneration	7	(16,106)	(12,497)
Audit fees		(11,306)	(18,714)
Insurance		(22,941)	(29,441)
Interest charges	6	(50,000)	(13,562)
Depreciation		(24,707)	(24,305)
Impairment - financial assets	5	(1,229,448)	-
Other expenses		(33,637)	(26,304)
Loss before income tax expense		(1,888,076)	(491,100)
Income tax expense		-	-
Loss for the period - continuing operations		(1,888,076)	(491,100)
Loss from discontinued operations, net of tax	3	(207,159)	(93,397)
Total Loss for the period		(2,095,235)	(584,497)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss - movement in fair value of investment (tax: nil)	5	327,007	(205,425)
Total other comprehensive income/(loss)		327,007	(205,425)
Total comprehensive loss for the period attributable to equity holders of the parent		(1,768,228)	(789,922)
Loss per share from continuing operations:			
Basic (cents per share)		(0.70)	(0.26)
Diluted (cents per share)		(0.70)	(0.26)

Condensed notes to the consolidated financial statements are included on pages 10 to 16.

PHOENIX COPPER LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Consolidated	
	Note	31 December 2014 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		2,170,878	447,663
Trade and other receivables		36,486	21,655
Prepayments/deposits		48,855	60,542
Other financial assets	5	257,840	1,160,281
Assets held for sale	3	-	150,000
TOTAL CURRENT ASSETS		2,514,059	1,840,141
NON-CURRENT ASSETS			
Exploration and evaluation expenditure		4,260,344	3,633,957
Plant and equipment		19,117	38,973
TOTAL NON-CURRENT ASSETS		4,279,461	3,672,930
TOTAL ASSETS		6,793,520	5,513,071
CURRENT LIABILITIES			
Trade and other payables		307,861	187,134
Provisions		27,334	47,871
TOTAL CURRENT LIABILITIES		335,195	235,005
NON-CURRENT LIABILITIES			
Provisions		8,553	7,518
Loan	6	1,200,000	1,200,000
TOTAL NON-CURRENT LIABILITIES		1,208,553	1,207,518
TOTAL LIABILITIES		1,543,748	1,442,523
NET ASSETS		5,249,772	4,070,548
EQUITY			
Issued capital	7	26,517,067	23,557,745
Other equity		600,000	600,000
Reserves		223,582	(91,555)
Accumulated losses		(22,090,877)	(19,995,642)
TOTAL EQUITY		5,249,772	4,070,548

Condensed notes to the consolidated financial statements are included on pages 10 to 16.

PHOENIX COPPER LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		Consolidated				
	Note	**Issued Capital Ordinary $**	**Other Equity $**	**Reserves $**	**Accumulated Losses $**	**Total $**
Balance at 1 July 2013		22,296,472	600,000	277,111	(13,433,386)	9,740,197
Loss attributable to members of the parent entity		-	-	-	(584,497)	(584,497)
Other comprehensive loss - fair value movement investment		-	-	(205,425)	-	(205,425)
Total comprehensive loss for the period		-	-	(205,425)	(584,497)	(789,922)
Shares issued		1,255,962	-	-	-	1,255,962
Share issue costs		(11,500)	-	-	-	(11,500)
Share issue costs - interest on convertible notes		(18,288)	-	-	-	(18,288)
Share based payments - employees		-	-	12,497	-	12,497
Balance at 31 December 2013		23,522,646	600,000	(121,242)	(14,017,883)	10,188,946
Balance at 1 July 2014		23,557,745	600,000	(91,555)	(19,995,642)	4,070,548
Loss attributable to members of the parent entity		-	-	-	(2,095,235)	(2,095,235)
Other comprehensive income - reclassification to profit or loss		-	-	327,007	-	327,007
Total comprehensive loss for the period		-	-	327,007	(2,095,235)	(1,768,228)
Shares issued	**7**	3,082,847	-	(27,976)	-	3,054,871
Share issue costs		(108,525)	-	-	-	(108,525)
Share issue costs - interest on convertible notes		(15,000)	-	-	-	(15,000)
Share based payments - employees		-	-	16,106	-	16,106
Balance at 31 December 2014		26,517,067	600,000	223,582	(22,090,877)	5,249,772

Condensed notes to the consolidated financial statements are included on pages 10 to 16.

