

ASX ANNOUNCEMENT

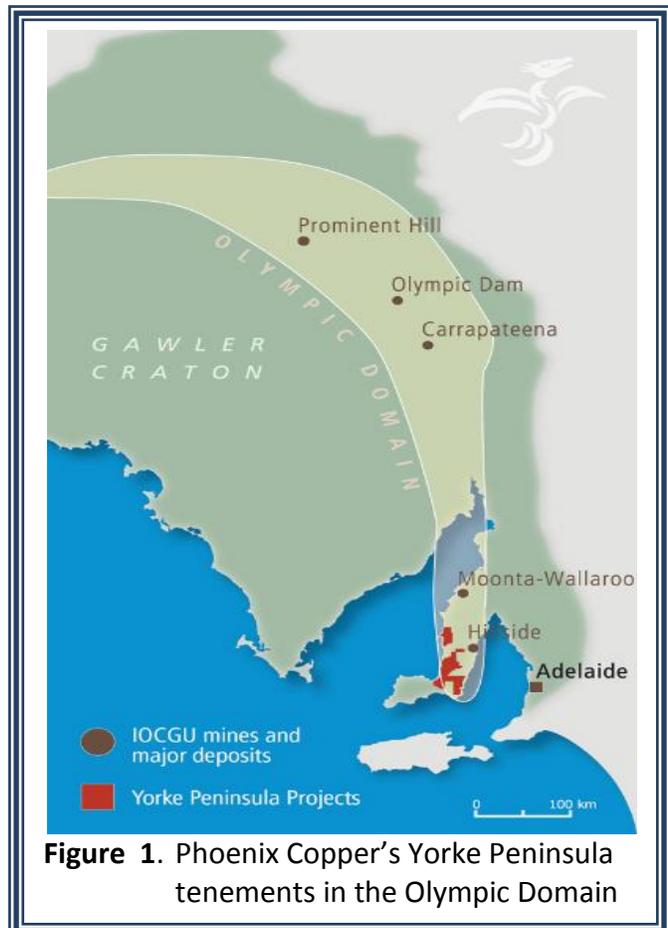
7 MARCH 2012

YORKE PENINSULA DIAMOND DRILLING COMMENCES 12 MARCH

Phoenix Copper Limited (**Phoenix Copper, ASX:PNX**) is pleased to announce that exploration diamond drilling is scheduled to commence on 12 March 2012 on its wholly-owned Yorke Peninsula tenements EL4031 and EL4312.

- **More than *twenty* drill targets identified.**
- **2 priority targets to be drilled initially, with coincident structural, geological, conductivity, gravity¹ and copper-in-soil anomalies.**
- **Drill targets lie within the Olympic Iron Oxide Copper Gold (IOCG) Domain adjacent to the Rex Minerals (RXM) Hillside Project (Figure 1).**

Modeling of the *VTEM*² data flown in late 2011 highlighted *in excess of twenty electromagnetic anomalies*. Several 'stand out' anomalies were identified, of which two are immediately accessible and warrant immediate drill testing. **Figure 2** indicates the location of these two priority targets (*white stars*) amongst the overall 20 potential drill targets (*black dots*) representing the coincidence of anomalies that occur within the Northern blocks of EL4312 & EL4031 and the Northern portion of EL4312S.



¹Gravity data for the area is only available on a regional scale and provides only guidance, rather than detailed data, for precise determinations.

²VTEM - helicopter-borne Versatile Time Domain Electromagnetic Geophysical Survey (Geotech Airborne Pty Ltd)

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In addition to their high conductivity responses, the two priority targets are interpreted to be structurally controlled and within favorable lithologies, all of which are key components of IOCG style mineralization. Modeling of the **magnetic data** has determined that the **conductivity highs** occur on **significant structures in favourable host lithologies** - Hiltaba suite granite and Wallaroo Group metasediments (**Figure 3**).

