PHOENIX COPPER LIMITED ABN 67 127 446 271

ANNUAL REPORT 2015

CORPORATE DIRECTORY

Australian Business Number
67 127 446 271

Country of Incorporation
Australia

Board of Directors

Graham Ascough	Non-executive Chairman
Paul Dowd	Non-executive Director
Peter Watson	Non-executive Director
David Hillier	Non-executive Director
James Fox	Managing Director & CEO

Company Secretary
Tim Moran

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ASX
The Company's fully paid ordinary shares are quoted on the ASX under the code PNX.

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Drilling at Mt Bonnie, May 2015. Front cover: Field portable XRF

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2015 Annual Report for Phoenix Copper Limited (**PNX** or **Company**).

The past year has been transformative for PNX with the completion of the transaction with Crocodile Gold and commencement of exploration activities on new projects in the Northern Territory. The Company's overall objective and highest priority is to establish sufficient mineral resources at Hayes Creek to justify carrying out a scoping study in early 2016 to demonstrate the economic viability of developing the project, at the level of certainty associated with a scoping study.

Having completed an initial mineral resource estimate at Iron Blow, and with strong results from the first round of drilling at both the Iron Blow and Mt Bonnie deposits, we are progressing well to deliver on this objective.

Hayes Creek is well supported by infrastructure being in close proximity to road, rail and power. The Iron Blow deposit is situated on a granted mining lease and contains an estimated 200,000 ounces of gold, 10 million ounces of silver, and 125,000 tonnes of zinc. The majority of the deposit is located near surface, is amenable to open pit mining methods and is open at depth.

Only 3km to the south, Mt Bonnie is also positioned on a granted mining lease and the overall grades and style of mineralisation encountered in drilling to date are similar to that observed at the Iron Blow resource. The results from the first twelve drill holes completed by PNX are encouraging and indicate the potential for a significant deposit that is currently being tested at depth. When the results from the current round of drilling are available a JORC compliant mineral resource estimate will be completed. We expect that the combined tonnage of Mt Bonnie and Iron Blow will be sufficient for the development of the project and this will be the focus of the scoping study.

A major aspect of demonstrating the economic potential of Hayes Creek is the metallurgical test-work and it is pleasing to see very positive results from the initial work completed to date on ore samples from the Iron Blow deposit.

In the near term our focus will be on Hayes Creek, however regional exploration prospects targeting gold and base metals mineralisation at the Burnside, Moline and Chessman projects will gradually be tested for further resource potential and future development options.

We still maintain a significant exploration holding on the Yorke Peninsula and in the Burra regions of South Australia with drill ready targets at Burra. In addition, the Company hopes to conclude a divestment of its Leigh Creek assets in early 2016, and will continue to investigate opportunities to undertake exploration programs on the Yorke Peninsula.

2014/2015 has once again been a difficult year for companies operating within the Resources Sector. Downward pressure on commodity prices and unpredictable equity markets in Australia and overseas have made for challenging times. Unfortunately our share price has not reflected the hard work, success and dedication of our team and I believe that this is largely due to these difficult market conditions. I assure you we are working as hard as possible to provide value to our shareholders, and to ensure we maximise in-ground expenditure to advance our project portfolio with a specific focus on the Hayes Creek project.

I would like to take this opportunity to express my thanks to staff, management and my fellow directors for their dedication and work during the past 12 months. We are committed to becoming a sustainable, profitable gold and base metals producer and successful explorer creating wealth for the benefit of all PNX shareholders.

At our Annual General Meeting to be held on 4 November 2015, shareholders will be asked to approve a change of the name of the Company. With our Northern Territory activities being focused on gold and base metals (with zinc being the predominant base metal) your Board has come to the conclusion that having "Copper" in our name is no longer appropriate. We have also found that we are often confused with other companies with "Phoenix" in their name. The new name your Board propose that shareholders adopt is "PNX Metals Limited". I recommend the proposed name change for the approval of shareholders.

Thank you to all shareholders for your continued support of Phoenix Copper Limited.

Yours sincerely,

Graham Ascough
Chairman

28 September 2015

OVERVIEW

GENERAL

Phoenix Copper Limited (**PNX** or the **Company**) is a minerals exploration (including research and development) company, with projects in the Northern Territory and South Australia (as shown below).

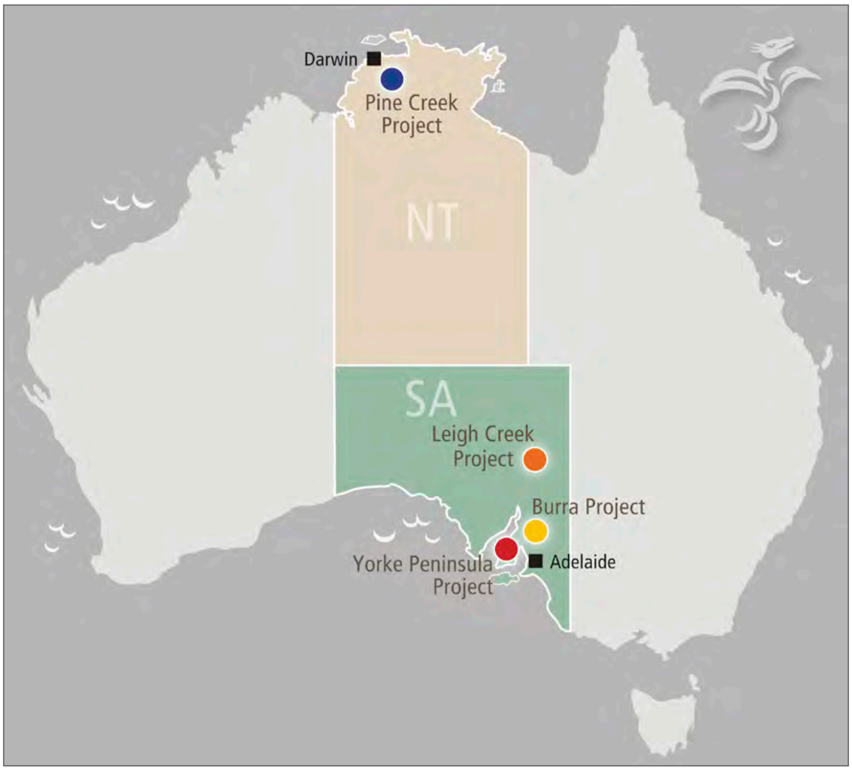
The key event during the 2015 financial year was the execution in August 2014 of an agreement with Crocodile Gold Australia Pty Ltd (**Crocodile Gold**), a subsidiary of Canadian-listed Crocodile Gold Corp (now Newmarket Gold Inc), to acquire both direct and farm-in interests in a number of base and precious metals exploration and development projects in the Pine Creek region of the Northern Territory.

The agreement, which was formally completed on 20 November 2014, resulted in the acquisition of 14 mineral leases and a farm-in arrangement to earn up to 90% of a further 21 exploration licences and four mineral leases, all in the Northern Territory.

Consideration for the purchase of the mineral 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). A further $500,000, payable in either 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.

The acquired mineral leases include the Iron Blow and Mt Bonnie base metals and precious metals deposits contained within the Hayes Creek project.

The farm-in tenements include the Burnside, Moline and Chessman base metals and gold (excluding uranium) exploration projects and cover an area of approximately 1700 square kilometres. Under the terms of the farm-in, the Company can earn a 51% interest in the farm-in tenements with expenditure of $2 million over 2 years (to 15 December 2016), and can then elect to increase its interest to 90% with expenditure of an additional $2 million over a further 2 year period. $500,000 of the expenditure requirements for each 2 year period may be spent on the acquired mineral leases. As at 30 June 2015, total expenditure for the purposes of the farm-in was $0.9 million.



Phoenix Copper project locations

The Company's exploration focus during the year was on the newly acquired Northern Territory projects.

Key achievements, which are discussed in more detail in the Exploration Report, included the following:

- A new inferred mineral resource estimate (JORC 2012) defined at Iron Blow.
- An initial two hole, 706m diamond drill program at Iron Blow returned the thickest high-grade intersection of massive sulphides recorded at the deposit.
- An initial 12 hole 1,114m RC drill program completed at Mt Bonnie was successful in delineating near-surface massive sulphide mineralisation containing high grades of Zn-Au-Ag. A lower conductive zone was identified with the potential to double the depth extent of the deposit.
- Ground electromagnetic (EM) surveying at Iron Blow, Mt Bonnie and Joplin has provided additional drill target areas.
- Positive results from preliminary stage metallurgical research and development test work at Iron Blow.
- Structural evaluation of the Iron Blow and Mt Bonnie deposits completed to assist in understanding the geology and targeting of future drilling.
- Regional exploration including geological mapping, soil sampling and field portable XRF surveys.

CAPITAL RAISING

The Company raised $3 million before costs during the year to fund exploration activity in the Northern Territory and working capital needs. The majority of funds were received from a partially underwritten one (1) for two (2) non-renounceable pro rata rights issue in October 2014. The Rights Issue was completed at an issue price of $0.023 per share and raised $2.7 million before costs, including the placement of shortfall shares. Including oversubscriptions, the Rights Issue had a very strong 68% take-up from shareholders.

Subsequent to 30 June 2015, the Company raised $0.9 million via the placement of 70 million shares at $0.013 each to sophisticated investors, and received commitments for further share placements of $0.6 million to be approved by shareholders at the Company's November 2015 annual general meeting.

OTHER CORPORATE MATTERS

Leigh Creek

In April 2015, the Company executed an Option and Sale Agreement with private company Hillsgold Resources Pty Ltd (Hillsgold) over the Company's 100% owned subsidiary Leigh Creek Copper Mine Pty Ltd (**LCCM**). LCCM holds three mining leases in the Leigh Creek area including Mountain of Light, which has been on care and maintenance since January 2012.

Under the Agreement, Hillsgold has the option to acquire LCCM as well as two exploration licences near LCCM's mining leases held by PNX, in return for preparing and submitting to the State government updated environmental plans (PEPRs) for the three mining leases, and also preparing certain feasibility studies on the leases, within 9 months of the date of the Agreement (mid-January 2016). The option can be exercised at any time during the 9 month period. Should Hillsgold exercise the option, it will acquire LCCM, and the two exploration licences, from the Company for nil up-front consideration (other than the assumption of the rehabilitation obligations at Mountain of Light) and a contingent payment to the Company of $100,000 if and when 3,000 tonnes of copper are produced from future operations at any of the three mining leases.

Hillsgold has not yet exercised the Option. Draft PEPRs have been submitted but have not yet been approved by the Department of State Development, SA.

Avalon Minerals

The Company continues to hold 12.9 million shares in Avalon Minerals Limited, representing approximately 5.4% of that company. The investment was funded by a $1.2 million unsecured loan taken in November 2013, which is to be repaid via the remittance of proceeds from the sale of Avalon shares. Any shortfall may be paid by the issue of shares in the Company. If the shares in Avalon have not been disposed of by the November 2016 maturity date, the loan is repayable in cash.

Avalon's key project is the Viscaria Copper Project, located approximately 1,200km north of the Swedish capital Stockholm in the Kiruna region, which is regarded as a world-class mining province. Avalon is continuing to progress the Viscaria project toward feasibility and a production decision. The Company is continuing to evaluate strategic options regarding its holding in Avalon.

OUTLOOK

The Company's focus is to be a sustainable, profitable gold and base metals producer and successful explorer in the Pine Creek region by establishing an economic mining project at Hayes Creek and to make new mineral discoveries in the region.

In 2015-16, the Company will continue mineral exploration and research and development activities on its projects in the Northern Territory. Key priorities include establishing an initial JORC compliant resource estimate at Mt Bonnie, undertaking optimisation metallurgical studies on the Iron Blow and Mt Bonnie deposits, completion of a scoping study at the Hayes Creek project, and continued regional exploration targeting gold and base metals mineralisation at the Burnside, Moline and Chessman projects.

Subject to available funding and priorities, PNX may conduct drilling of Induced Polarisation anomalies identified at its Burra project.

The Company expects to conclude the divestment of its Leigh Creek assets by early 2016, and will also continue to investigate opportunities to undertake exploration programs on the Yorke Peninsula.

FINANCIAL SUMMARY

($000s, except as indicated)	30 June 2015	30 June 2014
Interest and other income	69	102
Research and development tax refund	-	77
Impairment – Leigh Creek	150	506
Impairment – exploration assets	1,718	5,084
Loss on Avalon investment	773	327
Corporate/administrative costs	1,026	946
Interest charges	100	63
Comprehensive loss after tax	3,875	6,957
Comprehensive loss per share	1.4 cents	3.3 cents
Net operating cash flows	(1,195)	(991)
Funds raised – equity (net of costs)	2,901	1,241
Cash on hand	869	448
Net working capital[1]	657	295
Assets held for sale – Leigh Creek	-	150
Investment in Avalon – at fair value	387	1,160
Capitalised exploration expenditure	3,294	3,634
Borrowings	1,200	1,200
Net assets	3,182	4,071
Number of shares on issue[2]	357,256,457	210,052,258
Number of performance rights on issue	1,500,000	300,000
Number of unlisted options on issue[3]	1,250,000	1,250,000
Resources		
Inferred resources^		
Gold (contained oz)	203,000	-
Silver (contained oz)	10,700,000	-
Zinc (contained tonnes)	125,000	-
Lead (contained tonnes)	23,000	-
Copper (contained tonnes)	7,000	-
Indicated resources		
Copper (contained tonnes) – 0.9% at 0.4% cut-off grade	19,600	19,600
Share price (ASX: PNX)	0.02	0.016

^ *2.6Mt at 2.4g/t Au, 130g/t Ag, 4.8% Zn, 0.9% Pb, 0.3% Cu – refer Exploration Report for details.*

1 *excluding assets held for sale and investment in Avalon.*

2 *427,775,689 as of the date of this report.*

3 *Nil as of the date of this report.*

The Company and its controlled entities (**Group**) reported a comprehensive net loss for the year of $3.9 million (2014: $7.0 million). After adjusting for impairment charges in the current and prior year, the net result from continuing operations was a loss after income tax of $1.2 million compared to $1.0 million in the previous year. The increased loss includes greater legal and professional fees associated with the Crocodile Gold transaction, greater loan interest charges as the loan was drawn part-way through the prior year, and certain exploration costs that have not been capitalised in the current year (tenement maintenance). In general, the corporate cost structure has not changed significantly from the previous year.

The loss from the Group's discontinued operations at Leigh Creek was $0.2 million (2014: $0.7 million), which consists mainly of a $0.15 million impairment charge ($0.5 million impairment charge in 2014). The Leigh Creek mining leases and associated assets and rehabilitation obligation are for sale and are carried at a net $nil balance, reflecting the expected net proceeds from sale at 30 June 2015. As noted previously, Hillsgold Resources Pty Ltd holds an option to acquire the Leigh Creek assets which it has not yet exercised.

The overall $3.9 million loss for the year included the following significant items:

- Loss on the Company's investment in Avalon of $0.8 million
- Impairment of South Australian exploration and evaluation assets $1.7 million
- Corporate and administration costs $1.0 million

Corporate and administrative expenses include head office wages, directors' fees, professional fees, and insurance, regulatory, occupancy and communications costs.

The Company's investment in ASX-listed Avalon Minerals Limited is carried at fair value. Avalon's share price decreased from 9.0 cents (adjusted for a 1:10 share consolidation that occurred during the year) at the beginning of the year to 3.0 cents at 30 June 2015, and that 6.0 cent drop resulted in an overall loss of $0.8 million on the Company's 12.9 million shares held (post consolidation). The loss was reflected via an impairment charge of $1.2 million in profit and loss, offset by $0.4 million of other comprehensive income.

The $1.7 million exploration asset impairment charge related to the Group's Burra Central and Yorke Peninsula exploration tenements in South Australia. With the shift in the Group's exploration focus to the Northern Territory, the majority of available funds will be directed toward these higher priority projects and significant expenditure in South Australia is not budgeted for nor is planned in the near term. Consequently, the fair value less costs to sell of these projects was re-assessed at 30 June 2015 and determined to be $2 million, based on their estimated value in an arms-length sale transaction in current market conditions.

During the year, the Company raised $2.9 million net of costs, primarily from a Rights Issue that closed in October 2014. Net operating cash outflows for the year of $1.2 million reflect the loss from continuing operations (excluding impairment) noted previously, while exploration cash outflows of $1.3 million related almost entirely to the Group's new projects in the Northern Territory.

At 30 June 2015, the Group had cash holdings of $0.8 million and net working capital of $0.7 million excluding the Company's investment in Avalon. As noted earlier, in August 2015 the Group raised $0.9m from placements to sophisticated investors.

EXPLORATION REPORT

OVERVIEW

In August 2014, Phoenix Copper Limited made the strategic, low-cost acquisition of the Hayes Creek zinc-gold-silver project in the Northern Territory, which includes the Iron Blow and Mt Bonnie deposits. The last 12 months have been a busy and productive period for the Company, with highlights including:

- An Inferred Mineral Resource (JORC 2012) was estimated for the Iron Blow deposit:
  - » 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)
  - » Containing approximately 200,000 ounces of gold, 10 million ounces of silver, and 125,000 tonnes of zinc
- Two diamond holes (IBDH023 and IBDH024) were drilled at Iron Blow for a total of 705.8m. IBDH023 intersected significant widths of high grade zinc, gold and silver including:
  - » **50.39m @ 10.12% Zn, 2.66g/t Au, 283g/t Ag, 0.57% Cu, 1.39% Pb from 155.72m, including**
  - » **19.45m @ 15.48% Zn, 2.65g/t Au, 492g/t Ag, 0.56% Cu, 2.52% Pb from 156.5m**
- An initial RC drill program at Mt Bonnie was successful in delineating near-surface massive sulphide mineralisation also containing high grades of zinc, gold and silver including:
  - » **8m @ 12.3% Zn, 2.41g/t Au, 321g/t Ag, 0.5% Cu, and 2.5% Pb from 89m in MBRC014**
  - » **12m @ 8.4% Zn, 2.57g/t Au, 228g/t Ag, 0.7% Cu, and 2.0% Pb from 48m in MBRC015**
- Untested, near mine exploration targets were identified from ground geophysics at Mt Bonnie.
- Regional exploration campaign commenced in May 2015 with the primary aim of discovering new economic deposits in the region by mapping and sampling the prospective horizons.
- New Joplin target identified with a similar geophysical signature to Iron Blow and discrete surface geochemical zinc-copper-arsenic anomalism.

During the remainder of 2015, the Company aims to increase the size and scale of existing resources at the Hayes Creek project to provide inputs to a Scoping Study and to position the project to take advantage of anticipated strength in gold and zinc prices. The Study is expected to be completed by early 2016. The Board and management are confident the results of the Study will demonstrate the economic viability of the project, allowing a decision to progress to a full feasibility study.

Drilling at Mt Bonnie, May 2015

SUMMARY OF EXPLORATION ACTIVITIES 2014-2015 FINANCIAL YEAR

Drilling

- Two diamond holes for 705.8m at Iron Blow
- 15 RC holes for 1,354m at Mt Bonnie and Iron Blow
- Follow up drilling commenced September 2015 at Mt Bonnie and Joplin, (planned two RC and 10 diamond holes for approximately 1,900m)

Geophysics

- 17.25 line km fixed loop surface electromagnetic surveys at Hayes Creek
- Two downhole electromagnetic surveys at Hayes Creek

Geochemistry

- Hayes Creek: 70 fpXRF soil samples, 4,032 fpXRF drill samples, 26 lab rock chips, and 2,122 drill samples
- Burnside: 343 fpXRF soil samples, 175 fpXRF drill samples of historic core, 18 lab soils and 112 lab rock chips
- Moline: 28 lab rock chips
- Geochemical data collection continuing at Burnside area July-September 2015

NORTHERN TERRITORY

PNX's interests in the Northern Territory comprise four projects covering approximately 1,700km^2 of tenure prospective for both gold and base metals within the Pine Creek Orogen (Figure 1).

The Hayes Creek project is 100% owned by Phoenix Copper Limited and is the principal asset which underpins the Company's strategy to be a zinc-gold-silver producer within five years. The project comprises 14 granted mineral leases (MLs) containing the Iron Blow and Mt Bonnie base and precious metal deposits, and is well situated with respect to infrastructure being only 10km from the Stuart Highway, and 60km from the town of Pine Creek.

The Burnside, Moline and Chessman Projects are brownfield and greenfield exploration projects in which the Company is earning an initial 51% interest with the option to increase that to 90% interest from Crocodile Gold Australia (Figure 1). Historical oxide open pit gold mining and base metals extraction has occurred throughout the project areas. A large pipeline of prospects with varying deposit styles exist and provides excellent opportunities for future expansion and diversification by the Company.

HAYES CREEK PROJECT

The Iron Blow and Mt Bonnie deposits were first discovered in the late 1800s with limited open pit and underground mining occurring in the early 1900s. During the mid-1980s most of the oxidised ore was mined by shallow open pits for gold and silver, but the primary sulphide orebodies remain and are now the focus of exploration and development activities by PNX.

Mapping of the existing pits at Iron Blow and Mt Bonnie was completed by PNX to provide a structural interpretation of the deposits and evaluate the controls

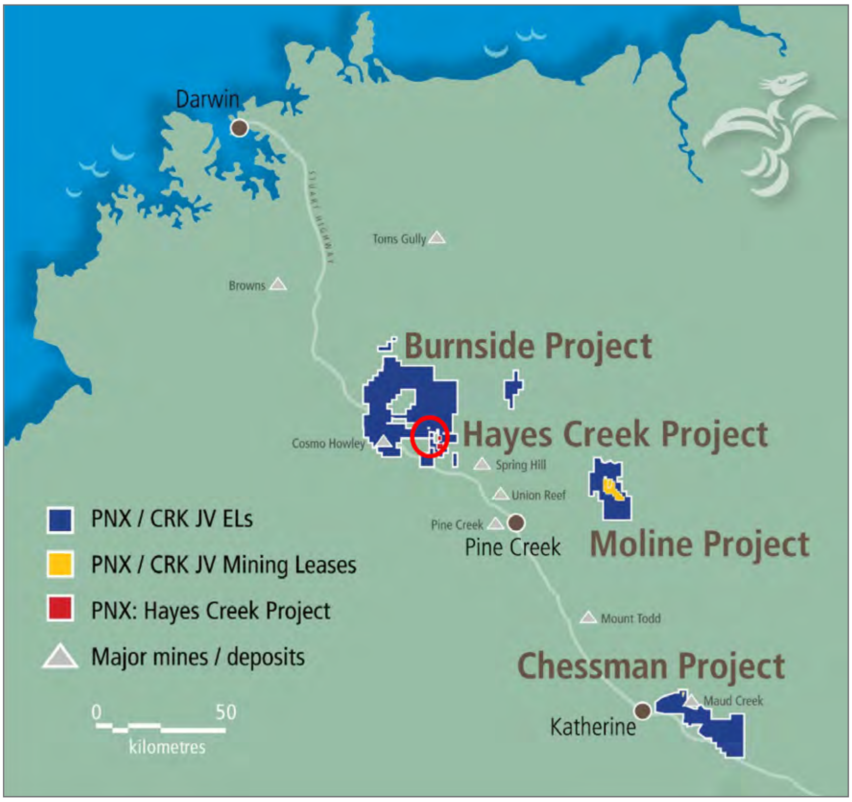


Figure 1 *Phoenix Copper Limited's Northern Territory tenement locations*

on mineralisation. Both deposits are interpreted as Volcanic Massive Sulphide (VMS) deposits, located at the base of the Mt Bonnie Formation and within the Margaret Syncline (Figure 2). This has provided valuable information and has assisted with drill targeting and building, through research and development, a geological model.