PHOENIX COPPER LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	Half year ended 31 Dec 2014 $	Half year ended 31 Dec 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(708,916)	(610,814)
NET CASH USED IN OPERATING ACTIVITIES	(708,916)	(610,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in Avalon Minerals Ltd	-	(1,456,532)
Payments for exploration activities	(485,571)	(395,328)
Proceeds from sale of plant and equipment	3,800	31,818
Payments for plant and equipment	(4,852)	-
Interest received	8,308	10,806
NET CASH USED IN INVESTING ACTIVITIES	(478,315)	(1,809,236)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares, net of costs	2,910,446	1,229,462
Proceeds from loan	-	1,200,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,910,446	2,429,462
Net increase in cash and cash equivalents	1,723,215	9,412
Cash at the beginning of the reporting period	447,663	1,055,101
CASH AT THE END OF THE REPORTING PERIOD	2,170,878	1,064,513

Condensed notes to the consolidated financial statements are included on pages 10 to 16.

1 SUMMARY OF ACCOUNTING POLICIES

This half-year financial report of Phoenix Copper Limited ("Company") comprises the Company and its controlled entities ("Group") and is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed consolidated financial statements have been prepared on the basis of historical cost, which is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report for the year ended 30 June 2014.

There are several new or revised Standards and Interpretations that have been issued since 30 June 2014 by the Australian Accounting Standards Board (the AASB), however none of these have had a material effect on the Group's financial statements and are not expected to materially impact the Group's financial statements in the future.

(a) Going Concern Basis

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 December 2014, the Group made a loss of $2,095,235 (2013: loss of $584,497) and recorded a net cash outflow from operating and investing activities of $1,187,231 (2013: $963,518), excluding the Group's investment in Avalon Minerals Limited. At 31 December 2014, the Group had cash of $2,170,878 (30 June 2014: $447,663), net current assets of $2,178,864 (30 June 2014: $1,605,136) and net assets of $5,249,772 (30 June 2014: $4,070,548).

The Directors believe that it is appropriate to prepare the financial statements on the going concern basis, as the Group plans to raise sufficient capital in 2015 to allow planned exploration and administrative activities to continue over at least the next 12 months.

If sufficient additional capital is not raised, the going concern basis of accounting may not be appropriate, and the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(b) Estimates

The preparation of the half-year financial statements requires a number of judgments, estimates and assumptions to be made in the recognition and measurement of assets, liabilities, income and expenses. Actual results may differ and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the half year financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2014.

2 TRANSACTION WITH CROCODILE GOLD

In August 2014, the Company executed an agreement with Crocodile Gold Australia Pty Ltd (Crocodile Gold), a subsidiary of Canadian-listed Crocodile Gold Corp., for the acquisition of 14 mining leases in the Northern Territory, and a farm-in arrangement whereby the Company can earn up to 90% in 21 exploration licences and 4 mining leases, also in the Northern Territory. The acquisition of the mining leases was completed on 20 November 2014.

Consideration for the purchase of the mining leases is $1 plus a 2% royalty on the market value of any future production of gold and silver from the leases.

Under the terms of the farm-in, Phoenix Copper can earn a 51% interest in the farm-in tenements with expenditure of $2 million over 2 years, and can then elect to increase its interest to 90% with expenditure of an additional $2 million over a further 2 year period.

Payment of $500,000, either in cash or shares at the Company's election, is due if a bankable feasibility study is completed on any of the acquired or farm-in tenements. Crocodile Gold retains a 30% claw-back right over the acquired tenements by paying Phoenix Copper three times the Company's accumulated expenditure on the tenements, and can also re-acquire 90% of any gold or silver deposits with a JORC compliant resource on the farm-in tenements by paying Phoenix Copper three times the Company's accumulated expenditure on the deposit(s).

