

# JUNIOR ON HIGH-GRADE PATH TO DEVELOPMENT

Dealing with a crocodile in the Northern Territory is paying off for this zinc-gold and silver developer. **Ngairé McDiarmid** reports

**P**HOENIX COPPER IS WELL on the way towards completing a scoping study for its high-grade and highly promising Hayes Creek Project in the Northern Territory.

In its first hole drilled into the Iron Blow deposit in late 2014, Phoenix intersected 50.39m at 10.12% zinc, 2.66gpt gold, 283gpt silver, 0.57% copper, and 1.39% lead from 155.72m, in fact this particular hole is the highest value intercept ever drilled in the deposit, a very good start for the company.

Phoenix acquired Hayes Creek, which contains two polymetallic sulphide deposits located on granted Mineral Leases at Iron Blow and Mt Bonnie through a 2014 deal with Crocodile Gold Australia. The company is also in the process of earning-in to a joint venture with Crocodile Gold over a large surrounding area of prospective exploration ground.

Phoenix has estimated a JORC-compliant Mineral Resource for Iron Blow; 2.6 million tonnes at 4.8% zinc, 2.4gpt gold, 130gpt silver, 0.3% copper and 0.9% lead, containing 125,000t zinc, 203,000 ounces of gold, 10.7 million ounces of silver, 7,000t of copper, and 23,000t of lead.

Less than 3km away in the same geological and geographical

environment, the Mt Bonnie open pit was previously mined for high-grade oxide gold and silver.

Drilling by Phoenix at Mt Bonnie in May this year has identified near surface sulphide mineralisation and highlights include 8m at 12.61% zinc, 2.41gpt gold, 328gpt silver, 0.48% copper and 2.76% lead from 89m.

Both deposits will be amenable to open pit mining, but they remain open at depth, and so the potential exists, given the grades, for future underground development.

The project lies in the mining region of Pine Creek, has easy access to rail, high voltage power, water, is less than 10km to the Stuart Highway, and two hours by road to Darwin.

Excellent exploration upside exists, including at the nearby Joplin prospect that exhibits similar geophysical and geochemical characteristics to those at Iron Blow and Mt Bonnie, and numerous documented gold and base metals occurrences.

Phoenix managing director and CEO James Fox said it was the incredibly high grades of sulphide mineralisation, and the open pit potential that set the company apart.

“Our project at Hayes Creek contains some of the highest combined metals grades of any VMS deposit in Australia, sulphide mineralisation starts at less than 30m below the surface,” he told Resourcestocks.

“Those are key selling points – we’ve got significant combined metal grades of zinc, gold and silver in shallow, potentially open pittable resources.”

“We are confident that we already have sufficient critical mass of resources to underpin a profitable mining operation, so identifying additional contained metal and improving the metallurgical

recoveries, it can only be positive.

“Our focus over the next six months is to complete the work required to underpin a robust scoping study which we will aim to publish in early 2016.”

Phoenix recently raised \$1.5 million through a share placement to existing and new sophisticated investors in August to advance its Hayes Creek project.

Fox acknowledged the company was in a fortunate position given the unfavourable equity market conditions.

“It’s been hard work but ultimately a fantastic outcome that in this environment we have continued to raise funds for the Project. We are very thankful to our long-term shareholders out of Europe who are supportive of the acquisition, and of our development strategy in the Northern Territory,” he said.

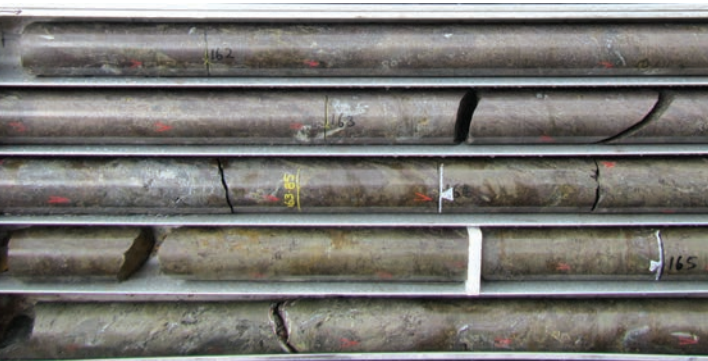
“They’ve continued to support the story and on the back of that, we’ve been able to attract new investors who see the long-term value that we’re looking to generate here. The NT government has also been very positive of what we are trying to achieve, it’s a great environment to work in.”