IRON BLOW

The Iron Blow polymetallic deposit is a key component of the Hayes Creek project, where significant near-surface sulphide mineralisation exists at potentially economic grades.

A JORC (2012) compliant inferred mineral resource was estimated by PNX in late 2014 by incorporating all available drilling data, comprising 45 diamond drill holes and 3,104 assays. On the basis of this estimate, Iron Blow contains approximately 200,000 ounces of gold, 10 million ounces of silver, and 125,000 tonnes of zinc (see Mineral Resources and Ore Reserves tables at end of report). Most of the resource will be amenable to open pit mining.

PNX's first hole, IBDH023, was drilled at Iron Blow in late 2014 to confirm continuity of mineralisation in the massive sulphide zones and to provide unoxidised metallurgical samples for the purpose of research and development test work. IBDH023 intersected the most significant widths and grades of massive sulphide mineralisation discovered in the deposit to date (see ASX release 22 January 2015).

IBDH023 was drilled to a depth of 365.8m, and an overall mineralised multi-element envelope of 119.5m between 155.0m and 274.5m was intersected. This includes a number of discrete lodes, including the Eastern and Western Massive Sulphide Lodes, which carry significant concentrations of zinc, as well as gold-only breccia lodes. The gold breccia lode which lies immediately beneath the Western Lode is interpreted as being the upper part of the hydrothermal vent sourcing the massive sulphide deposits (Figures 3 and 5).

The thick upper zone of massive sulphides from the Eastern Lode in IBDH023 assayed:

- **50.39m @ 10.12% Zn, 2.66g/t Au, 283g/t Ag, 0.57% Cu, 1.39% Pb from 155.72m** including a higher grade core (Figure 4) of:
- **19.45m @ 15.48% Zn, 2.65g/t Au, 492g/t Ag, 0.56% Cu, 2.52% Pb from 156.5m**

The lower zone of massive sulphides from the Western Lode assayed:

- **19.0m @ 3.45% Zn, 1.33g/t Au, 18.2g/t Ag, 0.38% Cu, 0.1% Pb from 229m**, including
- **3m @ 11.53% Zn, 1.60g/t Au, 22.4g/t Ag, 0.30% Cu and 0.1% Pb from 240m**

The gold breccia lode beneath the Western Lode assayed:

- **26.5m @ 1.5g/t Au from 248m**

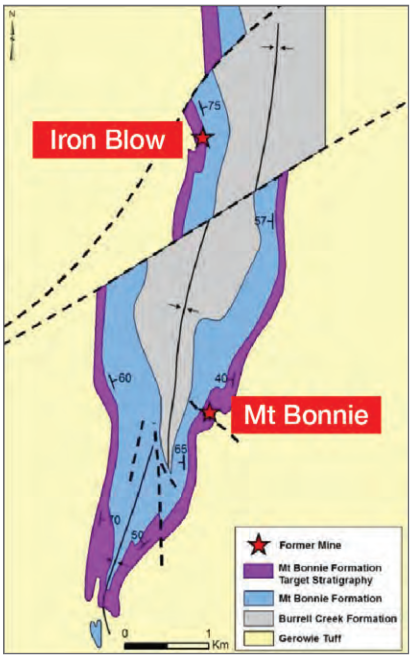


Figure 2 Iron Blow and Mt Bonnie massive sulphide deposits

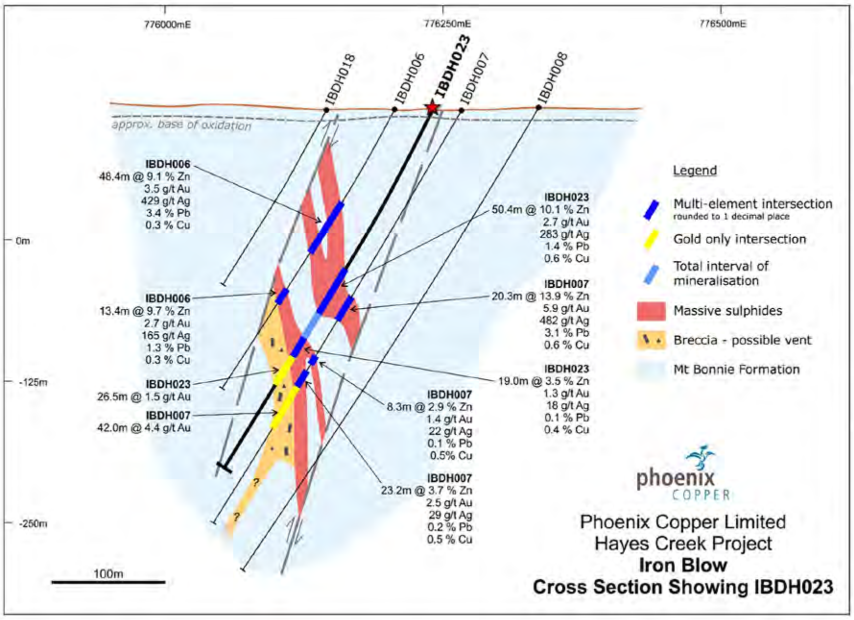


Figure 3 Cross section of Iron Blow deposit showing drill hole IBDH023

Table 1 Significant intersections from holes IBDH023 and IBDH024

Hole ID		From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Cu (%)	Au_Eq (g/t)
IBDH023		155.0	274.5	119.5	1.89	66.0	4.91	0.62	0.37	6.08
	incl.	**155.7**	**206.1**	**50.4**	**2.66**	**133**	**10.12**	**1.39**	**0.57**	**11.56**
	and	**156.5**	**176.0**	**19.5**	**2.65**	**158**	**15.48**	**2.52**	**0.56**	**17.07**
	and	229.0	248.0	19.0	1.33	18	3.45	0.09	0.38	3.49
	and	248.0	274.5	26.5	1.53	21	0.22	0.05	0.27	1.62
IBDH024		265.2	278.0	12.9	0.56	27.0	1.22	0.07	0.12	1.51

Figure 4 *IBDH023 high grade massive sulphide core – the interval between 162m-165m as marked assayed 19.4% zinc, 2.7g/t gold, 630g/t silver, 0.85% copper, and 3.2% lead*

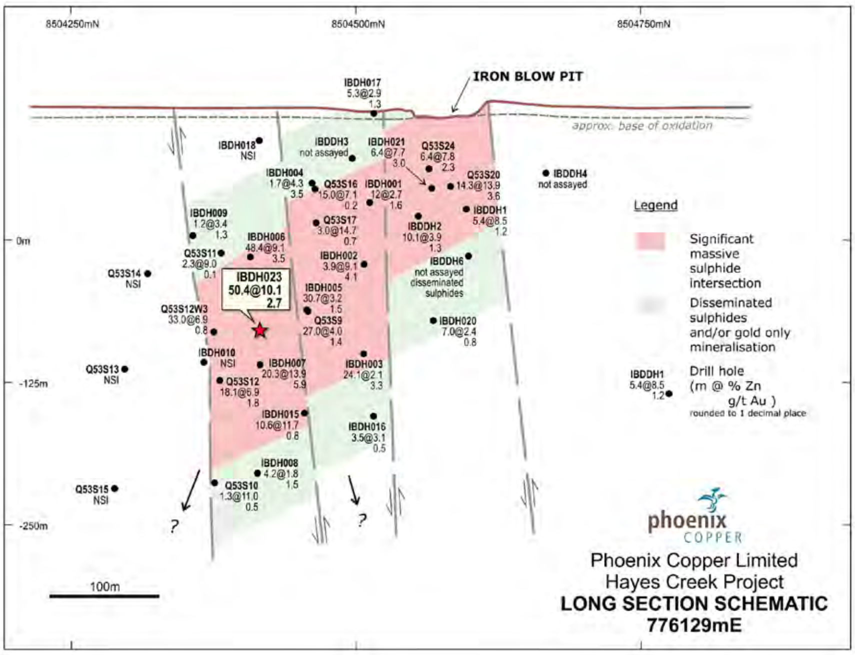


Figure 5 *Schematic long section of Iron Blow deposit with initial structural interpretation (note: drill hole IBDH024 is off section)*

These lodes are flanked by disseminated and stringer mineralisation of lower grade, resulting in an overall mineralised enveloped which assayed:

- **119.5m @ 4.91% Zn, 1.89g/t Au, 131g/t Ag, 0.37% Cu and 0.62% Pb from 155.0m**

These results are significant, primarily due to their exceptionally high grades but also because they indicate that the overall mineralised envelope extends outside the massive sulphide boundaries. The Western Lode has not been mined at surface and the potential exists to extend this zone considerably at shallow depths.

A second hole, IBDH024, was completed to a depth of 340.0m in late December with the aim of testing the area peripheral to the Eastern Lode. This hole intersected a zone of disseminated sulphides from 243m to 270m, which is consistent with the lower margin of the deposit. The results from the drill program are summarised in Table 1.

The results from IBDH023 and IBDH024 are not included in the JORC (2012) compliant inferred mineral resource estimate for the Iron Blow deposit.

Three RC holes for 240m were drilled at the north of the Iron Blow deposit in May 2015 to test the up-dip extension of the east and west massive sulphide lenses. None of the three holes reached their target depth due to loss of air circulation and excess water flows. As a result the near-surface northern portion of the deposit remains open and diamond drilling will be required to evaluate this area.

MT BONNIE

Historical exploration at Mt Bonnie identified significant sulphide mineralisation in drilling intersections below the limit of open pit mining of the oxide zone. Insufficient historical information exists to estimate a mineral resource to modern day standards however recent drilling by PNX has defined further sulphide mineralisation which suggests a second resource for the Hayes Creek Project will be defined at Mt Bonnie. 12 RC holes for 1,114m were drilled in an initial program in May 2015 (Figure 6 and Table 2) and were successful in delineating near-surface massive sulphide mineralisation containing high grades of zinc, gold and silver, including:

- **8m @ 12.3% Zn, 2.41g/t Au, 321g/t Ag, 0.5% Cu, and 2.5% Pb from 89m in MBRC014**
- **12m @ 8.4% Zn, 2.57g/t Au, 228g/t Ag, 0.7% Cu, and 2.0% Pb from 48m in MBRC015**

The results of the Mt Bonnie drill program show excellent continuity and consistency of mineralisation, and indicate a simple tabular north-west dipping zone of massive sulphides. In addition, a halo of brecciated and altered rocks containing primarily gold-rich mineralisation was intersected directly below the massive sulphide zone, with a zone of silver-rich mineralisation located in a flat-lying supergene layer. The lateral and vertical extents of this gold and silver mineralisation are currently undefined.

The potential to expand the massive sulphide zone down-dip, where it is untested to the north-west beyond the limit of current drilling approximately 75 vertical metres below the base of the oxide open pit (Figure 7), is particularly encouraging. Geophysical EM surveying and modelling completed earlier in 2015 support the interpretation that the massive sulphide zone may extend considerably further at depth.

The massive sulphide zone is also open along strike to the south, where gossan is still exposed in the wall of the oxide open pit. Recent sampling of this gossan returned over 7g/t Au over a metre true width. More gossanous outcrop remains undrilled to the south.

Due to the considerable extent and concentration of sulphide mineralisation at Mt Bonnie, PNX commenced a follow-up drill program comprising up to ten diamond and RC drill holes in September 2015, with the aim of testing extensions of the massive sulphide zone identified by the previous drilling program, and to test the lower, deeper conductive zone which potentially represents new and untested mineralisation. A resource estimate is expected to be made on completion of this program in late 2015.

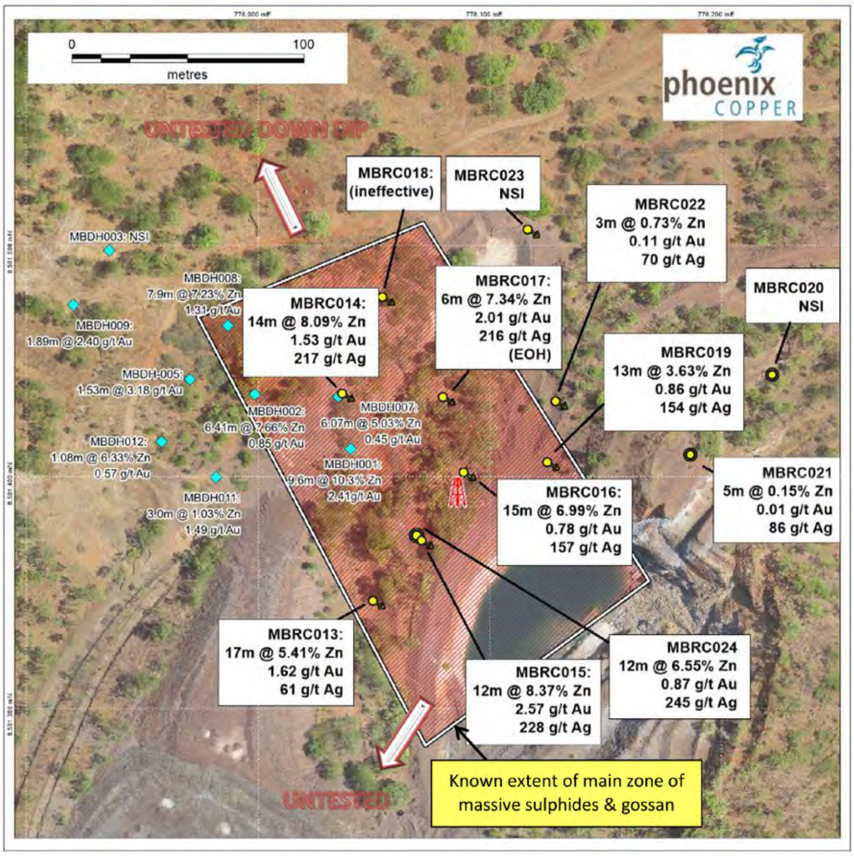


Figure 6 *Mt Bonnie drilling-showing only zinc, gold and silver assays (see ASX release 6 July 2015 for full details). Yellow holes drilled by PNX, blue holes are historic. 'Red' area represents currently defined boundary of massive sulphides.*

Table 2 Mt Bonnie significant intersections reported to date

Hole ID		From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Cu (%)	Au_Eq (g/t)
MBRC013		**37**	**54**	**17**	**1.62**	**61**	**5.41**	**0.45**	**0.25**	**4.90**
	incl.	40	42	2	2.24	169	15.91	1.96	0.31	11.72
	incl.	46	50	4	3.09	42	10.59	0.22	0.61	8.33
MBRC014		**87**	**101**	**14**	**1.53**	**217**	**8.09**	**1.82**	**0.32**	**8.63**
	incl.	89	97	8	2.41	328	12.61	2.76	0.48	13.28
	and	107	109	2	1.97	1	0.18	0.01	0.01	1.86
MBRC015		16	23	7	0.07	76	0.23	0.01	0.05	1.26
	and	**48**	**60**	**12***	**2.57**	**228**	**8.37**	**1.97**	**0.67**	**10.29**
MBRC016		**54**	**69**	**15**	**0.78**	**157**	**6.99**	**1.14**	**0.50**	**6.65**
	incl.	55	62	7	0.86	171	8.40	1.43	0.56	7.64
	and	72	76	4	0.27	56	2.64	0.42	0.09	2.32
	and	84	85	1	0.12	13	1.72	0.04	0.01	0.98
	and	88	89	1	1.83	3	0.11	0.02	0.04	1.78
	and	93	98	5	1.47	1	0.16	0.01	0.01	1.42
MBRC017	(EOH)	**54**	**60**	**6****	**2.01**	**216**	**7.34**	**1.43**	**0.52**	**8.83**
MBRC018	No significant intersection									
MBRC019		16	19	3	0.01	94	0.13	0.08	0.05	1.44
	and	23	26	3	0.26	141	0.19	0.08	0.08	2.39
	and	**29**	**42**	**13**	**0.86**	**154**	**3.63**	**1.38**	**0.16**	**5.05**
MBRC020	No significant intersection									
MBRC021		24	32	8	0.04	64	0.51	0.06	0.06	1.23
	and	42	47	5	0.01	86	0.15	0.02	0.03	1.29
MBRC022		41	44	3***	0.11	70	0.73	0.69	0.04	1.66
MBRC023	No significant intersection, hole stopped short of target due to excessive water flows									
MBRC024		**57**	**83**	**26**	**1.25**	**137**	**3.95**	**1.02**	**0.25**	**5.25**
	incl.	57	71	14	0.87	245	6.55	1.84	0.43	7.96
	and	75	82	7	2.00	2	0.26	0.02	0.02	1.96

Notes: Significant Intersections reported in the above table are gold equivalent (AuEq) > 0.7g/t and 1m or greater thickness, High-grade significant intersections are AuEq >= 6g/t. Metallurgical recoveries and metal prices have been applied in calculating gold equivalent grades. See JORC Code, 2012 Edition – Table 1, section 2 at the back of this release for further details.

* *MBRC015 interval 60-61m no sample recovered - interval could be thicker than reported.*

** *MBRC017 technical problems encountered during drilling (bogging of the rods in the massive sulphides).*

*** *MBRC022 no sample returned 42-43m.*

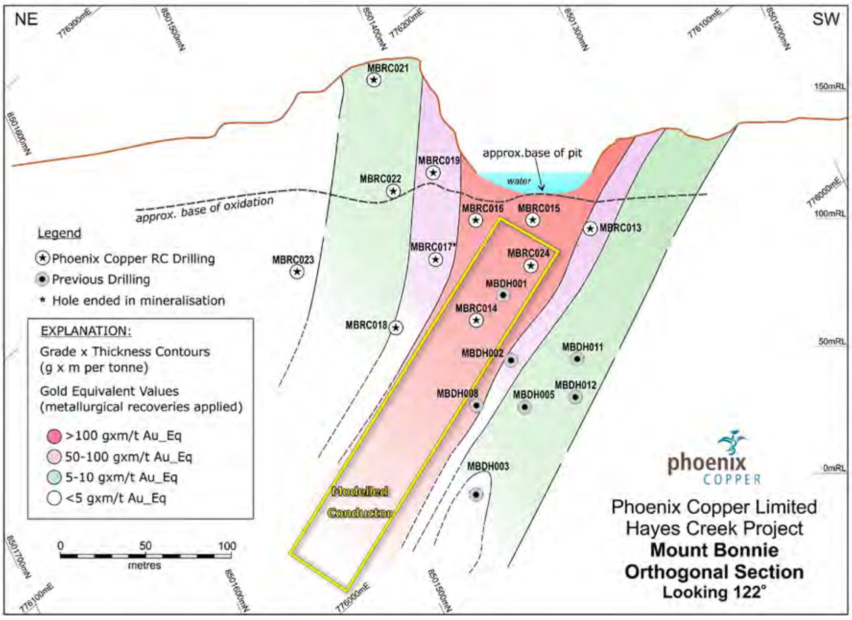


Figure 7 *Mt Bonnie orthogonal section*

Figure 8 *Iron Blow flotation test work*

IRON BLOW AND MT BONNIE METALLURGICAL RESEARCH AND DEVELOPMENT PROGRAM

Iron Blow and Mt Bonnie are polymetallic deposits containing high quantities of economic minerals. There are many factors both physical and chemical that need to be understood to design a process capable of maximising the economic potential of these deposits. The chemical nature of individual deposits is very specific and as such a 'one size fits all' approach to test work and development rarely works. A comprehensive and staged innovative research and development program is essential to establish a processing methodology for these deposits.

Initial mineralogical analysis (QEMSCAN) and optical examination of Iron Blow composite samples were completed during the year and the results have provided valuable information with which to optimise the next stage of test work.

The first phase of the diagnostic metallurgical investigation used a standard production chemical regime and investigated the recoveries achievable from a lead/zinc differential roughing system (Figure 8).

The results from this first stage diagnostic program are highly encouraging. The program was designed to generate baseline data and explore the mineralogy and interactions of the target mineral and gangue species. The separations and recoveries observed from using entirely non-specific chemical regimes across two tests are viewed by the Company as being potentially economic and warrant the completion of optimisation test work.

The results achieved to date are summarised below:

- Zinc is the best performing base metal with respect to concentrate recovery and grade – it is well liberated with excellent recoveries (greater than 95%).
- Excellent early stage results were achieved for silver and gold, with silver concentrate grades up to 400ppm and recoveries of up to 75%, and gold concentrate grades of over 7g/t using non-specific collectors (non-optimised) with up to 65% recovery.
- Greater than 77% of the mass rejected to tails including a substantial amount of deleterious elements, which if replicated in a production cycle would likely result in a "clean concentrate".

Optimisation test work has commenced with the aim of optimising recoveries to saleable concentrates with the focus being on zinc, gold and silver where approximately 90% of the in-situ value lies. The following is being tested:

- Improving gold recovery by using more specific precious metal collectors over the ones utilised in the diagnostic program;

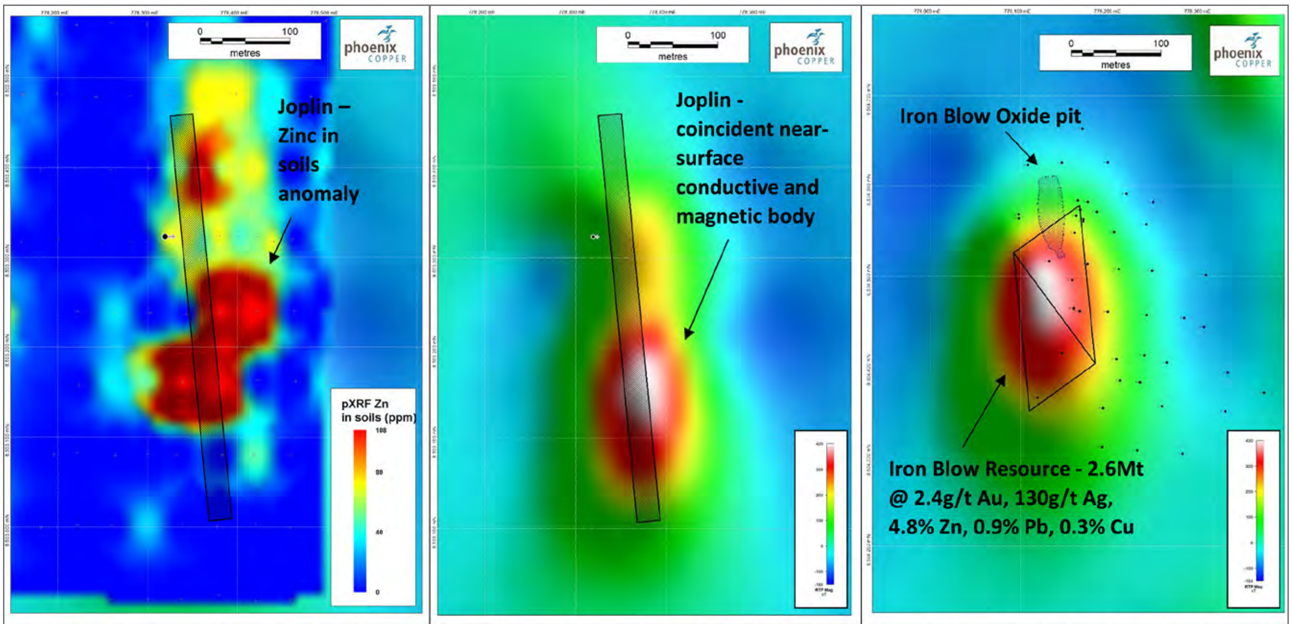
- Conducting mineralogy on the tails samples generated to identify and target species types that were rejected to the tails stream in the previous round of testing, to identify opportunities for improved recoveries;
- Improving the zinc depression in the primary stage of the sequential flotation in order to improve grade and recovery to the correct concentrate destination;
- Investigating concentrate cleaning stages to upgrade concentrates to the correctly segregated concentrates;
- Investigating doré production onsite for gold, silver and potentially copper to improve project economics; and
- Investigating the potential for gravity recoverable gold prior to flotation.