Note 4 *Segment Information* includes a summary of exploration expenditure incurred on the new Northern Territory projects during the half-year.

3 ASSETS HELD FOR SALE

The Company is looking to sell its three mining leases near Leigh Creek, and associated assets and liabilities. The preferred manner of sale is through a 100% disposition of the Company's subsidiary Leigh Creek Copper Mine Pty Ltd.

Mining and production operations at Leigh Creek have been on care and maintenance since January 2012. Since then, the Company conducted studies into alternative leaching methods before formally putting the assets up for sale.

As a formal sale process is underway, the disposal group has been classified as a single current asset in the Statement of Financial Position, and the loss incurred on these discontinued operations has been shown in the Statement of Profit or Loss and Other Comprehensive Income as a separate line.

Detail of the loss from discontinued operations:

	31 Dec 2014	31 Dec 2013
	$	$
Employee benefits	0	55,487
Impairment - Assets held for Sale	150,000	0
Plant depreciation	0	0
Mine site maintenance	57,159	37,910
Income tax	0	0
Loss - discontinued operations	207,159	93,397
Loss per share (cents)		
basic and diluted	0.08	0.05
Cash outflows	57,159	93,397

Detail of the assets and liabilities of the disposal group:

	31 Dec 2014	30 June 2014
	$	$
Assets		
Inventory	0	0
Environmental deposit	150,000	150,000
Plant and equipment - cost	3,643,382	3,643,382
Plant and equipment - accum depr	(3,643,382)	(3,643,382)
Exploration assets	0	0
Mineral Rights	410,250	560,250
	560,250	710,250
Liabilities		
Rehabilitation	560,250	560,250
Net Assets	**0**	**150,000**

The fair value of the net assets of the disposal group was assessed at 31 December 2014, and it was determined that the estimated net disposal proceeds from an arm's length transaction was nil (ie disposal of assets and liabilities for a net nil sum), and as such an impairment charge of $150,000 was taken to reduce the net carrying value to zero.

The fair value had been assessed at $150,000 at 30 June 2014, based on market conditions and discussions with prospective buyers at that time. Given the continuing lack of interest in small-scale mining projects both within the industry and in the wider investment community, the decision was made to reduce the carrying value of the Leigh Creek net asset disposal group to zero, which is management's best estimate at 31 December 2014 of the overall recoverable amount.

4 SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is both activity and project based. The principal activity category is mineral exploration, now in both South Australia and the Northern Territory. Exploration projects are evaluated individually, and the decision to allocate resources to individual projects in the Group's overall portfolio is predominantly based on available cash reserves, technical data and expectations of resource potential and future metal prices.

The Group's reportable segments under AASB 8 are as follows:

- Exploration – South Australia
- Exploration – Northern Territory
- Mining and production of copper in Australia (now discontinued)

Financial information regarding these segments is presented below. The accounting policies for reportable segments are the same as the Group's accounting policies.

	Revenue		Segment profit/(loss)	
	Half-year ended		Half-year ended	
	31 Dec 2014 $	31 Dec 2013 $	31 Dec 2014 $	31 Dec 2013 $
Exploration – South Australia	-	-	(32,544)	-
Exploration – Northern Territory	-	-	-	-
Mining – discontinued operation	-	-	(207,159)	(93,397)
Unallocated	-	-	(1,855,532)	(491,100)
Loss before tax			(2,095,235)	(584,497)
Income tax expense	-	-	-	-
Consolidated segment loss for the period	**-**	**-**	**(2,095,235)**	**(584,497)**

Segment loss represents the loss incurred by each segment without allocation of central administration costs and directors' fees, interest income and income tax.

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	31 Dec 2014 $	30 June 2014 $
Assets		
Exploration – South Australia	3,694,501	3,633,957
Exploration – Northern Territory	565,843	-
Mining – Held for sale	-	150,000
Unallocated assets	2,533,176	1,729,114
Total assets	**6,793,520**	**5,513,071**
Liabilities		
Exploration – South Australia	-	13,104
Exploration – Northern Territory	162,758	-
Mining – Held for sale	-	-
Unallocated liabilities	1,380,990	1,429,523
Total liabilities	**1,543,748**	**1,442,523**

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments except for cash/cash equivalents, other financial assets, prepayments/deposits, and corporate office equipment.