The placement will fund further drilling to establish a new JORC Resource at Mt Bonnie, complete metallurgical optimisation test work, drill the promising Joplin prospect and continue ‘boots on the ground’ regional exploration.

Phoenix Copper owns 14 mining leases at Hayes Creek and is earning into 20 exploration licences covering an area of approximately 1,700sqkm, thanks to its deal with Crocodile, which has since merged with Newmarket Gold.

The deal was struck just over 12 months ago and Phoenix has wasted no time in its push to achieve its aim

The interval between 162m-165m assayed 19.4% zinc, 2.7g/t gold, 630g/t silver, 0.85% copper, and 3.2% lead in IBDH023 – this is typical of the massive sulphide zones.





The Iron Blow Historical Open Pit.



**“The general consensus is that zinc is a good metal to be in over the next few years and in Aussie dollar terms, gold is also a great commodity, this fits well with our development timeline.”**

**JAMES FOX**  
PHOENIX MANAGING DIRECTOR  
AND CEO

of becoming a zinc, gold and silver producer.

Fox said the previous owners of Hayes Creek had been focused on precious rather than base metals and Phoenix had re-examined the historic drilling and remodelled the data with this in mind.

“As a result, we were able to incorporate a lot more zinc into the Resource that had previously been left out by other parties,” he said.

“About 90% of the value of the Resource defined to date is in the zinc, gold and silver, it’s a good commodity mix giving us some protection through diversification.

“The general consensus is that zinc is a good metal to be in over the next few years and in Aussie dollar terms, gold is also a great commodity, this fits well with our development timeline.”

He said Phoenix Copper intended to make its mark at Hayes Creek.

“We’ve been active, with a team on ground undertaking regional exploration,” he said.

“Mining’s been going on there for over a century and we’re the latest in a whole line of explorers, developers and miners and we’re hoping to stamp our mark on the area by developing the Hayes Creek project.”

The company was about to begin its third drill program when Resourcestocks spoke with Fox.

“We achieved fantastic results from previous drilling and we’re aiming to continue that at Mt Bonnie and to test a priority exploration target at Joplin that we think has similar potential,” he said.

Ground geophysics at Mt Bonnie has highlighted an untested lower conductive zone with the potential to double the depth of the deposit.

Fox said the upside was significant given the grades previously identified, and the exploration leases, where Phoenix was earning into 90% of all

commodities, except uranium, also held plenty of opportunity.

“There’s a lot of smoke up there and we are disciplined in working through the targets systematically and methodically, to only test areas by drilling where we’re comfortable the expenditure is justified and it will add to the overall economic potential of the Project,” he said.

Further afield, Phoenix holds approximately 4,000sqkm of exploration ground in South Australia but is prioritising its efforts at Hayes Creek.

The company is tapping into the local mining expertise in the Pine Creek region and is keen to incorporate as many local businesses as possible.

“Hopefully they’ll be part of the bigger picture when we do develop this,” Fox said.

“The resources identified to date are sufficient to develop a scoping study and this will demonstrate that we have an economic and mineable project.”

“It’s also a manageable project for an explorer and developer of our size.”

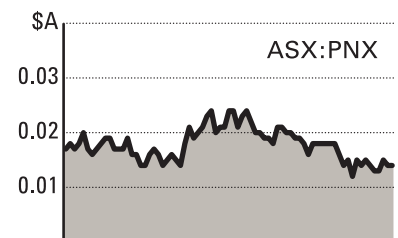
The multiple commodities could present a processing headache but initial metallurgical test work is looking promising.

“In regards to processing, we’re not looking to reinvent the wheel,” Fox said, “it’s about using tried and tested technology, and people that are very experienced in processing these type of deposits.

“The results from the optimisation work we’re currently undertaking will be used to demonstrate we have marketable and saleable zinc, gold and silver products.

“With the appropriate amount of capital and development expertise, we could be producing some time in 2018, we think this is an achievable target and will aim to deliver.” **RS**

## PHOENIX COPPER AT A GLANCE



6 months ending September 11, 2015

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James Fox

### MARKET CAPITALISATION

\$5.6 million (at press time)

### QUOTED SHARES ON ISSUE

425.2 million

### MAJOR SHAREHOLDERS

HSBC Custody Nominees – 12.8%  
Asia Image Ltd – 10.3%  
Talis SA – 8.9%  
Cartet Group Ltd – 7.2%  
Sochrastem SA – 6.9%