JOPLIN

The Joplin prospect is located less than 3km to the south-east of Iron Blow and less than 3km to the north-east of Mt Bonnie. A review and re-modelling of 2011 geophysical data by the Company has identified a coincident conductive and magnetic body at Joplin with a similar geophysical signature and dimensions to the Iron Blow and Mt Bonnie deposits. The priority to drill test Joplin has been elevated due to geological mapping and a field portable X-Ray Fluorescence (fpXRF) soil survey over the prospect that defined a coincident discrete zone of base metal anomalism, with a strong Zn-Cu-As metal association.

A gossanous quartz vein has also been mapped, which may represent the weathered surface expression of mineralisation. In 2011, Crocodile Gold drilled MBEXD001 into the northern part of the conductive body below the gossanous quartz vein and intersected disseminated sulphides over a 63.8 metre interval from 29.3 metres, consistent with what is observed on the periphery of the Iron Blow and Mt Bonnie deposits.

The coincidence of geochemical and geophysical anomalism combined with gossanous quartz veining at surface and the close proximity to existing VMS deposits at Iron Blow and Mt Bonnie provides excellent evidence for a new mineralised system (Figure 9). The Joplin target is considered highly prospective and is being tested with two drill holes initially as part of a drill program that commenced in September 2015.



Joplin - LHS image shows Zinc in soils contour, RHS image shows magnetics with Zinc in soils contours, black rectangle is modelled conductor from the EM data, white dashed line represents mapped gossanous quartz vein

Iron Blow at identical scale and background magnetic image showing modelled EM conductor outlines and drilling overage

Figure 9 *Joplin and Iron Blow geophysics*

BURNSIDE PROJECT

The Burnside Project comprises approximately 1,000km^2 of exploration tenure directly adjacent to the Hayes Creek project. A large number of gold and base metal occurrences have been recorded in the lease area, including >1Moz of recent gold production at the Cosmo, Woolwonga and Brocks Creeks mining areas held by Crocodile Gold. The tenements to which the Company is earning in include the historic Golden Dyke Dome deposits (Au) and the Mt Ellison copper-bismuth deposit as well as numerous small occurrences surrounding the Cosmo, Brock Creek and Woolwonga mining districts.

PNX commenced a comprehensive geochemical sampling and mapping campaign during the 2015 dry season. A number of new discrete geochemical anomalies and target areas have been identified and will be ranked and prioritised for drill testing along with all the historical prospects. Two areas of particular interest to the Company, Thunderball North and Mount Ellison, are discussed below.

THUNDERBALL NORTH (GOLD)

In May–June 2015, PNX followed up evidence of gold mineralisation north of the Thunderball uranium deposit, less than 5km to the west of Mt Bonnie. The Thunderball uranium deposit is held by Rockland Resources, however the rights to all other minerals are held by Crocodile Gold and are subject to the farm-in arrangement with PNX. Two discrete anomalous zones ("T1" and "T2") were identified with high gold-in-soils results (Figure 10). Mineralisation at T1 is associated with a zone of intense veining over a strike length of approximately 350m within the fold hinge of the Thunderball anticline. Soils analysis returned values up to 2.5g/t Au and rock chips returned up to 6.7g/t Au, both in close proximity to hole TPCRC066, which intersected 12m @ 4.7g/t Au at the northern end of Thunderball uranium drilling. The T2 target is approximately 500m long and is hosted within a discrete chert unit. Historical rock chips returned a value of 9.26g/t Au, and follow up sampling by PNX returned 2.55g/t Au along strike. The close proximity of this area to the Hayes Creek project and the evidence of gold mineralisation in soils analysis, rock chips and drill core make it a high priority target.

MOUNT ELLISON (COPPER)

The Mount Ellison prospect (Figure 11) is one of many potential targets within the Koolpin Formation in the Burnside Project and is situated approximately 21km due north of Iron Blow. PNX visited this site in 2014 and noted a significant amount of malachite and azurite copper mineralisation scattered throughout the area at surface with base-metal mineralisation identified over a strike length of approximately 3km. Copper in surface rock chip samples returned assay values of up to 32.8%.

The historical workings (recorded as copper-bismuth) and discordant late-time conductive plates, show that Mount Ellison has merit as a vein-hosted base metal target. Geophysical modelling has predicted two conductive plates, potentially representing massive sulphides, over a combined strike length of 350m which have never been drill tested. Further geochemical sampling and mapping is required, which will be completed during the current dry season.

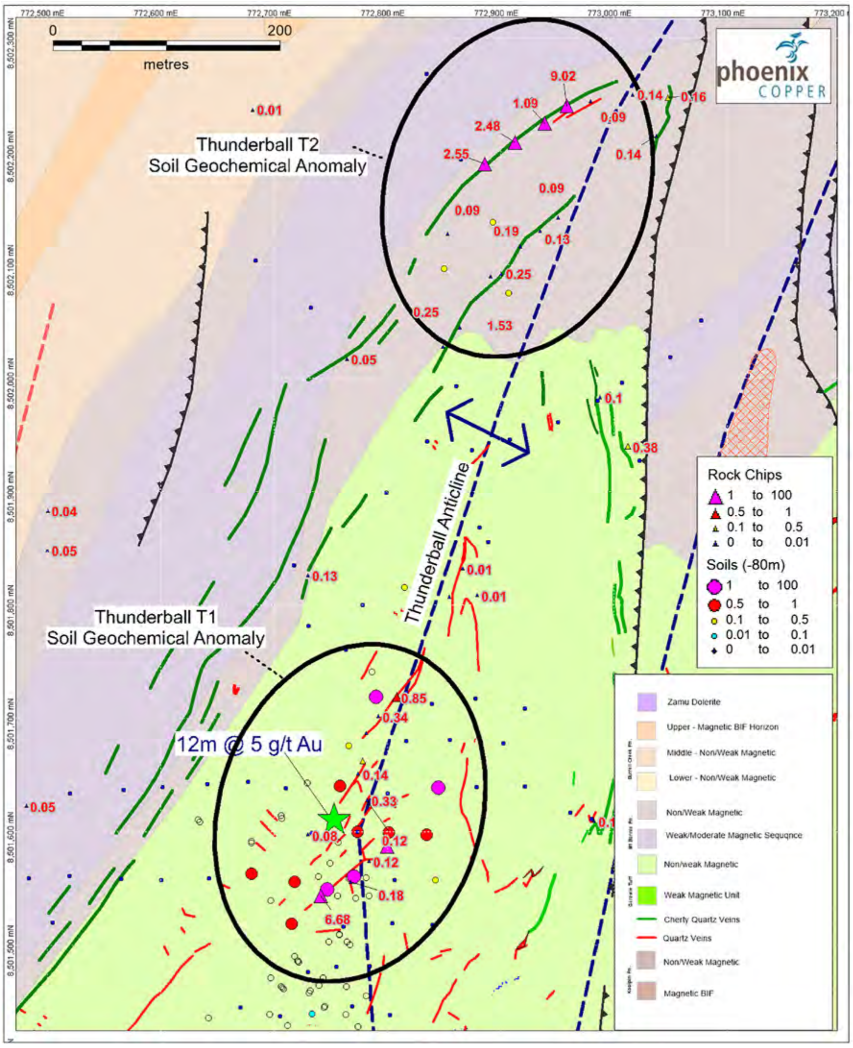


Figure 10 *Geology showing Thunderball North gold targets*

MOLINE PROJECT

The Moline Project area is located approximately 200km SE of Darwin, 50km east of Pine Creek and is accessible via the Kakadu Highway (Figure 12).

Gold was first discovered in the area in the 1880s and predominantly oxide ore was mined for its gold content up until the early 1990s. PNX is earning into three granted mineral leases and one surrounding exploration lease (from Crocodile Gold) over an area of 298km^2 and encompassing historical mines and mineralised trends. There is excellent potential below and adjacent to historical oxide gold pits to define primary mineralisation that has not been the focus of exploration or mining activities by previous operators.

Gold mineralisation at Moline is also associated with base metals, and there are historical base metals underground mines included within the tenement package, including the Evelyn and El Dollarado deposits. PNX believes the base metal potential of the areas has been particularly under-explored and opportunities exist for discovery of base metals deposits and subsequent integration into the Hayes Creek Project. Interrogation of historical data has commenced as there is also excellent potential to discover depth extensions of primary gold mineralisation below the largely oxide open pits.

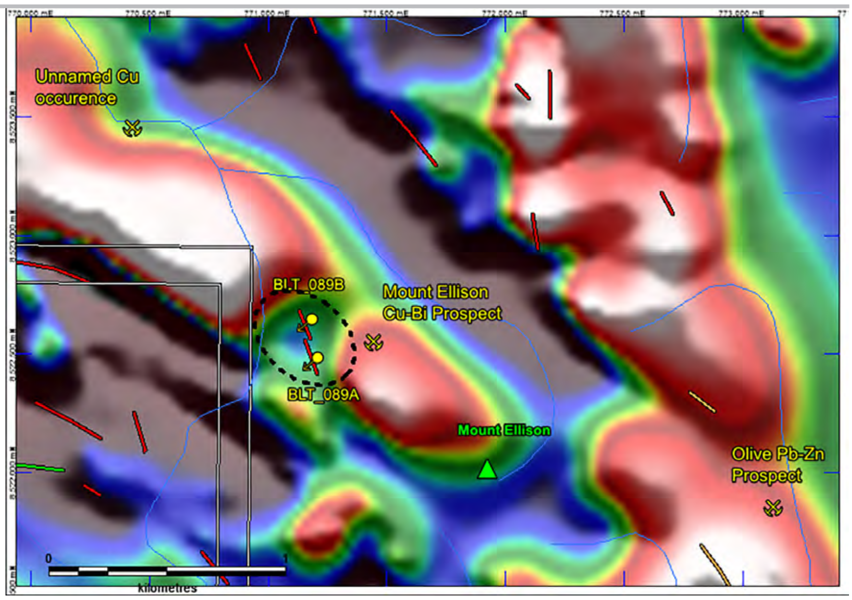


Figure 11 Mt Ellison Prospect target area showing late VTEM response superimposed on TMI image

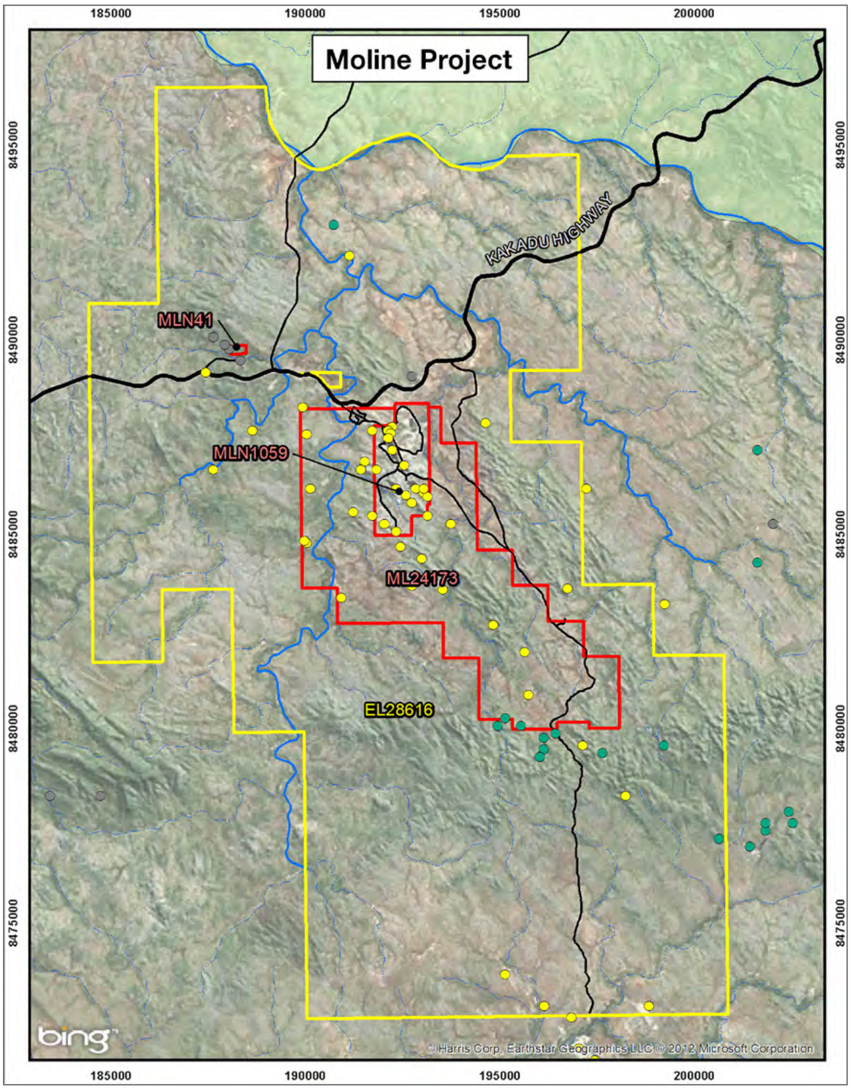


Figure 12 Moline Project; EL boundary in yellow, ML boundaries in red

HISTORICAL WORKINGS

A total of 23 open pits were mined for gold between 1989 and 1991. The largest of these were the Hercules, School, Moline and Tumbling Dice deposits within ML24173. The Hercules underground deposit produced 33,000oz gold from 38,000t ore and the open pit produced 40,000oz gold from 470,000t of ore. Moline produced 48,000oz gold from 600,000t. Remaining reserves are quoted in historical reports, but have not been verified to modern standards, these total approximately 500,000t (non JORC compliant).

Evelyn historical lead-zinc-silver mine is located in the north-west corner of the tenement package. The deposit was worked intermittently between 1886 until the mine closed in 1970. From approximately 90,000t of ore, lead (5,100t), zinc (6,100t), and silver (813,600oz) were produced with gold (1,800oz) extracted as a by-product.

EXPLORATION ACTIVITIES

In 2011 Crocodile Gold flew an airborne VTEM survey over a large portion of the Moline project area. This is a valuable and important dataset, combined with structural interpretation and geological information, to identify areas for potential base metal mineralisation. A large number of Priority 1 targets were generated, many of which have never been explored. There are also numerous surface geochemical surveys and historical drilling data that are being collated and revealing drill-ready targets. Prioritisation is ongoing, and new areas will be visited during the remainder of the dry season for field checking.

The El Dollarado North base metals prospect was inspected by PNX in 2014 (Figure 13). This area is located near the El Dollarado workings and is underlain by the Mt Bonnie Formation, host to significant mineralisation at the Iron Blow and Mt Bonnie deposits. Rock chip samples returned spectacular results: MOLRK2469 – 25.8% Zn, 1380ppm Ag, >20% Pb and MOLRK2470 – 8.12% Zn, 26.8g/t Ag and 3.61% Pb. Along strike from these workings, a coherent Zn-Au-Pb in soils anomaly exists over a 1,200m strike length and is associated with discrete late time VTEM conductive bodies. This area is also along strike from the Hercules mineralised structure which sits approximately 2km to the south. There are no records of drilling in this area.

CHESSMAN PROJECT

The Chessman Project comprises two large ELs which cover 352km² and a single ML over the historical Chessman-Red Queen deposit (Figure 14). The tenements surround the >1Moz gold Maud Creek deposit, where Crocodile Gold is conducting a Pre-Feasibility Study contemplating possible future development.

An extensive database of information already exists, including VTEM data acquired by Crocodile Gold in 2011, a high resolution (25m line spaced) aeromagnetic survey flow by Kalmet Resources in 1997 and a comprehensive geochemical dataset. This has generated numerous targets which are being assessed and ranked on merit for further work.

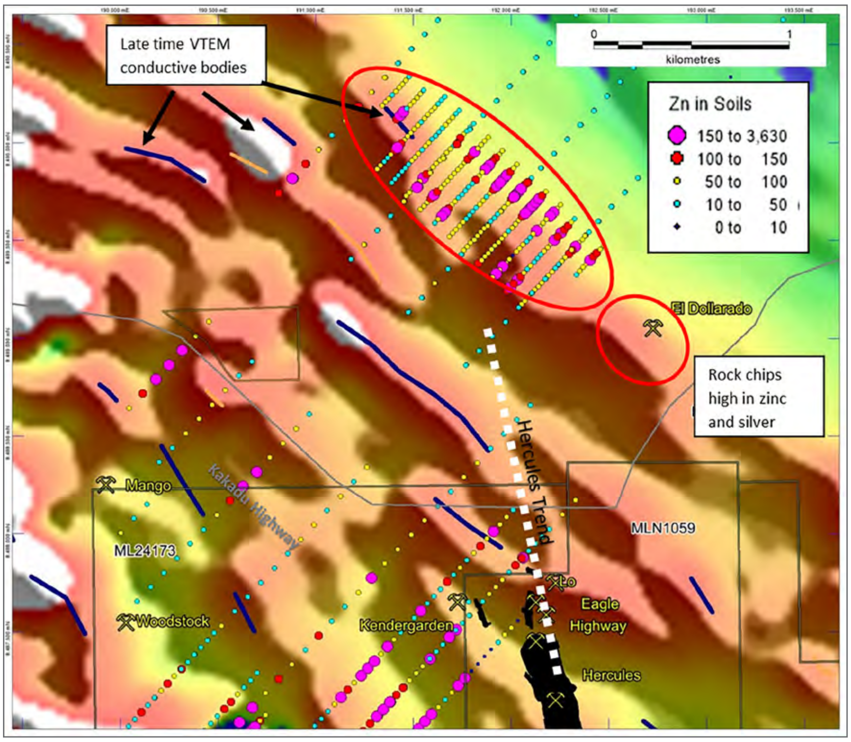


Figure 13 *El Dollarado Prospect, VTEM image (Dbdtz_28 NE shade) and Zn soil geochemistry (ppm), white dotted line represents interpreted Hercules structural gold trend*

RED QUEEN

The Chessman-Red Queen mineralisation was discovered in 1973. Mafic fragmental volcanic rocks and pyritic, carbonaceous cherts are present within a NE trending graben structure. Moderate grade gold mineralisation has been demonstrated to exist within iron stained siliceous breccias of interpreted epithermal origin. Drilling by Placer in 1989-1990 intersected 10m @ 0.95g/t Au and 8m @ 0.97g/t Ag in hole RQP5, while Kilkenny Gold NL returned many anomalous intersections from a nine hole RC program, including 3m @ 4.44g/t Au (CRP003 from 16m) and 7m @ 2.02g/t Au (CRP009 from 12m). The Red Queen area is considered to have good potential as a satellite area for the Maud Creek gold deposit.

During 2012, Crocodile Gold completed a comprehensive ionic leach geochemical survey over the surrounding areas and discovered a strong NNE trend with 58.6ppb Au anomaly which warrants follow-up.

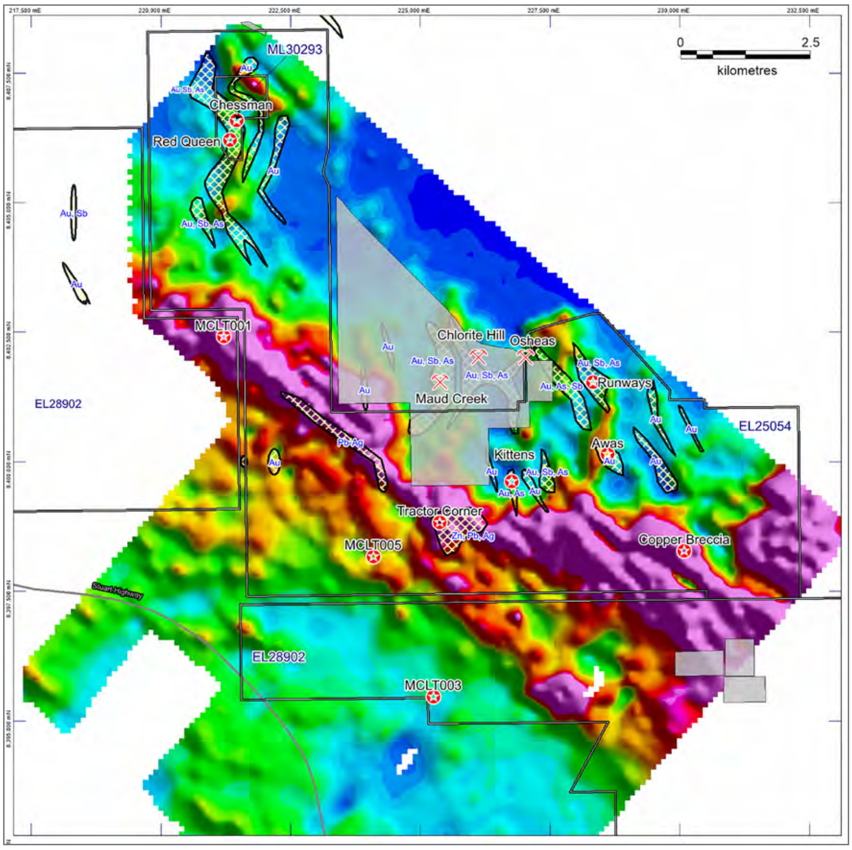


Figure 14 *Chessman Project*

COPPER BRECCIA

Among the many base metal prospects which occur south of the Maud Creek deposit, PNX geologists visited the Copper Breccia prospect in 2014 (Figure 15), where secondary copper minerals are localised along a brecciated and silicified contact between Antrim plateau basalts and Jindare Formation sandstones and conglomerates. This trend was traceable over at least 1km as malachite staining on carbonate nodules and joints within a weathered hematitc matrix. Soil surveying shows a coincident Cu, Mo, Zn, Pb anomaly, and a rock chip sample taken by PNX returned 4.66% Cu.

Figure 15 *Copper breccia at the Chessman Project*

SOUTH AUSTRALIA

The Company holds 18 exploration licences and three mining leases covering an area of approximately of 4,000 square kilometres (Figure 16) in South Australia.

BURRA PROJECT

Exploration activity at the Company's Burra project was limited as resources were prioritised and directed primarily to the Hayes Creek project.

CONDOR

The Condor Prospect (Figure 17), discovered by PNX in 2014, is a copper and base metal anomaly that lies directly to the south of Burra. It is one of five similarly sized untested targets that have been identified from historical Induced Polarisation (IP) data and subsequent geochemical analysis. No modern day drilling has been undertaken in the area of the Condor prospect.

Results from geochemical surveys at the Condor Prospect have provided a strong correlation of anomalism with existing IP targets. The surface geochemical anomaly extends to the south beyond the limit of the reprocessed historical IP survey, is approximately 1,000m x 400m in size (Figures 18 and 19), and lies directly over the Kingston fault, the structure interpreted as controlling significant copper mineralisation to the north at the Eagle prospect and also at the historical Monster Mine.

These geochemical survey results provide PNX with drill targets, and significantly increases the confidence that the IP target may be associated with copper sulphides. The Company believes this prospect has the potential for mineralisation similar to that intercepted at the Eagle Prospect to the north, where diamond drilling in 2012 intercepted 26.3m @ 2.86% copper in near surface sulphides.