All liabilities are allocated to reportable segments other than employee liabilities, loan, and corporate/administrative payables.

5 OTHER FINANCIAL ASSETS – INVESTMENT IN AVALON MINERALS LTD

In the prior year, the Company acquired 128,920,124 shares in ASX listed Avalon Minerals Limited (Avalon), at a cost of $1,487,288. During the half-year, Avalon completed a 10-for-1 share consolidation, which resulted in an adjustment to the number of shares in Avalon held by the Company to 12,892,013.

At 31 December 2014, the carrying value of the investment in Avalon was revalued to fair value, based on the market value of Avalon Minerals Limited's shares at that time. As a result, an impairment charge of $1,229,448 was recorded. The impairment was recorded in profit or loss in accordance with Australian accounting standards, due to the significant and prolonged decline in Avalon's share price in comparison to the Company's average cost of the investment.

During the 2014 financial year, an impairment charge of $327,007 in relation to the investment in Avalon was recorded to a reserve account in equity, and presented in Other Comprehensive Income/Loss (OCI). The impairment charge of $1,229,448 recorded through profit and loss in the current half-year includes the reclassification of the $327,007 previously recorded in OCI. Therefore, the net comprehensive loss in relation to the Investment in Avalon for the half-year is $902,441.

In accordance with the requirements of AASB 13 *Fair Value Measurement*, and consistent with prior periods, the fair value of the investment in Avalon is determined with reference to its quoted market price (a 'Level 1' measurement standard per AASB 13) on the ASX at each reporting date.

6 LOAN FACILITY

The Company has a $1.2 million loan which was drawn in 2013 to acquire the shares in Avalon Minerals Limited described in Note 5. Key terms of the loan are as follows:

- Maturity date of 6 November 2016
- Unsecured
- 7.5% annual interest rate, payable in cash or ordinary shares of the Company, at the option of the Company
- Principal is to be repaid via the remittance of net proceeds from the sale of any of the shares in Avalon acquired using the loan proceeds, up to the $1.2m loan principal.

  If the cash proceeds available to the Company through the sale of Avalon shares are insufficient to repay the loan principal amount by the maturity date, any shortfall will be repaid via the issue of shares in the Company.

  If the shares in Avalon have not been disposed of by the maturity date, the loan is repayable then in cash.

Interest of $50,000, including $5,000 of withholding tax paid to the Australian Tax Office, was incurred on the loan during the half-year.

7 ISSUE OF SECURITIES

During the half-year ended 31 December 2014:

- 24,300,000 ordinary shares were issued to sophisticated and professional investors in August at 1.3 cents raising $315,900 before costs;

- 375,000 ordinary shares were issued to the Company's Chief Executive Officer in August following the vesting of an equivalent number of performance rights that were originally issued in September 2013. 825,000 of the Performance Rights lapsed as the vesting conditions were not met;

- 117,129,179 shares were issued in October and November at 2.3 cents raising $2.69 million before costs under a one-for-two non-renounceable pro-rata Rights Issue, including 6,260,693 shares placed with sophisticated investors within 90 days of the closing of the offer;

- 1,567,643 shares were issued in November at the Company's 30 day volume weighted-average share price of 2.9 cents to settle $45,000 of interest payable on the Company's $1.2 million loan;

- 375,000 shares were issued in November following the vesting of an equivalent number of performance rights which had been issued to the Company's Chief Executive Officer in September 2014. The performance rights had a performance condition of a minimum $2 million capital raise prior to 30 December 2014, which was met on 7 November 2014 following the issue of shares to the underwriter and/or sub-underwriters of the non-renounceable rights issue announced on 25 September 2014.