Figure 16 Phoenix Copper Limited's South Australia tenement locations

YORKE PENINSULA

PNX's wholly owned Yorke Peninsula tenement holding is in excess of 1,150 square kilometres. The Minlaton (ELA281/12), Koolywurtie (EL5491), Coonarie (EL5196), and Weaver Hill (EL4983) tenements are located on the eastern edge of the Gawler Craton within the 'Olympic Domain', a world class copper/gold province.

The Olympic Domain extends from the Yorke Peninsula in the south, to Prominent Hill in the north, and hosts the Hillside, Moonta-Wallaroo, Carapateena, Prominent Hill and the giant Olympic Dam deposits (Figure 16).

In 2012, the Company conducted an initial six hole, 1,331 metre, diamond drill program targeting three coincident VTEM and ground gravity anomalies. During 2012/13, the Company conducted follow-up drilling via a 3,074m, 100 hole aircore and slimline reverse circulation drilling program. The four areas tested were all characterised by coincident geophysical anomalies consistent with the signature of iron oxide-copper-gold (IOCG) mineralisation. The drill program aimed to identify shallow secondary geochemical dispersion patterns associated with primary mineralisation, to confirm the source of the coincident geophysical anomalies, and to gain a greater understanding of the geochemistry in this environment.

Anomalous copper was observed in all areas tested with the best results coming from the Cross Prospect where drilling defined elevated copper at the basement interface coincident with gravity and magnetic anomalies that may be indicative of primary mineralisation at depth. A large number of VTEM and ground gravity targets remain untested and the next stage of exploration would plan to test the depth extents of the surface anomalies at Cross and Balgowan through basement drilling, along with further interpretation and analysis of recent geochemical results.

The Company is continuing to identify potential joint venture partners to assist with a significant exploration program on the Yorke Peninsula.

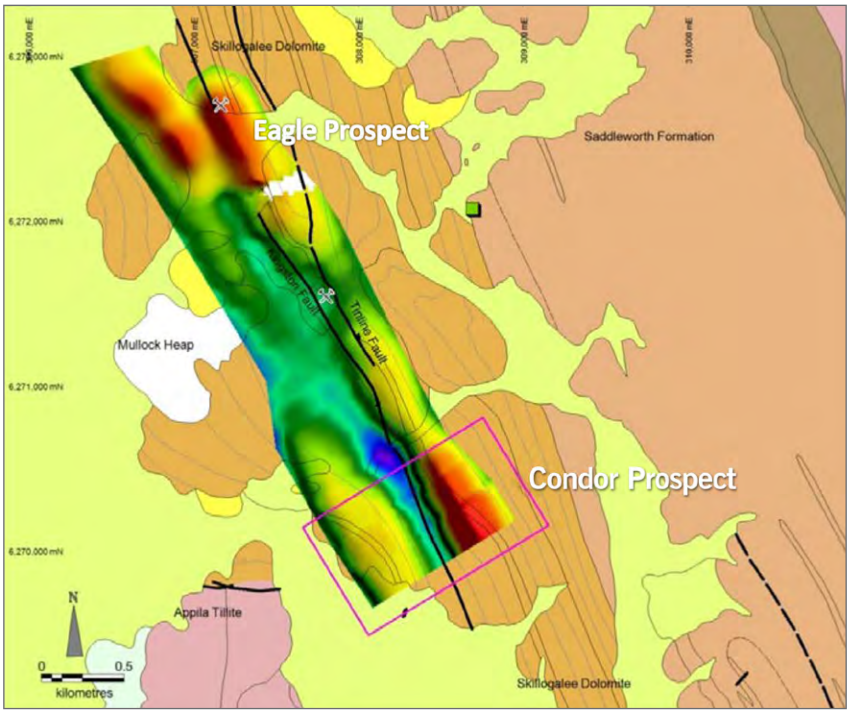


Figure 17 *Condor Prospect south of Burra*

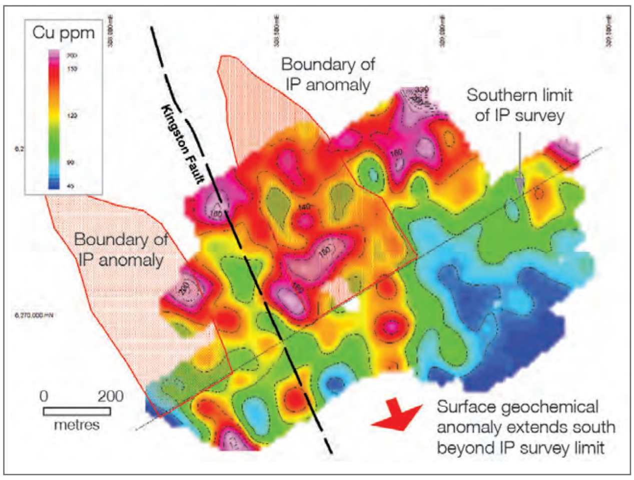


Figure 18 *Condor Prospect, copper anomalies over IP targets*

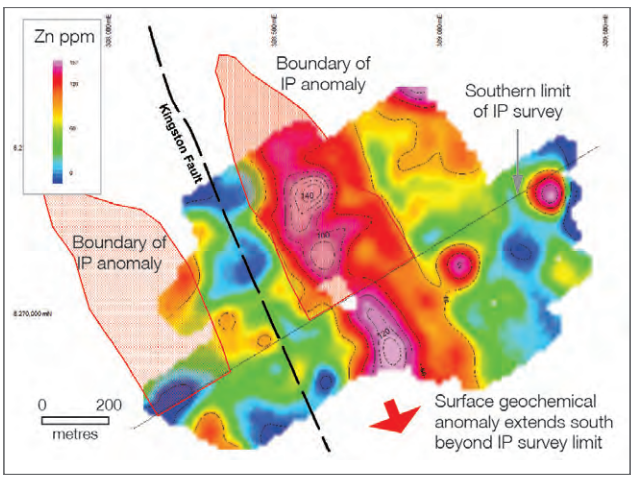


Figure 19 *Condor Prospect, zinc anomalies over IP targets*

ENVIRONMENT

The Company's exploration activities have been carried out in accordance with the South Australian and Northern Territory governments' regulatory regime. PNX is committed to reducing its environmental footprint, implementing 'best practices' for assessment, management, mitigation and rehabilitation for all exploration activities. The Company reviews its environmental policies and procedures regularly and liaises with the appropriate government departments to ensure compliance.

Mine Management Plans (MMPs) were submitted and approved for the Hayes Creek project, environmental bonds are in place and rehabilitation will commence of areas disturbed by drilling activity prior to the onset of the wet season in late 2015.

SOCIAL AND COMMUNITY

The Company recognises and responds to the growing expectation from community, regulators and industry leaders for more open community engagement and stakeholder consultation. The Company's policy and practice of 'information, consultation and active participation' forms an integral part of the exploration process.

A desktop heritage survey was completed to review the status of cultural heritage matters within the tenements being explored by PNX in the Northern Territory and to identify strategies to ensure compliance with all necessary legal and social responsibilities.

Events the Company participated in this year included the Mining the Territory Conference, Katherine Mining Conference, and the Annual Geoscience Exploration Seminar (AGES) conference.

OCCUPATIONAL HEALTH AND SAFETY

The Company and all its personnel are committed to workplace health and safety. No reportable incidents occurred during the year.

The Company reviews its Health and Safety policies and procedures on a regular basis to ensure it maintains a high standard. All field staff have been engaged in appropriate ongoing training and skills for supervising and implementing the required exploration activities in remote environments.

A number of new Safe Operating Procedures (SOPs) and Toolbox Topics were written and updated to reflect the increase in activities in the Northern Territory, in particular those with an emphasis on working in remote areas, and dealing with hazards associated with heat, exposure, flora and fauna.

Walking to Cherty BIF horizon west of Thunderball

TENEMENTS

NORTHERN TERRITORY

HAYES CREEK

Wholly owned tenements

Tenement	Project	Grant date	Expiry date	Holder	Area (hectare)
ML30512	Mt Bonnie	3/10/2014	02/10/2024	Phoenix Copper Ltd 100%	6.4
ML30589	Mt Bonnie	3/10/2014	02/10/2024	Phoenix Copper Ltd 100%	31.6
MLN1033	Mt Bonnie	29/05/2012	31/12/2021	Phoenix Copper Ltd 100%	4.8
MLN1039	Mt Bonnie	29/05/2012	31/12/2021	Phoenix Copper Ltd 100%	1.2
MLN214	Iron Blow	14/10/2004	31/12/2029	Phoenix Copper Ltd 100%	6.3
MLN341	Iron Blow	19/12/2006	31/12/2016	Phoenix Copper Ltd 100%	14.9
MLN342	Mt Bonnie	19/12/2006	31/12/2016	Phoenix Copper Ltd 100%	13.7
MLN343	Iron Blow	19/12/2006	31/12/2016	Phoenix Copper Ltd 100%	14.9
MLN346	Mt Bonnie	19/12/2006	31/12/2016	Phoenix Copper Ltd 100%	16.0
MLN349	Iron Blow	19/12/2006	31/12/2016	Phoenix Copper Ltd 100%	15.0
MLN405	Mt Bonnie	28/02/2013	31/12/2017	Phoenix Copper Ltd 100%	12.0
MLN459	Mt Bonnie	15/04/2002	31/12/2020	Phoenix Copper Ltd 100%	15.0
MLN811	Mt Bonnie	30/09/2005	31/12/2015	Phoenix Copper Ltd 100%	8.1
MLN816	Mt Bonnie	29/03/2001	31/12/2019	Phoenix Copper Ltd 100%	8.1
TOTAL					**168.0**

BURNSIDE, MOLINE AND CHESSMAN

Farm-in tenements

Tenement	Project	Grant date	Expiry date	Holder	Area (km²)
Burnside					
EL10012	Mt Ringwood	28/11/2003	27/11/2015	CrocGold 100%	14.9
EL10347	Golden Dyke	15/04/2002	14/04/2016	CrocGold 100%	10.0
EL23431	Thunderball	20/12/2002	19/12/2014*	CrocGold 100%	13.4
EL23536	Brocks Creek	29/07/2003	28/07/2016	CrocGold 100%	70.4
EL23540	Jenkins	17/02/2003	16/02/2016	CrocGold 100%	16.7
EL23541	Cosmo North	17/02/2003	16/02/2016	CrocGold 100%	3.3
EL24018	Hayes Creek	18/08/2004	9/08/2016	CrocGold 100%	23.4
EL24051	Margaret River	10/08/2004	9/08/2016	CrocGold 100%	86.9
EL24058	Yam Creek	10/08/2004	9/08/2016	CrocGold 100%	3.3
EL24351	McCallum Creek	23/02/2005	22/02/2016	CrocGold 100%	30.1
EL24405	Yam Creek	6/05/2005	5/05/2016	CrocGold 100%	4.1
EL24409	Brocks Creek South	6/05/2005	5/05/2016	CrocGold 100%	22.1
EL24715	Mt Masson	1/03/2006	28/02/2016	CrocGold 100%	56.8
EL25295	Margaret Diggings	15/02/2007	14/02/2015*	CrocGold 100%	10.0
EL25748	Burnside	1/10/2007	30/09/2016	CrocGold 100%	643.1
EL9608	Mt Bonnie	25/05/2004	25/05/2016	CrocGold 100%	10.0
ELR97	Western Arm	19/09/1989	18/09/2015*	CrocGold 100%	6.5
					1,025.0
Chessman					
EL25054	Maud	18/04/2006	17/04/2016	CrocGold 100%	64.0
EL28902	Maud	30/03/2012	29/03/2018	CrocGold 100%	288.2
ML30293	Chessman	14/04/2014	13/04/2024	CrocGold 100%	1.1
					353.3
Moline					
EL28616	Moline	20/01/2012	19/01/2016	CrocGold 100%	262.5
ML24173	Moline	23/05/2012	22/05/2022	CrocGold 100%	31.3
MLN1059	Moline	16/08/1990	15/08/2015*	CrocGold 100%	4.2
MLN41	Mt Evelyn	5/12/1969	31/12/2021	CrocGold 100%	0.1
					298.1
TOTAL					**1,676.4**

* *renewal in process as of the date of this report.*

The Company's beneficial interest in the farm-in tenements is zero as of the date of this report.

SOUTH AUSTRALIA

The Company has two Amalgamated Expenditure Agreements with the South Australian government's Department of State Development (DSD), one covering the four Yorke Peninsula tenements and the other covering all other South Australian tenements with the exception of the Nantawarrinna and Mt Elkington exploration licenses near Leigh Creek.

These agreements give the Company the flexibility to focus its exploration on priority targets within each of these major project areas rather than on individual tenements.

Tenement	Project	Grant date	Expiry date	Holder	Area (km²)
EXPLORATION LICENSES					
Adelaide Geosyncline					
EL5382	Burra Central	24/02/2014	23/02/2016	Phoenix Copper Ltd 100%	84
EL4807	Burra West	24/06/2015	Renewal lodged	Phoenix Copper Ltd 100%	69
EL4970	Burra North	06/03/2012	05/03/2016	Phoenix Copper Ltd 100%	300
EL5411	Mongolata	10/03/2014	09/03/2016	Phoenix Copper Ltd 100%	60
EL4809	Princess Royal	23/11/2011	22/11/2015	Phoenix Copper Ltd 100%	314
EL5601	Red Banks	21/01/2015	20/01/2017	Phoenix Copper Ltd 100%	396
EL4711	Burra Creek Plain	28/02/2015	28/03/2016	Phoenix Copper Ltd 100%	68
EL5473	Bagot Well	05/08/2014	04/08/2016	Phoenix Copper Ltd 100%	71
EL4626	Bagot Well North	13/12/2010	12/12/2015	Phoenix Copper Ltd 100%	99
EL5169	Tarnma	05/11/2012	04/11/2017	Phoenix Copper Ltd 100%	128
EL4886	Spalding	02/01/2012	01/01/2016	Phoenix Copper Ltd 100%	157
EL5557	Washpool	10/11/2014	09/11/2016	Phoenix Copper Ltd 100%	135
					1,881
Yorke Peninsula					
ELA281/12	Minlaton	08/10/2012	Subsequent ELA lodged	Wellington Exploration Pty Ltd 100%	547
EL5491	Koolywurtie	30/09/2014	29/09/2016	Phoenix Copper Ltd 100%	255
EL4983	Weaver Hill	31/08/2012	30/08/2017	Phoenix Copper Ltd 100%	104
EL5196	Coonarie	27/08/2012	26/08/2017	Phoenix Copper Ltd 100%	254
					1,160
Leigh Creek					
EL5264	Nantawarrinna	06/06/2015	6/06/2017	Phoenix Copper Ltd 100%	317
EL5300	Mt Elkington	08/06/2015	8/07/2017	Phoenix Copper Ltd 100%	618
					935
TOTAL ELs (square km)					**3,976**

Tenement	Name	Grant date	Expiry date	Holder	Area (hectare)
MINERAL LEASES					
ML5467	Mountain of Light	16/10/1987	15/10/2015	LCCM 100%	250
ML5741	Mount Coffin	03/06/1991	15/10/2015	LCCM 100%	200
ML5498	Lorna Doone	18/01/1988	17/01/2016	LCCM 100%	122
TOTAL MLs (hectares)					**572**

Mt Bonnie pit wall

MINERAL RESOURCES AND ORE RESERVES

As at 30 September 2015

NORTHERN TERRITORY

HAYES CREEK – IRON BLOW

Table 1 Iron Blow Inferred Mineral Resource Estimate[1]

Depth	AuEq cut-off (g/t)	Tonnes (Mt)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	ZnEq (%)
> -90 mRL	0.7	2.2	6.7	2.4	140	0.3	1.0	4.9	11.8
< -90 mRL	3.0	0.4Mt	5.6	2.7	71	0.4	0.4	4.1	10.0
Total Inferred Mineral Resource		2.6Mt	6.5	2.4	130	0.3	0.9	4.8	11.5
Total Contained Metal			543,000oz	203,000oz	10,700,000oz	7,000t	23,000t	125,000t	300,000t

Notes

In order to assess the potential value of the total suite of minerals of economic interest in the mineral inventory, formulae were developed to calculate metal equivalency for the gold and zinc (see below). These metals contribute the highest values to the model based on prices and recoveries used (Table 2). Metal prices used were consistent with spot values (rounding applied) at the time of the mineral resource estimate. Metal recoveries used were estimates based on current mining operations that process a similar style of deposit. Further metallurgical test work is required at Iron Blow to provide a better understanding of the metal recoveries.

AuEq g/t = [(Au grade g/t x (Au price oz/31.1034768) x Au recovery) + (Ag g/t x (Ag price oz/31.1034768) x Ag recovery) + (Cu grade % x (Cu price per t/100) x Cu recovery) + (Pb grade % x (Pb price per t/100) x Pb recovery) + (Zn grade % x (Zn price per t/100) x Zn recovery)] / (Au price per oz/31.1034768).

ZnEq % = [(Au grade g/t x (Au price oz/31.1034768) x Au recovery) + (Ag g/t x (Ag price oz/31.1034768) x Ag recovery) + (Cu grade % x (Cu price per t/100) x Cu recovery) + (Pb grade % x (Pb price per t/100) x Pb recovery) + (Zn grade % x (Zn price per t/100) x Zn recovery)] / (Zn price per t/100).

1 *See ASX release 3 November 2014 for details, 'High Grade Mineral Resource Estimate for Iron Blow Deposit', where further details are provided. All material assumptions and technical parameters underpinning the resource estimate announced on 3 November 2014 continue to apply and have not materially changed. Results of drilling by PNX since October 2014 have not been included in the estimate but if they were, they would not likely have a material change in the October 2014 resource estimate.*

Table 2: Metal price and recovery used in metal equivalency formula

Element	Price	Unit price	Recovery
Cu	$7,000	USD / t	70%
Pb	$2,250	USD / t	70%
Zn	$2,350	USD / t	70%
Ag	$20	USD / troy oz	90%
Au	$1,300	USD / troy oz	90%

SOUTH AUSTRALIA

Table 3 Resources at Mountain of Light, Lorna Doone and Princess Royal

Indicated Resources	Cut-off grade (%)	Tonnage	Grade (% copper)	Copper contained (tonnes)
ML5467 - MOUNTAIN OF LIGHT				
Paltridge North	>0.3	890,000	0.83%	7,400
	>0.4	710,000	0.96%	6,800
	>0.5	570,000	1.10%	6,200
Rosmann East	>0.3	128,000	0.78%	1,000
	>0.4	100,000	0.88%	900
	>0.5	77,000	1.00%	800
ML5498 – LORNA DOONE				
Lorna Doone	>0.3	840,000	0.75%	6,300
	>0.4	620,000	0.90%	5,600
	>0.5	460,000	1.00%	4,600
Lynda	>0.3	1,000,000	0.72%	7,200
	>0.4	750,000	0.84%	6,300
	>0.5	580,000	0.96%	5,600
EL4809 - PRINCESS ROYAL				
Princess Royal	>0.3%	286,757	0.81%	2,325
	>0.4%	216,586	0.96%	2,083
	>0.5%	184,995	1.10%	2,034
TOTALS				
Indicated	>0.3%	2,858,000	0.77%	21,900
	>0.4%	2,180,000	0.90%	19,600
	>0.5%	1,687,000	1.02%	17,200
Inferred	>0.3%	286,757	0.81%	2,325
	>0.4%	216,586	0.96%	2,083
	>0.5%	184,995	1.10%	2,034

The information pertaining to the Mountain of Light, Lorna Doone and Princess Royal Indicated and Inferred Mineral Resources was prepared and first disclosed by Phoenix Copper Limited under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The mineral resource estimates reported by the Company are prepared by independent, qualified mining professionals and in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). The Competent Person named by the Company is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and qualifies as a Competent Person under the JORC Code.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Bennett, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full time employee of Phoenix Copper Limited. Mr Bennett 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". Mr Bennett consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors of Phoenix Copper Limited ('PNX' or 'Company') present their report for the financial year ended 30 June 2015.

DIRECTORS

The names and details of directors in office during and since the end of the financial year are as follows.

GRAHAM LESLIE ASCOUGH

Non-executive Chairman

Appointed 7 December 2012

Graham Ascough (BSc, PGeo, MAusIMM) is a senior resources executive with more than 25 years of industry experience evaluating mineral projects and resources in Australia and overseas.

Mr Ascough, a geophysicist by training, has had broad industry involvement playing a leading role in setting the strategic direction for companies, completing financing and in implementing successful exploration programmes. Mr Ascough was the Managing Director of Mithril Resources Ltd from October 2006 until June 2012. Prior to joining Mithril in 2006, he was the Australian Manager of Nickel and PGM Exploration at a major Canadian resources house, Falconbridge Limited, which was acquired by Xstrata Plc in 2006. He was also a Councillor of the South Australian Chamber of Mines and Energy and Chair of its Exploration Committee from 2006–2012 and has strong ties to the South Australian resources industry. He is a member of the Australian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada.

In the three years immediately prior to 30 June 2015, Graham Ascough held the following directorships of other listed companies for the following periods:

- Non-executive Chairman, Avalon Minerals Limited since 30 November 2013
- Non-executive Director, Reproductive Health Science Limited from 31 July 2013 to 2 April 2014
- Non-executive Chairman, Mithril Resources Limited since 9 October 2006
- Non-executive Chairman, Musgrave Minerals Limited since 26 May 2010
- Non-executive Chairman, Aguia Resources Limited from 19 October 2010 to 15 November 2013

PAUL J DOWD

Non-executive Director

Appointed 27 September 2007

Paul Dowd has over 50 years' experience in the mining industry in Australia and many overseas countries. In April 2012 he retired as Managing Director of PNX, a position he assumed in September 2008, but remains on the Board as a non-executive director. 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. In 2015, he retired as Chairman of the SA Mineral Resources & Heavy Engineering Skills Centre but remains on the Board. He is a 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.

In the three years immediately prior to 30 June 2015, Paul Dowd held the following directorships of other listed companies for the following periods:

- Non-executive Director, Oz Minerals Limited since 23 July 2009

PETER WATSON

Non-executive Director

Appointed 7 September 2007

Peter Watson, a founder of PNX, studied Law at Melbourne University and graduated with honours. He has practiced law for over 40 years, specialising in commercial, corporate, resources and trade practices law. He is admitted to practice in South Australia, New South Wales, Victoria and Western Australia as well as the High Court of Australia. For over 20 years, Mr Watson was a partner in the national law firm now known as Norton Rose Fulbright. During that time he established, and for four years managed, its Perth office. He also managed its Melbourne office for two years. In 1996 Mr Watson joined Andersen Legal as its first Melbourne partner and in 1999 was recruited by Normandy Mining Limited as its group legal counsel and a group executive. Following the takeover of Normandy by Newmont Mining Corporation, he returned to private legal practice and founded the successful boutique law firm Watsons Lawyers in Adelaide. Mr Watson is a member of the board of trustees of the Bethlehem Griffiths Research Foundation (a medical research charitable foundation), non-executive director of Felton Grimwade and Bosisto's Pty Ltd (a manufacturer and supplier of eucalyptus products and over-the-counter therapeutic products).

In the three years immediately prior to 30 June 2015, Peter Watson held the following directorships of other listed companies for the following periods:

- Non-executive Director, Lawson Gold Limited from 5 August 2010 to 2 July 2013

DAVID HILLIER

Non-executive Director

Appointed 17 September 2010

David Hillier is a Chartered Accountant and has more than 30 years' experience in commercial aspects of the resources industry. He has served as Chairman and as a director of a number of public companies in the mining and exploration field, including Lawson Gold Limited and Buka Gold Limited. Throughout 2008 he was Chief Financial Officer and an executive director of AIM listed Minerals Securities Limited, based in London. Between 1989 and 2002, Mr Hillier held a range of senior executive positions in the Normandy Mining Limited Group of companies and was Chief Financial Officer of Normandy for six of these years. In the three years immediately prior to 30 June 2015, David Hillier held the following directorships of other listed companies for the following periods:

- Non-executive Chairman, Lawson Gold Limited from 5 August 2010 to 2 July 2013

JAMES FOX

Managing Director & CEO

Appointed 26 November 2014

James Fox has been CEO of the Company since May 2012. He has more than 15 years' experience in the mining industry. Prior to joining PNX, he was responsible for the development and operation of the Nickel Laterite Heap Leach project at the Murrin Murrin operations in Western Australia. James has held various senior processing positions including Process Manager at the Nifty Copper Operation in Western Australia. He has worked in the UK, Cyprus, Uganda and Australia in gold, lead, zinc, copper, nickel and cobalt mining and processing operations.

COMPANY SECRETARY

Tim Moran

Tim Moran is a Chartered Accountant with 20 years' experience in accounting and finance and over 10 years' experience in the mining and energy industries. Prior to commencing with PNX, Mr Moran was the Chief Financial Officer and Company Secretary of a Canadian listed oil and gas company in Calgary, Canada, and before that spent 12 years with global accounting and professional advisory firm KPMG.

INTERESTS IN SHARES AND PERFORMANCE RIGHTS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and performance rights of PNX are as follows:

Graham Ascough, Non-executive Chairman

Graham Ascough has a direct interest in 439,933 shares.

Paul Dowd, Non-executive Director

Paul Dowd has a direct interest in 500,000 shares, and an indirect interest in 2,595,000 shares.

Peter Watson, Non-executive Director

Peter Watson has a direct interest in 998,000 shares and an indirect interest in 7,000,000 shares. Related parties of Mr Watson hold a further 1,350,000 shares.

David Hillier, Non-executive Director

David Hillier has an indirect interest in 510,000 shares.

James Fox, Managing Director & CEO

James Fox has a direct interest in 825,000 performance rights. A related party of Mr Fox holds 3,325,000 shares.

DIVIDENDS AND DISTRIBUTIONS

No dividends or distributions were paid to members during the financial year and none were recommended or declared for payment.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its wholly owned subsidiaries ('Group') during the financial year was mineral exploration, including research and development activities associated with identifying and understanding geological structures and the mineralogical structure and processing characteristics of the polymetallic ores at the Hayes Creek project.

Crocodile Gold transaction

In August 2014, the Company executed an agreement with Crocodile Gold Australia Pty Ltd (Crocodile Gold), a subsidiary of Canadian-listed Crocodile Gold Corp (now Newmarket Gold Inc) for the acquisition of 14 mineral leases in the Northern Territory, and a farm-in arrangement whereby the Company can earn up to 90% in 21 (now 20) exploration licences and four mineral leases, also in the Northern Territory. Consideration for the purchase of the mineral 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). 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.

The acquisition of the mineral leases was formally completed on 20 November 2014, with the satisfaction of all conditions precedent.

Crocodile Gold retains a 30% claw-back right over the acquired tenements that can be exercised by paying PNX three times the Company's accumulated expenditure on these tenements. Crocodile Gold can also re-acquire 90% of any gold or silver deposits with a JORC compliant resource on the farm-in tenements by paying PNX three times the Company's accumulated expenditure on the deposit(s).

The acquired mining leases include the Iron Blow and Mt Bonnie base metals and precious metals deposits contained within the Hayes Creek project.

The farm-in tenements include the Burnside, Moline and Chessman base metals and gold (excluding uranium) exploration projects. Under the terms of the farm-in, PNX can earn a 51% interest in the farm-in tenements with expenditure of $2 million over two years (to 15 December 2016), and can then elect to increase its interest to 90% with expenditure of an additional $2 million over a further two year period. Of this expenditure, up to $500,000 incurred on the acquired mineral leases is counted in each two year period. As at 30 June 2015, total expenditure for the purposes of the farm-in was $0.9 million.

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

Capital raising

In conjunction with the execution of the Crocodile Gold transaction, in August 2014 PNX raised $0.3 million via the placement of 24.3 million shares to sophisticated investors at a price of $0.013 per share.

In October 2014, 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.

Subsequent to 30 June 2015, the Company raised $0.9 million via the placement of 70 million shares at $0.013 each to sophisticated investors, and received commitments for further share placements of $0.6 million to be approved by shareholders at the Company's annual general meeting.

Leigh Creek

In April 2015, the Company executed an Option and Sale Agreement with private company Hillsgold Resources Pty Ltd (**Hillsgold**) regarding the Company's 100% owned subsidiary Leigh Creek Copper Mine Pty Ltd (**LCCM**). LCCM holds three mining leases in the Leigh Creek area including Mountain of Light, which has been on care and maintenance since January 2012.

Under the Agreement, Hillsgold has the option to acquire LCCM as well as two exploration licences held by PNX near LCCM's mining leases, in return for preparing and submitting to the State government updated environmental plans (PEPRs) for the three mining leases, and also preparing certain feasibility studies on the leases, within 9 months of the date of the Agreement (mid-January 2016). The option can be exercised at any time during the nine month period. Should Hillsgold exercise the option, it will acquire LCCM, and the two exploration licences, from the Company for nil up-front consideration (other than the assumption of the rehabilitation obligations at Mountain of Light) and a contingent payment to the Company of $100,000 if and when 3,000 tonnes of copper are produced from future operations at any of the three mining leases.

Hillsgold has not yet exercised the Option. Draft PEPRs have been submitted but have not yet been approved by the Department of State Development, SA.

Avalon investment

The Company continues to hold 12.9 million shares in Avalon Minerals Limited, representing approximately 5.4% of that company. The investment was funded primarily by a $1.2 million unsecured loan, which is to be repaid via the remittance of proceeds from the sale of Avalon shares. Any shortfall may be paid by the issue of shares in the Company. If the shares in Avalon are not disposed of by the November 2016 maturity date, the loan is repayable in cash. The Company is continuing to evaluate strategic options regarding its holding in Avalon. Avalon is continuing to progress its flagship Viscaria copper project in northern Sweden toward feasibility and a production decision.

REVIEW OF OPERATIONS

The Group reported a comprehensive net loss for the year of $3.9 million (2014: $7.0 million). The net result from continuing operations was a loss after income tax of $4.1 million, which included impairment charges on exploration and evaluation assets of $1.7 million and $1.2 million on the Group's investment in Avalon. The loss from the Group's discontinued operations at Leigh Creek was $0.2 million, which included a $0.15 million impairment charge on the Leigh Creek disposal group which reduced its carrying value to nil.

The exploration asset impairment charge related to the Company's South Australian tenement holdings, reducing the carrying value of the Burra and Yorke Peninsula projects to their estimated combined fair value of $2 million.

As noted previously, the key event during the year was the completion of the transaction with Crocodile Gold and commencement of exploration activities on the new projects in the Northern Territory. These activities are described below in more detail.

Excluding the impairment charges on exploration assets and the Avalon investment, the loss from continuing operations in 2015 of $1.2 million was similar to the $1 million loss from continuing operations (excluding exploration asset impairment) incurred in the prior year. The Group's corporate costs, which include head office wages, directors' fees, professional fees, insurance, regulatory, occupancy and communications costs has not changed significantly.

Net operating cash outflows for the year of $1.2 million reflect the loss from continuing operations (excluding impairment) noted above. Exploration cash outflows of $1.3 million related almost entirely to the Group's new projects in the Northern Territory.

At 30 June 2015, the Group had cash holdings of $0.8 million and net working capital of $0.7 million excluding the Company's investment in Avalon. As noted earlier, in August 2015 the Group raised $0.9m from placements to sophisticated investors.

EXPLORATION

During the year, exploration activity was focussed on the Company's new projects in the Northern Territory. Highlights included:

- New inferred mineral resource estimate (JORC 2012) defined at Iron Blow.
- An initial 2 hole, 706m diamond drill program at Iron Blow returned the highest-grade intersection of massive sulphides recorded at the deposit.
- An initial 12 hole 1,114m RC drill program completed at Mt Bonnie was successful in delineating near-surface massive sulphide mineralisation containing high grades of Zn-Au-Ag. A lower conductive zone was identified with the potential to double the depth extent of the deposit.
- Ground electromagnetic (EM) surveying at Iron Blow, Mt Bonnie and Joplin has provided additional drill target areas.
- Positive results from preliminary stage metallurgical test work at Iron Blow.
- Structural evaluation of the Iron Blow and Mt Bonnie deposits completed to assist in understanding the geology and targeting of future drilling.
- Regional exploration including geological mapping, soil sampling and field portable XRF surveys.

Hayes Creek – Iron Blow and Mt Bonnie

An Inferred Mineral Resource estimate (reported in accordance with the JORC Code, 2012) was completed for the Iron Blow deposit:

- 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.

At Iron Blow, two diamond drill holes (IBDH023 and IBDH024) were completed in December 2014 (after the Inferred Mineral Resource estimate was completed and therefore the estimate does not incorporate the drilling results) for a total of 705.8m. IBDH023 was drilled to a depth of 365.8m and intersected significant widths of high grade zinc, gold and silver:

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

The results from IBDH023 are very significant, primarily due to their exceptionally high grades – up to 22.5% Zn, 7.0g/t Au and 0.11% Ag, but they also demonstrate continuity of mineralisation and importantly that the overall mineralised envelope extends outside of the massive sulphide boundaries which were used to constrain the Inferred Resource estimate. The Western Lode has not been mined at surface, and so potential exists to define shallow oxide mineralisation with low

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 Inferred 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.*

cost RC drilling. It is anticipated that a significant portion of the resource defined to date may be mined by open pit methods.

At Mt Bonnie, a 12 hole reverse circulation drill program for approximately 1,100m was completed in May 2015 targeting new mineralised positions and extensions to existing high-grade massive sulphide mineralisation. Assay results were highly encouraging and provide the foundation for a valuable near-surface, high-grade sulphide orebody with considerable potential at depth and along strike to increase the size of the deposit. Highlights included[3]:

- 8m @ 12.6% Zn, 2.4g/t Au, 328g/t Ag, 0.5% Cu, and 2.8% Pb from 89m in MBRC014
- 12m @ 8.4% Zn, 2.57g/t Au, 228g/t Ag, 0.7% Cu, and 2.0% Pb from 48m in MBRC015

The overall grades and style of mineralisation encountered at Mt Bonnie are very similar to that observed at the Iron Blow resource, which lies less than 3km to the north. Mineralisation at Mt Bonnie occurs within a sphalerite-galena-pyrrhotite rich massive sulphide body dipping moderately to the northwest, as predicted by modelling of the electromagnetic (EM) conductor. Importantly, the down-dip continuation of this zone has not yet been drill tested, and so there is significant potential to discover new mineralisation in this zone.

A structural evaluation of the Iron Blow and Mt Bonnie deposits completed during the year has assisted in understanding the geology of these complex deposits and has provided a working model for exploration.

3 *See ASX release 6 July 2015. There has been no material change in these results since first reported.*

In addition, a coincident EM, magnetic and geochemical anomaly was defined at the newly named Joplin prospect, which is only 3km from Iron Blow and Mt Bonnie. The coincidence of geochemical and geophysical anomalism combined with gossanous quartz veining at surface and the close proximity to existing VMS deposits at Iron Blow and Mt Bonnie provides excellent evidence for a new mineralised system. The Joplin target is considered highly prospective.

Metallurgical research and development work

A comprehensive review of historical metallurgical test work has provided valuable insights as to how the Iron Blow ore responds to particular metallurgical test work.

Research and development test-work including QEMSCAN, optical examination, and magnetic separation work on Iron Blow composite material was completed and enabled bulk and differential flotation tests to be conducted using a standard non-optimised chemical regime, the results of which are very encouraging:

- Zinc is the best performing base metal with respect to concentrate recovery and grade; it is well liberated with excellent recoveries (>95%).
- Excellent early stage results for silver and gold with silver concentrate grades up to 400ppm and recoveries of up to 75%, and gold concentrate grades over 7g/t, using non-specific collectors with up to 65% recovery.
- Greater than 77% of the mass rejected to tails including a substantial amount of deleterious elements.
- Optimisation test work is underway with a focus on maximising grade and recoveries of zinc, gold and silver.

Regional exploration (Burnside, Moline and Chessman projects)

The Company's overall objective and highest priority is to establish sufficient mineral resources at Hayes Creek to justify a Scoping Study to demonstrate the economic viability of developing the project, at the level of certainty typically associated with a Scoping Study. At the same time, regional exploration prospects will gradually be tested for future development extensions.

During the year, numerous structural, geochemical and geophysical targets were evaluated in the field within all projects. This work has focussed initially on the Burnside Project, including the Joplin prospect noted above.

Efforts were also directed at a new gold target north of Rocklands' Thunderball uranium deposit, where an RC hole drilled by Thundelarra Exploration Limited in September 2010 intersected 12m @ 4.7g/t gold in hole TPCTC066 on EL23431 in the western limb of an anticlinal structure – typical of many gold deposits in the region. Mapping, soil sampling and rock chip sampling is ongoing.

Further work is scheduled on the exploration tenements surrounding Iron Blow and Mt Bonnie. Target stratigraphy can be traced on the surface for at least 10km with numerous additional areas identified within the broader Burnside project to be followed up.

South Australian projects

No activities of significance occurred during the year at the Company's Burra or Yorke Peninsula projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during or since the end of the year, other than the noted change in exploration focus from South Australia to the Northern Territory.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As noted previously, in August 2015 the Company raised $0.9 million via the placement of 70 million shares to sophisticated investors at an issue price of 1.3 cents per share. The Company also received commitments for further placements of $0.6 million, to be approved by shareholders at the Company's 2015 AGM.

There has not otherwise been any matter or circumstance that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS

PNX's focus is to be a sustainable, profitable gold and base metals producer and successful explorer in the Pine Creek region by establishing an economic mining project at Hayes Creek and to make new mineral discoveries in the region.

In 2015-16, the Group will continue mineral exploration and research and development activities on its projects in the Northern Territory. Key priorities include establishing an initial JORC compliant resource estimate at Mt Bonnie, undertaking optimisation metallurgical studies on the Iron Blow and Mt Bonnie deposits, completion of a scoping study at the Hayes Creek project, and continued regional exploration targeting gold and base metals mineralisation at the Burnside, Moline and Chessman projects.

Subject to available funding and priorities, the Group may conduct drilling of induced polarisation anomalies identified at its Burra project.

The Group hopes to conclude a divestment of its Leigh Creek assets by early 2016, and will continue to investigate opportunities to undertake exploration programs on the Yorke Peninsula.

ENVIRONMENT REGULATION AND PERFORMANCE

The Group continues to meet all environmental obligations across its tenements.

OPTIONS AND PERFORMANCE RIGHTS

During or since the end of the financial year:

- In September 2014, 1,200,000 Performance Rights were issued to Company CEO James Fox, with performance conditions covering the period out to 30 June 2016. 375,000 of these Rights vested in November 2014 as performance conditions were met and an equivalent number of Shares were therefore issued;
- In January 2015, 750,000 Performance Rights were issued to the Company's new Exploration Manager Andy Bennett, with performance conditions extending to 30 June 2016;
- At 30 June 2015, 375,000 Performance Rights lapsed (300,000 held by James Fox and 75,000 held by Andy Bennett) as the related performance conditions were not met; and
- On 29 July 2015, 1,250,000 unlisted share options exercisable at $0.27 expired.

As at the date of this report, the Group has on issue 1,500,000 Performance Rights and no share options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company entered into a Deed of Access, Insurance and Indemnity with Peter Watson and Paul Dowd on 12 November 2007, David Hillier on 22 September 2010, Graham Ascough on 11 December 2012, and James Fox on 26 November 2014. Under the terms of these Deeds, the Company has undertaken, subject to restrictions in the *Corporations Act 2001*, to:

- indemnify each Director in certain circumstances;
- advance money to a Director for the payment of legal costs incurred by a Director in defending legal proceedings before the outcome of those proceedings is known (subject to an obligation by the Director to repay money advanced if the costs become costs in respect of which the Director is not entitled to be indemnified under the Deed);
- maintain Directors' and Officers' insurance cover (if available) in favour of each Director whilst they remain a director of the Company and for a run out period after ceasing to be such a director; and
- provide each Director with access to Board papers and other documents provided or available to the Director as an officer of the Company.

Throughout and since the end of the financial year, the Company has had in place and paid premiums for insurance policies, with a limit of liability of $10 million, indemnifying Directors and Officers of the Company against certain liabilities incurred in the conduct of business or in the discharge of their duties as Directors or Officers. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premium paid.

DIRECTORS' ATTENDANCE AT MEETINGS

Nine Board meetings were held during the financial year. Graham Ascough and Paul Dowd attended all nine, Peter Watson attended eight meetings and David Hillier attended six meetings. James Fox attended all Three meetings he was eligible to attend following his appointment to the Board on 26 November 2014.

Three Audit Committee meetings were held during the financial year. David Hillier attended all three, Graham Ascough and Peter Watson attended two. James Fox attended three meetings by invitation, and Paul Dowd attended one meeting by invitation.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 43.

NON-AUDIT SERVICES

At the Company's Annual General Meeting in November 2014, shareholders approved the appointment of Grant Thornton Audit Pty Ltd as external auditor, following the resignation of previous auditor Deloitte Touche Tohmatsu. During the year, no services other than the external audit were provided by Grant Thornton. The previous auditor provided tax compliance services for the Company during the year.

This Report outlines the remuneration arrangements in place for the Directors, Company Secretary and key management personnel of the Group.

Where this report refers to the 'Grant Date' of Shares, Options or Performance Rights, the date mentioned is the date on which those Shares, Options or Performance Rights were agreed to be issued (whether conditionally or otherwise) or, if later, the date on which key terms of the Shares, Options or Performance Rights (e.g. subscription or exercise price) were determined.

DIRECTORS AND KEY MANAGEMENT PERSONNEL DETAILS

The following persons acted as Directors of the Company during and since the end of the financial year:

- Graham Ascough (Non-executive Chairman)
- Paul Dowd (Non-executive Director)
- Peter Watson (Non-executive Director)
- David Hillier (Non-executive Director)
- James Fox (Managing Director & CEO appointed to the Board on 26 November 2014)

The following persons were key management personnel of the Company and Group during and since the end of the financial year:

- Tim Moran (Chief Financial Officer and Company Secretary)
- Andy Bennett (Exploration Manager from 1 January 2015)
- Nicole Galloway-Warland (Geology Manager to 20 November 2014)

RELATIONSHIP BETWEEN REMUNERATION POLICY AND GROUP PERFORMANCE

There is no direct link between the Group's financial performance and the setting of remuneration except as discussed below in relation to Performance Rights.

REMUNERATION PHILOSOPHY

The performance of the Group depends on the quality of its Directors and management and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre executives, directors and employees;
- link executive rewards to Group financial performance and shareholder value by the granting of Performance Rights with performance-based vesting conditions; and
- ensure total remuneration is competitive by market standards.

The Group does not currently have a policy on trading in derivatives that limit exposure to losses resulting from share price decreases applicable to Directors and employees who receive part of their remuneration in securities of the Company. The Board is not aware of any member of the Company's directors or key management personnel ever conducting such activity.

REMUNERATION POLICY

The Group does not have a separately established remuneration committee. The full Board acts as the Group's remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for non-executive Directors, the Managing Director & CEO, the Company Secretary and other senior management. The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis with reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. External advice on remuneration matters is sought when the Board deems it necessary.

The remuneration of non-executive Directors and senior management is not dependent on the satisfaction of performance conditions, except in relation to Performance Rights as described below.

In 2010, the Company replaced its Employee Share Option Plan with an Employee Performance Rights Plan. In accordance with the Performance Rights Plan the Directors can, at their discretion, grant Performance Rights to eligible participants. Upon a grant of Performance Rights, the Board may set vesting conditions, determined at the Board's discretion, which if not satisfied will result in the lapse of the Performance Rights granted to the particular employee.

Each Performance Right granted converts into one ordinary share in PNX on vesting. No amounts are paid or payable by the recipient on receipt of the Performance Right, nor at vesting. Performance Rights have no entitlement to dividends or voting rights.

The Performance Rights Plan offers employees the possibility of reward without monetary cost and is less dilutive than the previous Employee Share Option Plan due to the lesser number of Performance Rights that need to be issued to achieve a similar level of reward or incentive.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set remuneration of non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

As Chairman, Graham Ascough is entitled to receive $75,000 per annum inclusive of superannuation and non-executive directors are each entitled to receive $40,000 per annum inclusive of superannuation. Non-executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. Non-executive Directors are also entitled to additional remuneration for extra services or special exertions, in accordance with the Company's Constitution. There are no schemes for retirement benefits other than government mandated superannuation.

As noted in the remuneration table on page 40, certain non-executive directors elected to forego part of their fees during the year to assist the Company to minimise administrative costs.

Summary details of remuneration for non-executive Directors are given in the table on pages 40 and 41. Remuneration is not dependent on the satisfaction of performance conditions. The maximum aggregate remuneration of non-executive Directors, other than for extra services or special exertions, is presently set at $500,000 per annum.

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER REMUNERATION

The Group aims to reward the Managing Director and Chief Executive Officer (MD & CEO) with a level and mix of remuneration commensurate with his position and responsibilities within the Group to:

- align the interests of the MD & CEO with those of shareholders;
- through Performance Rights, link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

James Fox has been Chief Executive Officer of PNX since 1 May 2012 and assumed the title Managing Director & CEO on 26 November 2014 with his appointment to the Board. Mr Fox is entitled to an annual salary of $250,000 plus mandated superannuation contributions as well as 20 days annual leave and 10 days sick leave per annum.

At 30 June 2015 and as of the date of this report, Mr Fox held no shares in the Company and 825,000 performance rights with performance conditions extending to 30 June 2016. A related party of Mr Fox holds 3,325,000 shares in the Company.

During the year (in September 2014) Mr Fox was issued with 1,200,000 performance rights under the Employee Performance Rights Plan, 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
- at the Hayes Creek project, double the contained metal of the (then) existing foreign resource estimate at Iron Blow through the definition of additional resources within a 10km radius of the existing deposit by 30 June 2016 (450,000 rights).

The achievement of each of these 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.

The Directors believe the performance conditions attached to Mr Fox's performance rights appropriately align the incentives of the MD & CEO with those of shareholders and other Company stakeholders.

The capital raising performance condition was met in November 2014, entitling Mr Fox to 375,000 shares (subsequently issued to a party related to him).

Mr Fox also received 375,000 shares in August 2014 (issued to a party related to him) following the vesting on 30 June 2014 of 375,000 performance rights granted in September 2013. A further 300,000 rights issued in September 2013 lapsed on 30 June 2015 as the performance conditions were not met.

James Fox's employment with the Company may be terminated on 3 months written notice or on summary notice if he:

- is charged with any criminal offence or is guilty of any other conduct which, in the reasonable opinion of the Board, is prejudicial to the interests of the Group;
- is negligent in the performance of his duties;
- is incapacitated from performing his duties as Chief Executive Officer by illness or injury for a period of 2 consecutive months;
- materially breaches any term of his contract of employment and this is not remedied within 14 days of notice of the breach to him by the Company;
- materially contravenes any share dealing code relating to shares;
- is the subject of, or causes the Company or Group to be the subject of, a material penalty or serious reprimand imposed by any regulatory authority; or
- independently acts in a manner contravening the directives and expressed wishes of the Board.