- 19 September 2014 – 1,200,000 Performance Rights were issued to CEO James Fox, under Phoenix Copper's Employee Performance Rights Plan (the Plan was approved at the Company's 2013 Annual General Meeting), with the following performance conditions:
    - achievement of a capital raise in excess of $2 million by 30 December 2014 (375,000 Rights, which vested during the half-year as noted above);
    - 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 existing foreign resource estimate at the Hayes Creek project in the Northern Territory by 30 June 2016 (450,000 Rights).

  The achievement of each of the performance conditions is subject to Board approval. The Board also has discretion to amend the allocation of Performance Rights to each condition by up to 50%; however, the total number of Performance Rights that could vest is fixed at 1,200,000.

During the half-year, a share-based payment expense of $16,106 (2013: $12,497) was recorded in relation to Performance Rights.

As at 31 December 2014, there were 353,799,080 ordinary shares issued and outstanding, 1,125,000 performance rights, and 1,335,000 unlisted options with an exercise price of $0.267 expiring in July 2015.

Subsequent to 31 December 2014, 750,000 performance rights were issued to the Company's Exploration Manager under the Company's Employee Performance Rights Plan with the following performance conditions:

- Completion of a scoping study on the Hayes Creek project including defining an initial resource estimate at Mount Bonnie of greater than 1 million tonnes by 31 December 2015 (187,500 Rights);
- Increase in the market capitalisation of the Company to >$20 million, measured on a 20 day VWAP basis, by 30 June 2015 (75,000 Rights);
- A discovery, defined by two drill holes spaced a minimum of 75 metres apart with ore-grade mineralisation, at a new prospect by 30 June 2016 (225,000 Rights); and
- At the Hayes Creek project, double the contained metal of the current JORC 2012 resource estimate at Iron Blow through the definition of additional resources within a 10km radius by 30 June 2016 (262,500 Rights).

The achievement of each of the performance conditions is subject to Board approval. The Board also has discretion to amend the allocation of Performance Rights to each condition by up to 50%; however, the total number of Performance Rights that could vest is fixed at 750,000.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Aside from the royalties and contingent payment described in Note 2 relating to the Crocodile Gold transaction, there were no changes in contingent liabilities or contingent assets from those disclosed in the annual report for the year ended 30 June 2014.

9 INVESTMENTS IN SUBSIDIARIES

The Company owns 100% of the shares of the following entities

- Leigh Creek Copper Mine Pty Ltd (holds three mining leases)
- Wellington Exploration Pty Ltd (holds one exploration licence)

The Group's 19 other exploration licences in South Australia and 14 mining leases in the Northern Territory are held in the name of Phoenix Copper Limited.

10 INCOME TAX

Consistent with prior periods, an income tax benefit on the loss for the half-year has not been recognised in the Statement of Profit or Loss and Comprehensive Income, as the likelihood of utilising the loss against future taxable income is not considered probable at this time.

The Phoenix Copper Limited tax consolidated group has carried forward losses of approximately $24.5m at 31 December 2014.

11 SUBSEQUENT EVENTS

In January 2015, Andy Bennett commenced with the Company as Exploration Manager. As described in Note 7, at that time Andy Bennett was granted 750,000 performance rights.

Otherwise, there were no events occurring subsequent to 31 December 2014 requiring adjustment to, or disclosure in, the 31 December 2014 half-year financial statements.

DIRECTORS DECLARATION

In the opinion of the Directors:

(a) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including complying with AASB 134 *Interim Financial Reporting* and giving a true and fair view of the financial position of the Group as at 31 December 2014 and of its performance for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to Section 303 (5) of the Corporations Act 2001.

On behalf of the Directors

Graham Ascough
Chairman

Adelaide, 13 March 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PHOENIX COPPER LIMITED

We have reviewed the accompanying half-year financial report of Phoenix Copper Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Phoenix Copper Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Phoenix Copper Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Phoenix Copper Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Phoenix Copper Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 1(a) in the financial report which indicates that the consolidated entity's incurred a loss of $2,095,235 for the half year 31 December 2014 and recorded a net cash outflow from operating and investing activities of $1,187,231. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half year financial report.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 13 March 2015