COMPANY SECRETARY/ CHIEF FINANCIAL OFFICER REMUNERATION

Tim Moran has been Chief Financial Officer and Company Secretary since January 2012. In June 2013, Mr Moran ceased as an employee of the Company and from July 2013 has provided CFO and Company Secretary services on a contract basis, and is therefore not entitled to any employee benefits. During the 2015 financial year Mr Moran's fees were $173,940.

EXPLORATION MANAGER REMUNERATION

Andy Bennett commenced as Exploration Manger on 1 January 2015. Mr Bennett is entitled to an annual salary of $195,000 plus mandated superannuation contributions, as well as 20 days annual leave and 10 days sick leave each year.

Mr Bennett was granted 750,000 performance rights under the Employee Performance Rights Plan upon commencement of his employment with the Company, with the following performance conditions:

- Completion of a scoping study on the Hayes Creek project including defining an initial resource estimate at Mt 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.

At 30 June 2015, the rights related to the market capitalisation target (75,000) lapsed as the target was not met. Mr Bennett therefore holds 675,000 performance rights as of the date of this report.

Andy Bennett's employment with the Company may be terminated on 4 weeks written notice or on summary notice if he:

- commits any act of misconduct or acts in a way which in the reasonable opinion of the Company may injure or be likely to injure the business or reputation of the Company or other employees of the Company;
- is convicted of any criminal offence or is guilty of any other conduct which, in the opinion of the Company, may bring the Company into disrepute or affect his ability to perform his duties;
- commits a serious, persistent or material breach of the terms and conditions of his employment contract;
- refuses to carry out a lawful and reasonable instruction by the Company;
- is negligent in the performance of his duties;
- becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under laws relating to mental health;
- becomes incapacitated by illness or injury which prevents him from performing his duties as Exploration Manager for a period of three consecutive months or any periods aggregating three months in any 12 month period of employment; or
- is the subject of, or causes the Company or Group to be the subject of, a material penalty or serious reprimand imposed by any regulatory authority.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Directors', Company Secretary and key management personnel remuneration (all amounts are paid or payable) for the year ended 30 June 2015:

	Short term employment benefits	Post-employment	Equity		
2015	Salary and fees	Superannuation	Performance rights	Total	% of total remuneration consisting of equity
Directors					
Graham Ascough	$75,000	-	-	$75,000	0%
Paul Dowd[1]	$13,699	$16,301	-	$30,000	0%
Peter Watson[1]	$27,397	$2,603	-	$30,000	0%
David Hillier	$40,000	-	-	$40,000	0%
James Fox	$250,000	$23,750	$7,177	$280,927	2.5%
Company Secretary and Chief Financial Officer					
Tim Moran	$173,940	-	-	$173,940	0%
Other key management personnel					
Andy Bennett[2]	$97,500	$9,263	$3,620	$110,383	3.3%
Nicole Galloway Warland[3]	$100,367	$8,478	-	$108,845	0%
TOTALS	$777,903	$60,395	$10,797	$849,095	

1 *Mr Dowd and Mr Watson waived 25% of their fees for each quarter of the financial year (total $10,000 waived each).*

2 *From 1 January 2015.*

3 *Until 20 November 2014.*

Directors', Company Secretary and key management personnel remuneration (all amounts are paid or payable) for the year ended 30 June 2014:

2014	Short term employment benefits	Post-employment	Equity		
	Salary and fees	Superannuation	Performance rights	Total	% of total remuneration consisting of equity
Directors					
Graham Ascough	$75,000	-	-	$75,000	0%
Paul Dowd[1]	$30,000	-	-	$30,000	0%
Peter Watson[2]	$nil	-	-	$nil	0%
David Hillier[3]	$37,500	-	-	$37,500	0%
Company Secretary and Chief Financial Officer					
Tim Moran	$164,925	-	-	$164,925	0%
Other key management personnel					
James Fox	$250,000	$23,125	$26,341	$299,466	9%
Nicole Galloway Warland	$188,125	$17,402	-	$205,527	0%
TOTALS	$745,550	$40,527	$26,341	$812,418	

1 Mr Dowd waived 25% of his fees for each quarter of the financial year (total $10,000).

2 Mr Watson waived all of his fees for the year (total $40,000).

3 Mr Hillier waived 25% of his fees for the first quarter of the financial year (total $2,500).

Other than the amounts disclosed in the columns for equity, all other remuneration amounts are fixed.

EQUITY HOLDINGS OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

i) Fully paid ordinary shares issued by Phoenix Copper Limited:

2015	Balance 01/07/14	Net Changes	Balance 30/06/15
Directors			
Graham Ascough	-	439,933	439,933
Paul Dowd	2,230,000	865,000	3,095,000
Peter Watson[1]	7,998,000	-	7,998,000
David Hillier	340,000	170,000	510,000
James Fox[2]	340,000	(340,000)	-
Key management personnel			
Tim Moran	-	-	-
Andy Bennett	-	-	-

1 Additional shares held by related parties: 1,350,000 (2014: 1,350,000).

2 Shares held by related party: 3,325,000 (2014: nil).

ii) Options – none of the directors or key management personnel held any Options to acquire fully paid ordinary shares in Phoenix Copper Limited at any point in the 2015 financial year or at the date of this report.

iii) Performance rights issued by Phoenix Copper Limited:

2015	Balance 01/07/14	Granted	Vested	Lapsed	Balance 30/06/15
James Fox*	300,000	1,200,000	375,000	300,000	825,000
Andy Bennett*	-	750,000	-	75,000	675,000

* *Refer to previous sections 'Managing Director and Chief Executive Officer Remuneration' and 'Exploration Manager Remuneration' for further detail.*

OTHER RELATED PARTY TRANSACTIONS

During the financial year the Group entered into the following transactions:

- A close family member of a Director (Peter Watson) was the Office Manager until October 2014. The amount paid as salary inclusive of superannuation to that person was $15,911 (2014: $59,941).
- The Company engaged Watsons Lawyers, an entity in which a Director (Peter Watson) is a partner, to advise on legal matters. The amount paid in the financial year for these services inclusive of GST was $134,788 (2014: $60,032). No amount was owed at year end.

END OF REMUNERATION REPORT

Signed on 28 September 2015 in accordance with a resolution of the Board made pursuant to section 298(2) of the *Corporations Act 2001*.

Graham Ascough
Chairman

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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 audit of Phoenix Copper Limited for the year ended 30 June 2015, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 18 September 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

The Board has adopted a Corporate Governance Charter (**Charter**), which includes a code of conduct, an audit committee charter, a shareholder communication policy, a continuous disclosure policy and a securities dealing policy. The Charter is available on the Company's website. The Company's corporate governance principles and policies and this corporate governance statement are structured with reference to the *ASX Corporate Governance Principles and Recommendations, 3rd Edition* (**Principles and Recommendations**).

This Corporate Governance statement is current as of 2 October 2015 and has been approved by the Board.

FUNCTIONS OF THE BOARD

The names, term of office, skills, experience and expertise of the Directors in office are set out at the beginning of the Directors' Report.

The Board is responsible for the corporate governance of the Company. The Board's primary responsibility is to shareholders but it also has regard for the interests of other stakeholders and the broader community.

The Board is comprised of an independent Chairman, independent non-executive directors, and the Managing Directors and Chief Executive Officer (MD & CEO).

The most important responsibilities of the Board include:

- Providing oversight and strategic direction to the Company, including reviewing and approving business plans and monitoring the achievement of the Company's strategic goals and objectives;
- Appointing, removing and monitoring the performance of the Chairman, MD & CEO, senior executives, consultants and the Company Secretary;
- Approving remuneration of Directors, senior executives and consultants;
- Evaluating the Board's performance and recommending the appointment and removal of Directors;
- Reporting to and communicating with shareholders;
- Identifying and managing material business and legal risks, including regulatory, safety and environmental;
- Reviewing, approving and monitoring the progress of budgets, financial plans, acquisitions, divestments and major capital expenditure;
- Approving and monitoring financial performance and financial reporting including approval of the annual and half-year reports; and
- Improving and protecting the reputation of the Company.

The Board has delegated the day-to-day management of the Company's business to its senior executives, and in particular the MD & CEO. Only the tasks of Director remuneration, MD & CEO appointment and remuneration, Director appointment and removal, and Board performance evaluation are expressly reserved to the Board. The appointment of the Company Secretary is also finalised by the Board, and the Company Secretary is accountable directly to the Board on matters to do with the proper functioning of the Board.

Appointment

The Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Unless the Director is an Executive Director and the ASX Listing Rules do not require that Director to be subject to retirement, a Director so appointed will hold office until the end of the next annual general meeting of the Company, at which time the Director may be re-elected but he or she will not be taken into account in determining the number of Directors who must retire by rotation at the meeting.

The Board does not have a separate Nominations Committee as the Board considers it is not necessary for the Company given its current size and complexity. The full Board is responsible for the duties and responsibilities typically delegated to a nomination committee. The Board undertakes background checks and evaluates the qualifications, skills and experience of any Directors before making an appointment. As part of this process, the Board considers the necessary balance of skills and knowledge of the Board as a whole to ensure the Board is able to discharge its duties effectively. The Board believes it has an appropriate balance of geological, minerals processing, capital project management, financial, legal and fund raising skills and experience that is relevant for a minerals exploration company. The Board does not keep a formal 'skills matrix' of current Directors.

Shareholders are provided with a summary of the skills and experience of a Director seeking re-election at the annual general meeting.

Each Director has entered into a services agreement with the Company that sets out the terms of his or her appointment including fees and responsibilities and matters of independence. Each Director has also entered into a Deed of Access, Insurance and Indemnity with the Company. Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense where prior written or email approval has been obtained from the Chairman. Such approval will not be unreasonably withheld.

Retirement and Removal

A person, other than a Director retiring by rotation or because he is a Director appointed by the other Directors and is seeking re-election, is not eligible for election as a Director at a general meeting unless:

- the person is proposed as a candidate by at least 50 Members or Members holding between them at least 5% of the votes that may be cast at a general meeting of the Company; and

- the proposing Member leaves a notice at the Company's registered office not less than 35 business days before the relevant general meeting which nominates the candidate for the office of Director and includes the signed consent of the candidate.

The retirement by rotation of Directors is governed by the Company's Constitution, the *Corporations Act 2001* and the ASX Listing Rules. Clause 2.5 of the Company's Constitution specifies that one-third of the Directors must retire from office at the end of each annual general meeting. A retiring Director remains in office until the end of the meeting and will be eligible for re-election at the meeting. The Directors to retire by rotation at an annual general meeting are those Directors who have been longest in office since their last election.

According to the Company's Constitution, the Company may, subject to the Corporations Act, pass a resolution in a general meeting to:

- remove any Director before the end of the Director's term of office; and
- if the outgoing Director is a Non-executive Director, elect another person to replace the Director.

Diversity

The Board recognises the benefits of diversity in terms of both the composition of the Board and senior executives of the Company. However, the Board does not have specific objectives in relation to the gender, age, cultural background or ethnicity of its Board or senior executives. Board members and senior executives are appointed or employed based on their skills and experience and candidates are not discriminated against based on age, gender or background.

The Board currently has no female representation. Of the Company's four permanent employees and one contractor, three are male and two are female.

PERFORMANCE EVALUATION AND REMUNERATION

There is currently no formal process for evaluating the performance of the Board, Audit Committee or individual directors and no such evaluation occurred during the year. Performance is informally reviewed on an ongoing basis by self-assessing whether or not the Company is achieving its strategic objectives, and by assessing the Company's exploration success, project development, financial performance and movement in its market capitalisation.

A performance appraisal process exists regarding the Company's senior executives, whereby the performance of executives is formally reviewed once per year against previously set goals relating to both Company and individual performance.

The performance of the MD & CEO is monitored by the Board. A formal performance review of the MD & CEO has not yet occurred since his appointment to the Board on 26 November 2014.

The performance of the Company's Chief Financial Officer/Company Secretary and Exploration Manager is monitored by the MD & CEO. A formal evaluation of the Exploration Manager has not yet occurred since his appointment on 1 January 2015. The Chief Financial Officer/Company Secretary works on a contract basis.

The Board considers that a separate remuneration committee is not necessary for the Company given its current size and complexity. The full Board acts as the Company's remuneration committee.

Remuneration arrangements for non-executive directors are structured separately from those of the MD & CEO and senior executives. Non-executive directors are entitled to fixed fees for services, whereas the MD & CEO and senior executives can earn equity-based remuneration (performance rights) at the Board's discretion, in addition to fixed salary arrangements. Details of the Company's remuneration policies and levels are provided in the Remuneration Report in the Directors' Report.

The Company's Constitution states that, subject to the *Corporations Act 2001*, the Company may provide a retirement benefit to persons retiring from the Board or from employment with the Company.

COMMUNICATION

Communication with the Company's shareholders occurs through ASX announcements, updates to the Company's website, at the Annual General Meeting and other general meetings (when held), through its share registry, and other means as appropriate including the channels of investor relations consultants. The Company, via its share registrar, provides an option to shareholders to receive Company communications by electronic means.

The Board is mindful of its obligations under the Continuous Disclosure rules set by the ASX, and also of its disclosure requirements under the *Corporations Act 2001*. The Board has delegated the day to day management of public disclosure to its MD & CEO and Company Secretary. All price sensitive information is disclosed to the ASX before being disclosed to any party outside the Company.

AUDIT COMMITTEE

The Audit Committee consists of three non-executive directors and is chaired by David Hillier. All three members are considered to be independent. One member, Peter Watson, is the principal of the Company's legal advisor Watsons Lawyers. However, as Peter Watson is not actively engaged in the day to day management of the Company's key business activity (mineral exploration), he is considered by the Board to be independent. The qualifications of the Audit Committee members are set out at the beginning of the Directors' Report.

The Audit Committee's responsibilities are set out in the Company's Corporate Governance Charter and include:

- establishing a framework for identifying and managing the Company's key business risks;
- reviewing, at least twice annually including once with the Company external auditors, the Company's risk management controls and procedures, ensuring these controls are regularly tested for effectiveness, and that recommended improvements are implemented;
- recommending the appointment, liaising with, and reviewing the performance of the external auditors;
- evaluating the independence of the external auditor, including considering the auditor's policy on rotating the external audit engagement partner;
- reviewing the Company's annual reports and half year reports and ensuring that the financial reports comply with accounting standards and the law;
- evaluating the adequacy and effectiveness of the Company's accounting policies through ongoing communication with management and the Company's external auditors; and
- investigating any matters raised by the external auditors.

The Audit Committee discharges its responsibilities by making recommendations to the Board. The Audit Committee does not have any executive powers to commit the Board or management to implement its recommendations.

Three Audit Committee meetings were held during the year. David Hillier attended each of the Audit Committee meetings and Peter Watson and Graham Ascough attended two of the three meetings.

The Company's auditor Grant Thornton was appointed at the 2014 Annual General Meeting in accordance with section 327B of the *Corporations Act 2001*. Any subsequent appointment or rotation of external auditors will occur in accordance with the *Corporations Act 2001*. The auditor is available at each annual general meeting of the Company to answer questions related to the audit from shareholders.

RISK MANAGEMENT

Whilst the Board is ultimately responsible for identifying and managing areas of significant business risk, it has delegated the management of this function to the Audit Committee as noted above. The Audit Committee is responsible for identifying and managing key Company risks and ensuring compliance with risk management policies and reporting of any non-compliance occurs. The Company has created a Corporate Risk Register which lists and rates these risks in terms of likelihood and consequence, and also documents the controls in place to manage these risks.

The key areas of risk that have been identified are as follows:

- Financial
- Statutory/regulatory
- Legal
- Personnel and safety
- Asset management and protection
- Tenement management
- Information Technology and Security
- Community
- Environmental

The Company has no material exposure at present to economic, social, sustainability or environmental risks. Environmental risks associated with the Company's exploration activities are addressed on an ongoing basis and are reviewed at least annually by the Board and Audit Committee.

Management ensures that the Risk Register is kept up-to-date on an 'as needs' basis so as to reflect changes in the Company's business activities and risks, the law and current best practice within the mining industry. A thorough review of the Corporate Risk Register is undertaken by the management and the Audit Committee each year to identify any further risks, evaluate existing controls and, if necessary, develop and implement further strategies and action plans for minimising and controlling the risks.

The Audit Committee, in conjunction with management, has developed specific cost-effective strategies and action plans for minimising and treating the risks. The current control measures and improvement actions for minimising and managing each risk are noted in detail on the Company's Corporate Risk Register and followed by employees and contractors.

The Board requires management to report to it at least annually in a comprehensive manner, and by exception at each Board meeting, on compliance with the Company's Risk Management policies and whether the Company's material business risks are being managed effectively. While the Company does not have an Internal Audit function, the comprehensive risk review process is seen by the Board as an effective and appropriate substitute for the Internal Audit function.

The Board has received assurance from the MD & CEO and Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

ONGOING MONITORING AND IMPROVEMENT

The Corporate Governance policies of the Company are reviewed on an ongoing basis by the Directors to ensure they meet the standards set by the Board, as well as those required by ASX, ASIC and other stakeholders.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	Year ended 30/06/15 $	Year ended 30/06/14 $
Other income	4(a)	68,520	102,406
Employee benefits		(265,286)	(282,866)
Professional fees		(337,855)	(254,969)
Directors' fees		(175,000)	(142,500)
Exploration – tenement maintenance	11	(53,207)	-
Occupancy	4(c)	(66,954)	(65,515)
Insurance		(41,865)	(46,719)
Share registry and regulatory		(51,127)	(49,231)
Communication		(5,289)	(6,648)
Audit fees	22	(33,385)	(55,304)
Equity-based remuneration	20	(10,797)	(26,341)
Other expenses		(49,462)	(42,165)
Depreciation	4(b)	(32,370)	(37,627)
Impairment – exploration and evaluation assets	4(d), 11	(1,717,891)	(5,083,980)
Impairment – financial assets	10	(1,229,448)	-
Interest charges	14	(100,000)	(63,062)
Loss before income tax		(4,101,416)	(6,054,521)
Income tax benefit	5	-	77,404
Loss for the year – continuing operations		(4,101,416)	(5,977,117)
Loss from discontinued operations, net of tax	6	(229,883)	(653,139)
Total loss for the year		(4,331,299)	(6,630,256)
Other comprehensive loss			
Change in fair value of investment – reclassified to impairment loss (tax: nil)	10,18	327,007	(327,007)
Change in fair value of investment – may be reclassified subsequently to profit or loss (tax: nil)	10,18	128,920	-
Total comprehensive loss for the year, attributable to equity holders of the parent		(3,875,372)	(6,957,263)
Loss per share – continuing operations			
Basic and diluted (cents per share)	27	(1.3)	(3.0)
Loss per share – total			
Basic and diluted (cents per share)	27	(1.4)	(3.3)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	30/06/15 $	30/06/14 $
CURRENT ASSETS			
Cash and cash equivalents	7	868,865	447,663
Trade and other receivables	8	14,607	21,655
Prepayments/deposits	9	54,927	60,542
Other financial assets	10	386,761	1,160,281
Assets held for sale	6	-	150,000
TOTAL CURRENT ASSETS		1,325,160	1,840,141
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	11	3,293,812	3,633,957
Plant and equipment	12	54,154	38,973
TOTAL NON-CURRENT ASSETS		3,347,966	3,672,930
TOTAL ASSETS		4,673,126	5,513,071
CURRENT LIABILITIES			
Trade and other payables	13	235,269	187,134
Provisions	15	45,606	47,871
TOTAL CURRENT LIABILITIES		280,875	235,005
NON-CURRENT LIABILITIES			
Provisions	15	9,932	7,518
Loan	14	1,200,000	1,200,000
TOTAL NON-CURRENT LIABILITIES		1,209,932	1,207,518
TOTAL LIABILITIES		1,490,807	1,442,523
NET ASSETS		3,182,319	4,070,548
EQUITY			
Issued capital	16	26,562,067	23,557,745
Other contributed equity	17	600,000	600,000
Reserves	18	347,193	(91,555)
Accumulated losses	19	(24,326,941)	(19,995,642)
TOTAL EQUITY		3,182,319	4,070,548

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Issued capital $	Other equity $	Reserves $	Accumulated losses $	Total $
Balance at 30 June 2013	22,296,472	600,000	277,111	(13,433,386)	9,740,197
Total loss for the year	-	-	-	(6,630,256)	(6,630,256)
Other comprehensive loss	-	-	(327,007)	-	(327,007)
Total comprehensive loss for the year	-	-	(327,007)	(6,630,256)	(6,957,263)
Shares issued	1,315,962	-	-	-	1,315,962
Share issue costs	(14,650)	-	-	-	(14,650)
Interest on convertible notes	(40,039)	-	-	-	(40,039)
Fair value of equity settled payments	-	-	26,341	-	26,341
Transfer from reserve on expiry of options	-	-	(68,000)	68,000	-
Balance at 30 June 2014	23,557,745	600,000	(91,555)	(19,995,642)	4,070,548
Total loss for the year	-	-	-	(4,331,299)	(4,331,299)
Other comprehensive income	-	-	455,927	-	455,927
Total comprehensive loss for the year	-	-	455,927	(4,331,299)	(3,875,372)
Shares issued	3,142,847	-	-	-	3,142,847
Share issue costs	(108,525)	-	-	-	(108,525)
Interest on convertible notes	(30,000)	-	-	-	(30,000)
Fair value of equity settled payments	-	-	10,797	-	10,797
Transfer from reserve on vesting of performance rights	-	-	(27,976)	-	(27,976)
Balance at 30 June 2015	26,562,067	600,000	347,193	(24,326,941)	3,182,319

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Inflows / (outflows)	
	Year ended 30/06/15 $	Year ended 30/06/14 $
Cash flows relating to operating activities		
Receipts from customers	-	-
Receipt of research and development tax refund	-	77,404
Payments to suppliers and employees	(1,194,653)	(1,068,784)
Net operating cash flows	(1,194,653)	(991,380)
Cash flows relating to investing activities		
Interest received	36,507	25,680
Payments for exploration activities	(1,288,747)	(612,580)
Investment in Avalon Minerals Ltd	-	(1,487,288)
Payments for plant and equipment	(47,551)	-
Proceeds from sale of plant and equipment	14,300	31,818
Net investing cash flows	(1,285,491)	(2,042,370)
Cash flows relating to financing activities		
Proceeds from borrowings	-	1,200,000
Proceeds from share issues	3,009,871	1,240,962
Payments for capital raising costs	(108,525)	(14,650)
Net financing cash flows	2,901,346	2,426,312
Net increase/(decrease) in cash	421,202	(607,438)
Cash at beginning of financial year	447,663	1,055,101
Cash at end of financial year	868,865	447,663
Loss for the year	(4,331,299)	(6,630,256)
Interest income	(38,638)	(24,876)
Equity-based remuneration	10,797	26,341
Interest expense – equity settled	90,000	45,000
Cash-settled interest on convertible notes – accounted for in equity	(15,000)	(6,750)
Depreciation and amortisation	32,370	37,627
Other income from asset disposals	(14,300)	(9,324)
Impairment charges – exploration and evaluation assets	1,717,891	5,083,980
Impairment charges – investment (other financial asset)	1,229,448	-
Impairment charges – discontinued operations	150,000	505,608
(Increase)/decrease in operating receivables	14,349	(3,982)
(Increase)/decrease in other current assets	4,323	(21,611)
(Increase)/decrease in inventory	-	7,410
Increase/(decrease) in operating payables	(44,743)	35,834
Increase/(decrease) in employee provisions	149	(36,381)
Net operating cash flows	(1,194,653)	(991,380)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1 General information and basis of preparation

Phoenix Copper Limited ("Company") is a for-profit Australian publicly listed company, incorporated and operating in Australia. Its registered office and principal place of business is
Level 1, 135 Fullarton Road
Rose Park South Australia 5067.

The consolidated financial statements of Phoenix Copper Limited comprises the Company and its controlled entities ("Group") and is a general purpose financial report prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The 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 financial statements were authorised for issue by the Directors on 16 September 2015.

2 New and revised accounting standards

None of the standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 had any material effect on any amounts recognised or disclosed in the current or prior period and are not likely to affect future periods.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on the only new standard that is expected to be relevant to the Group's financial statements is provided below.

Year ended 30 June 2019: AASB 9: *Financial Instruments*

This standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.

This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

3 Significant accounting policies

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions. Key areas of judgement and estimation uncertainty are discussed in Note 3(u).

The following significant accounting policies have been adopted in the preparation of the financial report:

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 year ended 30 June 2015, the Group made a comprehensive loss of $3,875,372 (2014: loss of $6,957,263) and recorded a net cash outflow from operating and investing activities of $2,480,144 (2014: net cash outflow of $1,546,462 excluding the Group's investment in Avalon Minerals). At 30 June 2015, the Group had cash of $868,865 (2014: $447,663), net current assets excluding the investment in Avalon Minerals Ltd and assets held for sale of $657,524 (2014: $294,855) and net assets of $3,182,319 (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 the future to allow planned exploration and administrative activities to continue over at least the next 12 months. Subsequent to year-end, the Company raised $0.9 million via the placement of 70 million shares at $0.013 each to sophisticated investors, and received commitments for further share placements of $0.6 million to be approved by shareholders at the Company's annual general meeting.

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) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

» has power over the investee;

» is exposed, or has rights, to variable returns from its involvement with the investee; and

» has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The results of subsidiaries acquired or disposed of are included in the Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses, and cash flows are eliminated in full on consolidation.

c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, payables to the vendors, and any equity instruments issued by the Group in exchange for control of the acquired entity. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

» Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income taxes* and AASB 119 *Employee Benefits* respectively;

» Liabilities or equity instruments related to share-based payment arrangements of the acquired entity, or share-based payment arrangements of the Group that are entered into to replace share-based payment arrangements of the acquired entity, are measured in accordance with AASB 2 *Share-based Payment* at the acquisition date; and

» Assets (or disposals groups) classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the subsequent measurement period, or, if applicable, additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

d) Discontinued operations and assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell. Non-current assets that are part of a disposal group are not depreciated or amortised while they are classified as held for sale.

Assets of the disposal group held for sale are presented separately from other assets in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operation. The results of discontinued operations are presented separately in the Statement of Profit or Loss and Other Comprehensive Income.

e) Revenue

Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

» the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

» the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

» the amount of revenue can be measured reliably;

» it is probable that the economic benefits associated with the transaction will flow to the Group; and

» the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Royalties based on revenue from the sale of goods are accrued as payables in the same period as the related revenue is recognised.

Interest

Interest income is accrued on a time basis, with reference to the principal balance and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

f) Government grants

Government grants that are received or receivable as direct compensation for mineral exploration expenditure already incurred are recognised as a reduction in the accumulated cost of the relevant exploration and evaluation asset.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash held at financial institutions and bank deposits with a maturity of less than 3 months.

h) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity investments', 'loans and receivables', and 'available for sale financial assets'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Other financial assets – available for sale

Other financial assets are those that are not held for trading and have no fixed maturity date. These assets are initially measured at fair value and any subsequent changes in fair value prior to disposal are recognised in other comprehensive income. Upon disposal, the cumulative balance in the reserve in equity is reclassified to the income statement.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables'. Trade and other receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition of the financial asset.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows have been impacted.

For available for sale (AFS) financial assets carried at fair value, the amount of any impairment is recorded in profit and loss, including any cumulative loss carried in other comprehensive income with the latter recorded as a reclassification adjustment. Any further decline in the fair value of the AFS asset is recorded as an impairment loss. Subsequent increases in the carrying value of the AFS asset are not reversed back through profit and loss, but rather are recorded in other comprehensive income.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is determined to be uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was first recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

i) Exploration and evaluation expenditure and mineral rights

Exploration and evaluation expenditure and mineral rights in relation to each separate area of interest are recognised as an asset in the year in which they are incurred or acquired and where the following conditions are satisfied:

i) the rights to tenure of the area of interest are current; and

ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditure is expected to be recouped through successful development of the mineral exploration project, or alternatively, by its sale;

  or

- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets and mineral rights are initially measured at cost and include the acquisition cost of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation assets where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets and mineral rights are assessed for impairment when facts and circumstances (as defined in AASB 6 *Exploration for and Evaluation of Mineral Resources*) suggest that the asset's carrying amount may exceed its recoverable amount. The recoverable amount of exploration and evaluation assets and mineral rights (or the cash-generating unit to which they have been allocated, being no larger than the relevant area of interest), is determined in accordance with AASB 136 *Impairment of Assets*, being the higher of fair value less costs to sell and value in use. If the recoverable amount as determined is less than the carrying amount, an impairment loss is recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

j) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Estimated useful lives of 3-5 years are used in the calculation of deprecation for plant and equipment.

k) Impairment of assets (other than financial assets, exploration and evaluation assets and mineral rights)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset which have not already been incorporated into the future cash flows estimates.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in profit or loss.

l) Trade and other payables

Liabilities for goods and services provided to the Group are recognised initially at their fair value and subsequently at amortised cost using the effective interest method. Trade and other payables are unsecured.

m) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Contracts settled via the delivery of a fixed number of equity instruments in the Company in exchange for cash or other assets are accounted for as equity instruments. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

n) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and amounts are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. The present value is calculated using a discount rate that references market yields on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash flows.

Contributions to accumulated benefit superannuation plans are expensed when incurred.

o) Site restoration and rehabilitation provision

Provision for the costs of mine and environmental restoration and rehabilitation are recognised when the Group has a present obligation (legal or constructive) to perform restoration activities, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Restoration and rehabilitation provisions are measured as the present value of estimated future cash flows to perform the rehabilitation activities, discounted at pre-tax rate that reflects market assessments of the time value of money and risks specific to the rehabilitation obligation.

p) Share-based payments

Equity-settled share-based payments made to employees and directors are measured at fair value at the grant date, which is the date on which the equity instruments were agreed to be issued (whether conditionally or otherwise) or, if later, the date on which key terms (e.g. subscription or exercise price) were determined. Fair value is determined using the Black-Scholes model or another binomial model, depending on the type of equity instrument issued.

The fair value of the equity instruments at grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest, with a corresponding increase to the equity settled benefits reserve in shareholders' equity.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case the transactions are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

q) Leases

Operating lease payments made by the Group are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

r) Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

Current tax is calculated with reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the financial year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for accounting purposes and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period(s) when the assets or liabilities giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of the related assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax recognition

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited directly to equity (in which case the deferred tax is also recognised directly in equity), or where it arises from the initial accounting for a business combination.

Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. The members of the tax consolidated group are disclosed in Note 28. Phoenix Copper Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as the head entity in the tax-consolidated group).

Under a tax funding arrangement between the entities in the tax-consolidated group, amounts transferred from entities within the tax consolidated group and recognised by the Company ('tax contribution amounts') are recorded in intercompany accounts in accordance with the arrangement.

Where the tax contribution amount recognised by a member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) the group member.

s) Goods and service tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

i) where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

t) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

» the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

» the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

u) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets, liabilities and equity. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis for making judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the current period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment

Determining whether assets are impaired requires an estimation of the value in use or fair value of the assets or cash-generating units to which assets are allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset or cash-generating unit and apply a suitable discount rate in order to calculate present value.

An impairment loss of $1,717,891 was recognised during the year in relation to Exploration and Evaluation Assets (2014: $5,083,980) and an impairment charge of $150,000 was recorded in relation to Assets Held for Sale (2014: $505,608). Details of the impairment loss calculations are provided in Notes 11 and 6 respectively.

Restoration and rehabilitation provision

The site restoration and rehabilitation provision require estimates of future cash flows to meet the costs of rehabilitation activities and the application of a discount rate in order to determine the present value of those cash flows. Refer to Note 6 Assets Held for Sale for further detail on the basis for the restoration and rehabilitation provision.

Equity-based payments

The determination of the fair value at grant date of options and performance rights utilises a financial asset pricing model with a number of assumptions, the most critical of which is an estimate of the Company's future share price volatility. Refer to Note 20 for detail on assumptions made regarding equity-based payments made during the year.

4 Loss from operations

	Year ended 30/06/15 $	Year ended 30/06/14 $
a) Other income		
Interest on bank deposits	38,638	24,876
Asset sales	14,300	9,324
Exploration personnel and equipment hire	5,460	49,173
Other	10,122	19,033
	68,520	102,406
b) Depreciation		
Depreciation of plant and equipment	32,370	37,627
c) Occupancy		
Operating lease rental expenses	66,954	65,515
d) Impairment		
Exploration and evaluation assets	1,717,891	5,083,980

5 Income tax

	Year ended 30/06/15 $	Year ended 30/06/14 $
a) Income tax recognised in profit or loss		
Current tax expense/(benefit)	-	-
Deferred tax benefit	-	(77,404)
Total tax expense/(benefit)	-	(77,404)
The prima facie income tax benefit on the loss before income tax reconciles to the tax expense/(benefit) in the financial statements as follows:		
Loss for the year before tax	4,331,299	6,707,660
Income tax benefit calculated at 30%	(1,299,390)	(2,012,298)
Equity-based remuneration	3,239	7,902
Current year tax losses and movements in temporary differences not recognised	1,296,151	2,004,396
Recognition of research and development tax refund from the previous tax year	-	(77,404)
Tax expense (benefit)	-	(77,404)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

b) Recognised tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:

	30/06/15 $	30/06/14 $
Trade and other receivables	-	-
Other financial assets	330,158	98,102
Exploration and evaluation expenditure	(956,944)	(609,452)
Plant and equipment	(16,246)	181,094
Mineral Rights*	(69,037)	(15,337)
Trade and other payables	12,741	14,055
Employee benefits	16,661	16,617
Restoration and rehabilitation provision*	168,075	168,075
Share issue costs	49,867	49,193
Net deferred tax liabilities	(464,725)	(97,653)
Tax losses recognised	464,725	97,653
Net deferred tax assets / (liabilities)	-	-

* *part of assets held for sale in the Statement of Financial Position.*

c) Unrecognised tax losses:

A deferred tax asset has not been recognised in respect of the following:

	30/06/15 $	30/06/14 $
Tax losses – operating, at 30% potential benefit	7,406,862	6,738,944
Tax losses – capital, at 30% potential benefit	115,307	115,307

Of the total operating tax losses in the Group at 30 June 2015 of approximately $26 million, $24.7 million are unrecognised as shown above ($7.4 million tax effected at 30%). A deferred tax asset has not been recognised in respect of these losses because it is not probable that future taxable profit will be available against which to utilise the losses.

6 Assets held for sale

	30/06/15 $	30/06/14 $
Assets held for sale	-	150,000

In the prior financial year, the Company formally commenced a sale process for 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 ('LCCM').

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

In April 2015, the Company executed an Option and Sale Agreement with private company Hillsgold Resources Pty Ltd (Hillsgold) regarding LCCM. Under the Agreement, Hillsgold has the option to acquire LCCM as well as two exploration licences held by the Company near LCCM's mining leases, in return for preparing and submitting to the State government updated environmental plans (PEPRs) for the three mining leases, and also preparing certain feasibility studies on the leases, within 9 months of the date of the Agreement (mid-January 2016). The option can be exercised at any time during the 9 month period. Should Hillsgold exercise the option, it will acquire LCCM, and the two exploration licences mentioned, from the Company for nil up-front consideration (other than the assumption of the rehabilitation obligations at Mountain of Light) and a contingent payment to the Company of $100,000 if and when 3,000 tonnes of copper are produced from future operations at any of the three mining leases.

Hillsgold has not yet exercised the Option.

As a formal sale process is ongoing, 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 Comprehensive Income as a separate line, with re-stated comparatives for the prior year.

Detail of the loss from discontinued operations:

	30/06/15 $	30/06/14 $
Employee benefits	-	89,424
Plant depreciation	-	-
Mine site maintenance	79,883	58,107
Impairment	150,000	505,608
Loss – discontinued operations	229,883	653,139
Loss per share (cents) basic and diluted	0.1	0.3
Cash outflows	79,883	147,531

Given the continuing lack of interest in small-scale mining projects both within the industry and in the wider investment community, the fair value of the Leigh Creek net asset disposal group was re-assessed during the year. It was determined that based on estimated net disposal proceeds from an arm's length transaction of nil (i.e. disposal of assets and liabilities for a net nil sum), the fair value was zero and as such an impairment charge of $150,000 was recorded.

That figure continues to be management's best estimate at 30 June 2015 of the overall recoverable amount, and is consistent with what would be received from Hillsgold, should they exercise the Option to acquire LCCM.

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.

Detail of the assets and liabilities of the disposal group at 30 June 2015:

	30/06/15 $	30/06/14 $
Assets		
Environmental deposit[1]	150,000	150,000
Plant and equipment – cost	3,634,902	3,643,382
Plant and equipment – accumulated depreciation	(3,634,902)	(3,643,382)
Mineral rights[2]	410,250	560,250
Total assets	560,250	710,250
Liabilities		
Rehabilitation[3]	(560,250)	(560,250)
Net asset carrying value	-	150,000

1 *The environmental deposit is held by the South Australian government as a condition of the mining leases held by the Group. The deposit will be returned to the Group upon satisfactory rehabilitation of its mining leases. Interest on the deposit does not accrue to the Group.*

2 *Mineral rights are amortised as the resource is mined. No mining has occurred since 2011.*

3 *The provision for site restoration and rehabilitation is based on the estimated future costs of dismantling plant and equipment and performing site rehabilitation at the Group's Mountain of Light copper mine, discounted at a risk-adjusted risk-free rate.*

7 Cash and cash equivalents

	30/06/15 $	30/06/14 $
Cash at bank	218,865	247,533
Term deposit	650,000	200,130
	868,865	447,663

At year end, the term deposit was invested for 90 days earning 2.97% annual interest.

8 Trade and other receivables

	30/06/15 $	30/06/14 $
Interest	3,312	1,181
Goods and services tax	11,179	6,010
Other	116	14,464
	14,607	21,655

9 Prepayments and deposits

	30/06/15 $	30/06/14 $
Prepayments	22,167	27,782
Deposit – office bond	32,760	32,760
	54,927	60,542

The office bond is invested in a 365 day term deposit maturing February 2016 and earning 3.2% interest.

10 Other financial assets

	30/06/15 $	30/06/14 $
Investment in Avalon Minerals Ltd	386,761	1,160,281

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 current 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, an impairment charge of $1,229,448 was recorded to reduce the carrying value of the investment in Avalon to fair value, based on the market value of Avalon Minerals Limited's shares at that time. The impairment was recorded in profit or loss in accordance with AASB 139 Financial Instruments: Recognition and Measurement, due to the significant and prolonged decline in Avalon's share price in comparison to the Company's average cost of the investment. The impairment charged included a reclassification of $327,007 from Other Comprehensive Income/Loss (OCI) representing the decline in the value of the Avalon investment initially recorded in OCI as a loss in the 2014 financial year.

At 30 June 2015, the Investment in Avalon was revalued to its fair value at that time, and resulted in a $128,920 increase to the carrying value of the investment to $386,761. This increase was recorded in OCI, as per AASB 139.

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.

11 Exploration and evaluation expenditure

	30/06/15 $	30/06/14 $
Costs brought forward	3,633,957	8,533,941
Expenditure incurred during the year	1,430,953	617,858
Recognised as an expense (tenements previously impaired)	(53,207)	-
Reclassified to assets held for sale	-	(433,862)
Impairment charges	(1,717,891)	(5,083,980)
	3,293,812	3,633,957

Virtually all expenditure during the year related to exploration activity on the Group's new Northern Territory projects.

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

Consideration for the purchase of the mineral 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). 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 Limited 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 Limited three times the Company's accumulated expenditure on the deposit(s).

The acquired mineral leases include the Iron Blow and Mt Bonnie base metals and gold deposits contained within the Hayes Creek project.

The farm-in tenements include the Burnside, Moline and Chessman base metals and gold exploration projects. 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 (to 15 December 2016) , and can then elect to increase its interest to 90% with expenditure of an additional $2 million over a further 2 year period. $500,000 of the expenditure requirements for each 2 year period may be spent on the acquired mineral leases. As at 30 June 2015, total expenditure for the purposes of the farm-in was $0.9 million.

Impairment

At 30 June 2015, an impairment charge of $1,717,891 was recognised in relation to the Group's Burra Central and Yorke Peninsula exploration tenements in South Australia. With the shift in the Group's exploration focus to the Northern Territory, the majority of available funds will be directed toward these higher priority projects and significant expenditure in South Australia is not budgeted for nor is planned in the near term. While tenure has been maintained at Burra Central and on the Yorke Peninsula, impairment indicators were considered to exist warranting a re-assessment of fair value. The fair value less costs to sell of these projects was assessed as $2 million, based on their estimated value in an arms-length sale transaction in current market conditions.

The exploration and evaluation asset write-off in the prior year related to the Group's South Australian tenements aside from its key projects at the Burra Central tenement and on the Yorke Peninsula. Accumulated costs on these non-core tenements are considered unlikely to be recovered through a future mining operation as significant further expenditure is not planned in the near term. The fair value less costs to sell of these projects was also assessed as minimal, and therefore the costs were written off in full.

12 Plant and equipment

Cost	$
Balance at 30 June 2013	4,197,743
Additions	-
Disposals	(65,045)
Reclassified to assets held for sale	(3,643,482)
Balance at 30 June 2014	489,216
Additions	47,551
Disposals	(96,532)
Balance at 30 June 2015	440,235
Accumulated depreciation	
Balance at 30 June 2013	4,099,734
Depreciation expense	37,627
Disposals	(43,636)
Reclassified to assets held for sale	(3,643,482)
Balance at 30 June 2014	450,243
Depreciation expense	32,370
Disposals	(96,532)
Balance at 30 June 2015	386,081
Net book value – plant and equipment	
Balance at 30 June 2014	38,973
Balance at 30 June 2015	54,154

The useful lives applied in the determination of deprecation for all items of plant and equipment is 3-5 years.

13 Trade and other payables

	30/06/15 $	30/06/14 $
Trade payables	134,083	88,641
Accrued expenses	78,319	83,628
Other payables	22,867	14,865
	235,269	187,134

Average credit period on trade payables is 30 days.

14 Loan

	30/06/15 $	30/06/14 $
Loan	1,200,000	1,200,000

During the prior year, the Company arranged a $1.2 million loan to fund a potential sub-underwriting commitment in relation to an Avalon Minerals Limited rights issue. While the funds were ultimately not required for that purpose, the full $1.2 million was drawn in November 2013 and utilised to acquire shares in Avalon Minerals Limited (refer to Note 10). Key terms of the loan are as follows:

- Loan funding must be used to acquire shares in Avalon Minerals Limited.
- 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 may 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 in cash.

Interest charges of $100,000 (2014: $63,062 from the November 2013 draw-down) were incurred on the loan during the year, of which $10,000 consisted of withholding tax remitted to the Australian Taxation Office. Interest payable on a 6-monthly basis was settled on both occasions by issuing shares; refer to Note 16(e) for further detail.

15 Provisions

	30/06/15 $	30/06/14 $
Current		
Employee benefits	45,606	47,871
Non-current		
Employee benefits	9,932	7,518

16 Issued capital

	30/06/15 $	30/06/14 $
357,256,457 fully paid ordinary shares (2014: 210,052,258)	26,562,067	23,557,745

Movement in ordinary shares for the year:

		No.	30/06/15 $	No.	30/06/14 $
Ref	**Balance at beginning of year**	210,052,258	23,557,745	179,707,749	22,296,472
a	Shares issued on vesting of performance rights, and transfer from equity settled benefits reserve to share capital	750,000	27,976	-	-
b	Shares issued at 1.3 cents	24,300,000	315,900	-	-
c	Shares issued at 2.3 cents, rights issue	117,129,179	2,693,971		
d	Shares issued to settle interest on convertible notes	872,094	15,000	1,027,188	30,000
e	Shares issued to settle interest on loan	4,152,926	90,000	1,740,384	45,000
f	Shares issued at 4.5 cents	-	-	27,576,937	1,240,962
	Share issue costs		(108,525)	-	(14,650)
g	Interest on convertible notes – reduction in share capital		(30,000)	-	(40,039)
	Balance at end of year	357,256,457	26,562,067	210,052,258	23,557,745

Fully paid shares carry one vote per share and a right to dividends.

a) 375,000 ordinary shares were issued to a related party of the Company's Chief Executive Officer in August 2014 following the vesting of an equivalent number of performance rights that were originally issued in September 2013. A further 375,000 ordinary shares were issued to a related party of the Company's CEO in November 2014 following the vesting of an equivalent number of performance rights that were issued in September 2014.

b) 24,300,000 ordinary shares were issued to sophisticated and professional investors in August 2014 at 1.3 cents raising $315,900 before costs.

c) 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.

d) Shares were issued in May 2015 at the Company's preceding 30 day volume weighted-average share price (VWAP) of 1.7 cents to settle $15,000 of interest payable on convertible notes.

In the prior year, shares were issued in November 2013 and May 2014 to settle 6 monthly interest payable ($15,000 each time) on the Company's $600,000 convertible notes. Shares were issued at the Company's (VWAP) of 4.2 cents (November) and 2.2 cents (May).

e) Shares were issued in November 2014 (1,567,643) and May 2015 (2,585,283) at the Company's 30 day volume weighted-average share price of 2.9 cents (November) and 1.7 cents (May) to settle a total of $90,000 of interest payable on the Company's $1.2 million loan.

In the prior year, shares were issued in May 2014 to settle 6 monthly interest payable of $45,000 on the Company's $1.2 million loan. Shares were issued at the Company's preceding 30 day VWAP of 2.6 cents.

f) In the prior year, 1,740,384 shares were issued to sophisticated investors in two separate placements at 4.5 cents each in September 2013 and November 2013.

g) Interest paid in cash ($15,000 November 2014) and by issuing shares ($15,000 May 2015) on convertible notes has been accounted for as a reduction in share capital, consistent with the treatment of the convertible notes as an equity item (refer Note 17 for further detail).

17 Other contributed equity

	30/06/15 $	30/06/14 $
Convertible notes – equity settled	600,000	600,000

In May 2013, the Group issued 600,000 unsecured convertible notes at a price of $1 per note. The key terms of the notes are as follows:

- Convertible any time after 18 months from the date of issue, at the option of either the Company or the Subscriber, for 20 ordinary fully paid shares per note.
- Interest accrues at 5% per annum, payable in cash or ordinary shares (based on the Company's 30 day VWAP preceding the end of each interest period) semi-annually at the option of the Company.
- Any unconverted notes automatically convert into ordinary shares, at the rate of 20 ordinary shares per note, on the maturity date of 22 May 2016.
- Redeemable in cash at the option of the Company at the end of each calendar quarter during the 18 month period after issuance (subject to an interest premium of 2.5% for early redemption).

As the notes will be settled by way of the issue of a fixed number of shares in the Company (unless the Company elects to settle in cash as noted above), the notes have been accounted for as a separate component of shareholders' equity.

Semi-annual interest payable of $15,000 was settled in cash in November 2014 and in May 2015 by issuing shares as outlined in Note 16(d).

18 Reserves

	30/06/15 $	30/06/14 $
Equity-settled benefits reserve	218,273	235,452
Fair value movements reserve	128,920	(327,007)
	347,193	(91,555)

The equity-settled benefits reserve arises on the vesting of performance rights and share options granted to employees, consultants and executives under the Employee Performance Rights Plan and (previous) Employee Share Option Plan. It also reflects the fair value at grant date of options issued in conjunction with ordinary shares for capital raising purposes.

Amounts are transferred out of the reserve and into issued capital when the rights are converted into shares or options are exercised, or to accumulated losses when rights or options lapse. Further information about share based payments is disclosed in Note 20.

The decrease in the equity settled benefits reserve for the year consists of:

- $27,976 transferred to share capital for shares issued upon the satisfaction of the performance conditions attached to performance rights (refer Note 16a)

  offset by

- The recognition of share-based payment expense for the year of $10,797, representing the current year's portion of the grant date fair value of performance rights considered likely to vest.

The fair value movements reserve relates to the Company's investment in Avalon Minerals Ltd (refer to Note 10). The debit balance reserve of $327,007 at the prior year end was reclassified into profit and loss via the impairment loss recorded at 31 December 2014, and a new credit reserve was created at 30 June 2015 to record the upward movement in the market value of the investment in Avalon since the impairment loss was recorded.

19 Accumulated losses

	30/06/15 $	30/06/14 $
Balance at beginning of year	19,995,642	13,433,386
Loss for the year	4,331,299	6,630,256
Transfer from equity settled benefits reserve regarding options that lapsed unexercised	-	(68,000)
Balance at end of year	24,326,941	19,995,642

20 Share options and performance rights

In 2011, the Group replaced the Employee Share Option Plan with the Employee Performance Rights Plan. Details about these plans are set out below.

Performance rights plan

Under the Phoenix Copper Limited Employee Performance Rights Plan (PRP), the Directors may issue performance rights to Company executives, employees and consultants. Performance rights are granted for no consideration and entitle the holder to be issued one fully paid ordinary share per performance right upon vesting.

September 2013 rights

On 19 September 2013, 1,500,000 performance rights were issued to the Company's CEO under the PRP. The performance rights had the following performance conditions, with all but the market capitalisation performance condition required to be achieved by 30 June 2014:

- achievement of a capital raise of at least $2 million such that cash on hand is at least $1m at 30 June 2014, after spending at least $1m on exploration activities (20%);
- share price performance of the Company exceeding that of 50% of the Company's peer group, or the Company's market capitalisation exceeding $20 million over 20 days' trading on the ASX in the period to 30 June 2015 (20%);
- discovery of ore-grade mineralisation (35%);
- presentation to and acceptance by the Board of at least one value accretive project (20%); and
- zero lost time due to accidents and zero environmental incidents (5%).

At 30 June 2014, the Board determined that performance conditions relating to 375,000 rights (25%) had been met and consequently 375,000 shares were issued in August 2014. It was also determined that performance conditions related to 825,000 rights had not been met, and these rights therefore lapsed.

At 30 June 2015, it was determined that the performance conditions relating to the remaining 300,000 rights were not met and therefore the rights lapsed at that time.

September 2014 rights

In September 2014, a further 1,200,000 Performance Rights were issued to the Company's CEO, with performance conditions covering the period to 30 June 2016:

- achievement of a capital raise 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
- at the Hayes Creek project, double the contained metal of the existing foreign resource estimate at Iron Blow through the definition of additional resources within a 10km radius of the existing deposit 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.

375,000 shares were issued in November 2014 as the performance condition of a minimum $2 million capital raise prior to 30 December 2014 was met on 7 November 2014, following the issue of shares under a non-renounceable rights issue. 825,000 rights remain, with performance conditions extending to 30 June 2016.

January 2015 rights

In January 2015, 750,000 performance rights were issued to the Company's Exploration Manager with the following performance conditions:

- completion of a scoping study on the Hayes Creek project including defining an initial resource estimate at Mt 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.

At 30 June 2015, it was determined that the performance conditions relating to 75,000 rights (second bullet point above) were not met and therefore the rights lapsed at that time. 675,000 rights remain, with performance conditions extending to 30 June 2016.

During the year, share-based payment expense of $10,797 (2014: 26,341) was recorded in relation to the Performance Rights described above. Key assumptions in determining the grant date fair value of Rights granted during the year:

- *Grant date 19 September 2014:* Share Price at Grant Date: 3.0 cents; Volatility: 133%; Risk-free rate: 2.6%.
- *Grant date 14 January 2015:* Share Price at Grant Date: 3.0 cents; Volatility: 133%; Risk-free rate: 2.6%.

Share option plan

Prior to 2010, the Group had an ownership-based compensation plan for executives, employees and consultants ('Employee Share Option Plan'), under which the Directors could issue options to purchase shares in the Company to executives, employees, and consultants. The exercise price of the options was determined with reference to the market price of ordinary shares at the time the option was granted. No Directors participated in the Employee Share Option Plan.

Options vested at grant date and could be exercised at any time from the date of issue to expiry. Options were not listed, and carried no rights to dividends and no voting rights.

All options under the Share Option Plan had either lapsed or been exercised prior to the start of the financial year.

The following table reconciles the outstanding share options granted under the Employee Share Option Plan from the beginning to the end of the financial year:

Employee share option plan	30/06/15		30/06/14	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the year	-	-	85,000	0.07
Granted	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	(85,000)	(0.07)
Balance at end of the year	-	-	-	-

Other options

At the discretion of the Directors, and subject to shareholder approval, other options to acquire shares can and have been issued, for example as part of corporate and asset acquisitions or as part of a capital raising process.

The following table reconciles outstanding other options from the beginning to the end of the financial year:

Other options	30/06/15		30/06/14	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the year	1,250,000	0.27	1,250,000	0.27
Options granted	-	-	-	-
Options exercised or lapsed	-	-	-	-
Balance at end of the year	1,250,000	0.27	1,250,000	0.27

The share options outstanding at the end of the financial year had a remaining contractual life of 29 days (2014: 394 days).

The following options were in existence at 30 June 2015:

Options – Series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
LCCM Vendors	1,250,000	30/07/2010	29/07/2015	$0.27	$0.1673	30/07/2010

All options expired unexercised on 29 July 2015.

21 Key management personnel disclosure

The key management personnel of the Group during the year were:

- Graham Ascough (Non-executive Chairman)
- Paul Dowd (Non-executive Director)
- Peter Watson (Non-executive Director)
- David Hillier (Non-executive Director)
- James Fox (Managing Director and Chief Executive Officer)
- Tim Moran (Chief Financial Officer and Company Secretary)
- Andy Bennett (Exploration Manager – from 1 January 2015)
- Nicole Galloway Warland (Geology Manager – to 20 November 2014)

The aggregate compensation of Key Management Personnel of the Group is set out below:

	Year ended 30/06/15 $	Year ended 30/06/14 $
Short-term employee benefits	777,903	745,550
Post-employment benefits	60,395	40,527
Share-based payments	10,797	26,341
	849,095	812,418

Details of key management personnel compensation are disclosed in the Remuneration Report in the Directors' Report.

22 Remuneration of auditor

Paid or payable for the following services:	30/06/15 $	30/06/14 $
Audit and review of the financial reports*	33,385	55,304
Tax return preparation and advice	6,825	7,481
	40,210	62,785

* *The auditor of Phoenix Copper Limited is Grant Thornton, as approved by the Company's shareholders at the November 2014 AGM. In the prior year, Deloitte Touche Tohmatsu was the Company auditor.*

Audit fees for the year ended 30 June 2015 include $27,000 paid and payable to Grant Thornton. Remaining audit fees and fees for the preparation of the tax return and other advice were paid to the previous auditor.

23 Related party disclosures

a) Subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 28 to the financial statements.

b) Other related party transactions

During the financial year the Group and the Company entered into the following transactions:

» A close family member of a Director (Peter Watson) was the Office Manager until October 2014. The amount paid as salary inclusive of superannuation to that person was $15,911 (2014: $59,941).

» The Company engaged Watsons Lawyers, an entity in which a Director (Peter Watson) is a partner, to advise on legal matters. The amount paid in the financial year for these services inclusive of GST was $134,788 (2014: $60,032). No amount was owed at year end (2014: $2,221 was owed including GST).

24 Commitments for expenditure and contingent liabilities

a) Expenditure commitments

The Group has certain obligations to perform exploration work and expend minimum amounts of money on mineral exploration tenements in South Australia in order to retain the tenement lease. There are no minimum expenditure requirements on the Company's mineral leases in the Northern Territory.

These obligations vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry will alter the expenditure commitments of the Company.

Total expenditure commitments at 30 June 2015 in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	30/06/15 $	30/06/14 $
Minimum exploration expenditure on tenements	1,000,000	1,400,000

The Group's office lease in Rose Park, South Australia, with annual lease payments exclusive of GST of $64,332, has been renewed for two years to August 2017.

b) Reilly Tenement Acquisition Agreement

By the Reilly Tenement Acquisition Agreement dated 19 October 2007 between the Company and Matthew Reilly, as amended by deed dated 19 November 2007 (RTAA), the Company agreed to purchase mineral exploration licence EL 3161 (now EL 5382) from Mr Reilly.

Contingent consideration pursuant to this agreement:

» the issue and allotment to Mr Reilly of 800,000 Shares and 800,000 Options upon grant of an Exploration Licence over some or all of the area within EL 3161 reserved from the operation of the Mining Act 1971 (SA), comprising the area, and immediate surroundings, of the historic Burra Mine and the historic Burra Smelter, as gazetted in March 1988;

» the payment of $100,000 upon commencement of processing of any tailings, waste residues, waste rock, spoiled leach materials and other materials located on the surface of the land the subject matter of EL 3161 or derived from that land by or on behalf of the Company; and

» the payment of $200,000 upon the Company announcing an ore reserve, prepared in accordance with the JORC Code, on EL 3161 of at least 15,000 tonnes of contained copper.

c) Royalty agreements

The Company has granted the following royalties:

» to Mr Matthew Reilly – 6% of the aggregate net revenue in respect of all metals derived from EL 3161 (now EL 5382).

» to Avanti Resources Pty Ltd – 2.5% of the net smelter return on all metals derived from EL 3604, EL 3716 and EL 3686 (now ELs 4807, 4970, and 4886 respectively).

» to Marathon Resources Limited – 2.5% net smelter return on all metals derived from EL 3164 (now EL 5411).

» to Copper Range (SA) Pty Limited – 1.5% net smelter return on all metals derived from EL 3459 (now EL 4809).

» to Copper Range (SA) Pty Limited – 2.0% net smelter return on all metals derived from EL 3971 and EL 3972 (now ELs 5169 and 4626 respectively).

» to Copper Range (SA) Pty Limited – 50% of a 1.5% net smelter return on all metals derived from EL 4370 (now EL 5557).

» to Flinders Mines Limited – 50% of a 1.5% net smelter return on all metals derived from EL 4370 (now EL 5557).

The Company's subsidiary Leigh Creek Copper Mine Pty Ltd has a royalty agreement with Mount Gunson Mines Pty Ltd whereby a 1% royalty is payable to Mount Gunson in respect of copper produced from operations at ML 5467, ML 5498, and ML 5741.

d) Native title

A native title claim application has been lodged with the Federal Court of Australia over land on which the majority of the Group's tenements in South Australia are located. The Group is unable to determine the prospects of success or otherwise of the claim application, and to what extent an approved claim might affect the Group or its projects.

e) Crocodile Gold

As outlined in Note 11, Crocodile Gold is entitled to a 2% royalty on the market value of any future production of gold and silver from the 14 mineral leases the Company acquired from Crocodile Gold in the Northern Territory. A payment of $500,000, either in cash or shares at the Company's election, is also due if a bankable feasibility study is completed on any of the acquired or farm-in tenements.

In addition, Crocodile Gold holds a 30% claw-back right over the acquired tenements by paying Phoenix Copper Limited 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 Limited three times the Company's accumulated expenditure on the deposit(s).

25 Financial instruments and financial risk management

Categories of financial instruments

	30/06/15 $	30/06/14 $
Financial assets		
Cash and cash equivalents	868,805	447,663
Deposits	32,760	32,760
Trade and other receivables	14,607	21,655
Other financial assets – Investment in Avalon	386,761	1,160,281
Financial liabilities		
Trade and other payables	235,269	187,134
Loan	1,200,000	1,200,000

The Group's activities expose it to several financial risks which impact on the measurement and potentially could affect the ultimate settlement amount of its financial instruments: market risk, credit risk, and liquidity risk.

Market risk

The Group's activities, up to 31 December 2011 when copper production ceased, were exposed to the financial risks of changes in US dollar exchange rates and global copper prices. Since then, price and currency risk is minimal.

The Group is exposed to movements in the share price of Avalon Minerals Ltd, as the Company's investment of 12,892,013 shares in Avalon is carried at fair value, and movements are reflected through other comprehensive income or loss. Each one cent change in the market value of Avalon's shares changes the fair value of the Company's investment by $128,920. Movement in the fair value of the investment in Avalon, as an indicator of its realisable value, also affects the number of shares the Company may have to issue to settle any shortfall in the Company's $1.2 million loan before it matures in November 2016 (refer Note 14).

The Group's exposure to interest rate movements is limited to increases or decreases in interest earned on cash, cash equivalents, and deposits.

If interest rates had been 50 basis points higher or lower during the financial year and all other variables were held constant, the Group's net loss would increase/decrease by approximately $5,000 and $5,000 respectively (2014: increase/decrease by approximately $3,500 and $3,500 respectively).

As the Group's exposure to market risks is not significant, management of these risks is limited to monitoring movements in commodity prices, foreign exchange rates, interest rates, and the market value of the shares of Avalon Minerals Ltd.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk

Ultimate responsibility for managing liquidity risk rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk by continuously monitoring forecast and actual cash flows, and raising capital as needed, primarily through new equity issuances, in order to meet the Group's exploration expenditure commitments and corporate and administrative costs.

Liquidity and interest risk tables

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than one month $	1-3 months	3-12 months	1-5 years
2015					
Non-interest bearing	-	175,021	43,398	16,850	-
Fixed Interest bearing	7.5	-	-	90,000	1,245,000
2014					
Non-interest bearing	-	115,886	54,398	-	-
Fixed Interest bearing	7.5	-	-	90,000	1,335,000

Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of debt and equity balances. Due to the nature of the Group's activities (primarily exploration), the Directors believe that the most appropriate and advantageous way to fund activities is through equity issuances, and all capital raised to date with the exception of the $1.2 million loan (which funded the acquisition of shares in Avalon Minerals Ltd) has been equity based.

The Group closely monitors and forecasts its cash flow and working capital to ensure that adequate funds are available in the future to meet exploration and administrative activities.

26 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 is exploration, now in both the Northern Territory and South Australia. 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 therefore as follows:

- Exploration in the Northern Territory
- Exploration in South Australia
- 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.

	30/06/15 $	30/06/14 $	30/06/15 $	30/06/14 $
Exploration – SA	-	-	(1,771,097)	(5,083,980)
Exploration – NT	-	-	-	-
Mining – discontinued operation	-	-	(229,883)	(653,139)
Unallocated	-	-	(2,330,319)	(970,541)
Loss before tax			(4,331,299)	(6,707,660)
Income tax benefit			-	77,404
Consolidated segment loss for the year			(4,331,299)	(6,630,256)

The segment loss of Exploration – SA consists primarily of the $1,717,891 impairment charge (Note 11), and the Mining segment loss includes a $150,000 impairment charge (Note 6).

Segment loss represents the loss earned by each segment without allocation of corporate administration costs, impairment in the investment in Avalon, interest income and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

	30/06/15 $	30/06/14 $
Assets		
Exploration – SA	2,000,000	3,633,957
Exploration – NT	1,330,479	-
Mining (held for sale)	-	150,000
Unallocated assets	1,342,647	1,729,114
Total assets	4,673,126	5,513,071
Liabilities		
Exploration – SA	-	13,104
Exploration – NT	101,965	-
Mining (held for sale)	-	-
Unallocated liabilities	1,388,842	1,429,419
Total liabilities	1,490,807	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 provisions, loan, and corporate/administrative payables.

27 Earnings per share

	Year ended 30/06/15 Cents per share	Year ended 30/06/14 Cents per share
Basic and diluted loss per share – continuing operations	(1.3)	(3.0)
Basic and diluted loss per share – discontinued operations	(0.1)	(0.3)
Total loss per share	(1.4)	(3.3)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	$	$
Loss after tax – continuing operations	(4,101,416)	(5,977,117)
Loss after tax – discontinued operations	(229,883)	(653,139)
Weighted average number of ordinary shares	311,671,557	198,465,806

The weighted average number of ordinary shares in the calculation of diluted earnings per share is the same as for basic earnings per share, as the inclusion of potential ordinary shares in the diluted earnings per share calculation is anti-dilutive due the loss incurred for the year.

28 Controlled entities

			Ownership interest	
Name of entity		Country of Incorporation	2015 %	2014 %
Parent entity				
Phoenix Copper Limited	(i)	Australia		
Subsidiaries				
Wellington Exploration Pty Ltd	(ii)	Australia	100%	100%
Leigh Creek Copper Mine Pty Ltd	(ii)	Australia	100%	100%

i) Head entity in tax consolidated group

ii) Members of tax consolidated group
The ultimate parent entity in the wholly-owned group is Phoenix Copper Limited. During the financial year, Phoenix Copper Limited provided accounting and administrative services at no cost to the controlled entities and advanced interest free loans. Tax losses have been transferred to Phoenix Copper Limited by way of inter-company loans.

Phoenix Copper Limited has entered into a deed of cross guarantee with its wholly-owned subsidiaries, Leigh Creek Copper Mine Pty Ltd and Wellington Exploration Pty Ltd, and therefore these latter entities are relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. As there are no other entities in the Group other than those party to the deed of cross guarantee, the consolidated financial statements of the entities party to the deed of cross guarantee are the same as those of the Group.

29 Parent entity disclosures

	30/06/15 $	30/06/14 $
Financial position		
Assets		
Current assets	1,325,160	1,840,141
Non-current assets	3,347,966	3,672,930
Total assets	4,673,126	5,513,071
Liabilities		
Current liabilities	280,875	235,005
Non-current liabilities	1,209,932	1,207,518
Total liabilities	1,490,807	1,442,523
Net assets	3,182,319	4,070,548
Equity		
Issued capital	26,562,067	23,557,745
Other equity	600,000	600,000
Reserves	347,193	(91,555)
Accumulated losses	(24,326,941)	(19,995,642)
Total equity	3,182,319	4,070,548

	Year ended 30/06/15 $	Year ended 30/06/14 $
Financial performance		
Loss for the year	(4,331,299)	(6,630,256)
Other comprehensive income/loss	455,927	(327,007)
Total comprehensive loss	(3,875,372)	(6,957,263)

Commitment for expenditure and contingent liabilities of the parent entity

Note 24 discloses the Group's commitments for expenditure and contingent liabilities, all of which are applicable to the parent entity also.

30 Subsequent events

In August 2015, the Group raised $0.9 million via the placement of 70 million shares at $0.013 each to sophisticated investors. The Group also received commitments for further share placements of $0.6 million to be approved by shareholders at the Company's annual general meeting.

There are no other matters or circumstances that have arisen since 30 June 2015 and have significantly affected or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including

   i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   ii) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;

b) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board;

c) 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

d) at the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 28.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

Graham Ascough
Chairman

28 September 2015

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

Report on the financial report

We have audited the accompanying financial report of Phoenix Copper Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Phoenix Copper Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as going concern

Without qualifying our opinion, we draw attention to Note 3(a) in the financial report which indicates that for the year ended 30 June 2015 the consolidated entity incurred a comprehensive loss of $3,875,372 and operations were funded by a net cash outlay of $2,480,144 from operating and investing activities. These conditions, along with other matters as set forth in Note 3(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 financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Phoenix Copper Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 18 September 2015

ADDITIONAL SHAREHOLDER INFORMATION

SHARES

The total number of shares issued as at 28 September 2015 was 427,775,689 held by 613 registered shareholders.

None of these shares are subject to escrow.

293 shareholders hold less than a marketable parcel, based on the market price of a share as at 28 September 2015.

Each share carries one vote.

PERFORMANCE RIGHTS

As at 28 September 2015, the Company had on issue 1,500,000 Performance Rights held by the Company's Managing Director and Chief Executive Officer (825,000) and the Company's Exploration Manager (675,000). Each Performance Right entitles the holder to one share in the Company, if the performance conditions are met.

OPTIONS

The Company does not have any quoted or unquoted options on issue.

TWENTY LARGEST SHAREHOLDERS

As at 28 September 2015, the twenty largest Shareholders were as shown in the following table and held 76.7% of the Shares.

RANK	NAME	SHARES	% OF SHARES
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,012,503	12.86
2.	ASIA IMAGE LIMITED	43,802,204	10.24
3.	TALIS SA	37,891,032	8.86
4.	CARTET GROUP LIMITED	30,799,159	7.20
5.	SOCHRASTEM SA	29,376,992	6.87
6.	LONG FORTUNE LIMITED	27,075,000	6.33
7.	MARILEI INTERNATIONAL LIMITED	26,770,302	6.26
8.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	13,638,179	3.19
9.	JP MORGAN NOMINEES AUSTRALIA LIMITED	11,037,491	2.58
10.	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY S/FUND A/C>	7,777,473	1.82
11.	MR PETER JAMES WATSON + MS JUDITH WATSON <SUPER FUND A/C>	7,000,000	1.64
12.	AMALGAMATED DAIRIES LIMITED	6,797,242	1.59
13.	MR CHRIS WELLS + MRS JOSEPHINE WELLS <C&J WELLS SUPERFUND A/C>	5,300,000	1.24
14.	ESM LIMITED	4,000,000	0.94
15.	KOMON NOMINEES PTY LTD <OWEN SUPER FUND A/C>	3,926,154	0.92
16.	KAMJOH PTY LTD	3,846,154	0.90
17.	MEADOWHEAD INVESTMENTS PTY LTD	3,846,153	0.90
18.	PERIZIA INVESTMENTS PTY LTD	3,560,194	0.83
19.	MR ROGER DOUGLAS STABLES + MRS KAREN DOROTHY STABLES <THE STABLES S/F A/C>	3,373,077	0.79
20.	MS LISETTE FRIJTERS	3,325,000	0.78
Total		328,154,309	76.71

SUBSTANTIAL SHAREHOLDERS

As at 28 September 2015, the substantial Shareholders as disclosed in substantial holding notices given to the Company are:

	Holding	%
Asia Image Limited	80,302,204	18.77%
Cartet Group Limited	30,799,159	8.86%
Long Fortune Limited	29,075,000	8.36%
Talis SA	30,198,724	8.74%
Sochrastem SA	29,376,992	6.87%
Marilei International Limited	26,770,302	6.26%

DISTRIBUTION SCHEDULES

A distribution schedule of the number of Shareholders, by size of holding, as at 28 September 2015 is set out below:

Size of holdings	Number of shareholders
1 – 1000	32
1,001 – 10,000	107
10,001 – 100,000	282
100,001 and over	192
Total	613

There is no current on-market buy-back.

ENQUIRIES FROM SHAREHOLDERS

Shareholders wishing to record a change of address or other holder details or with queries regarding their Shareholding should contact the Company's share registry, Computershare, as detailed in the Corporate Directory at the front of this Annual Report. Shareholders with any other query are invited to contact the Company's registered office as detailed in the Corporate Directory at the front of this Annual Report.