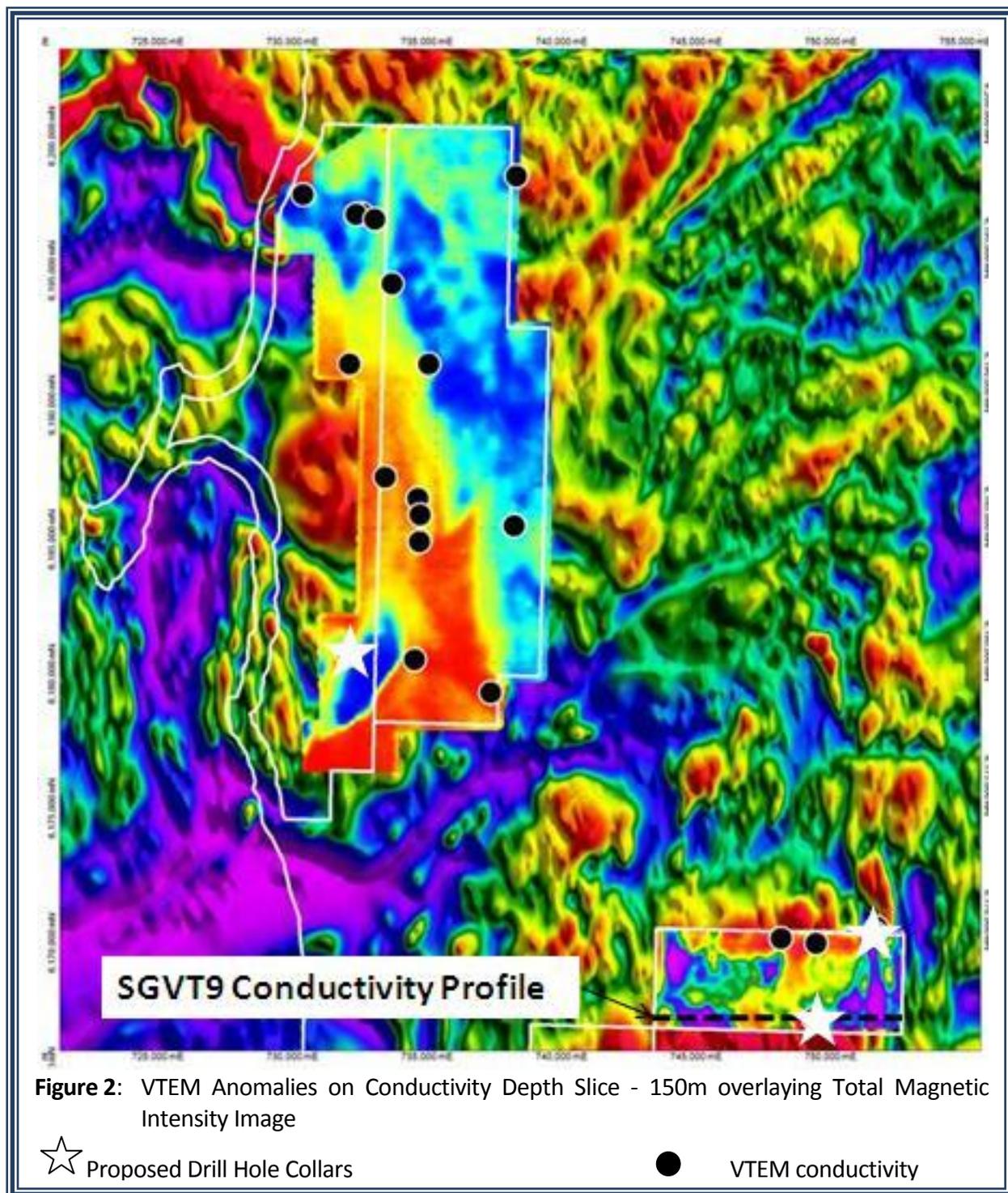
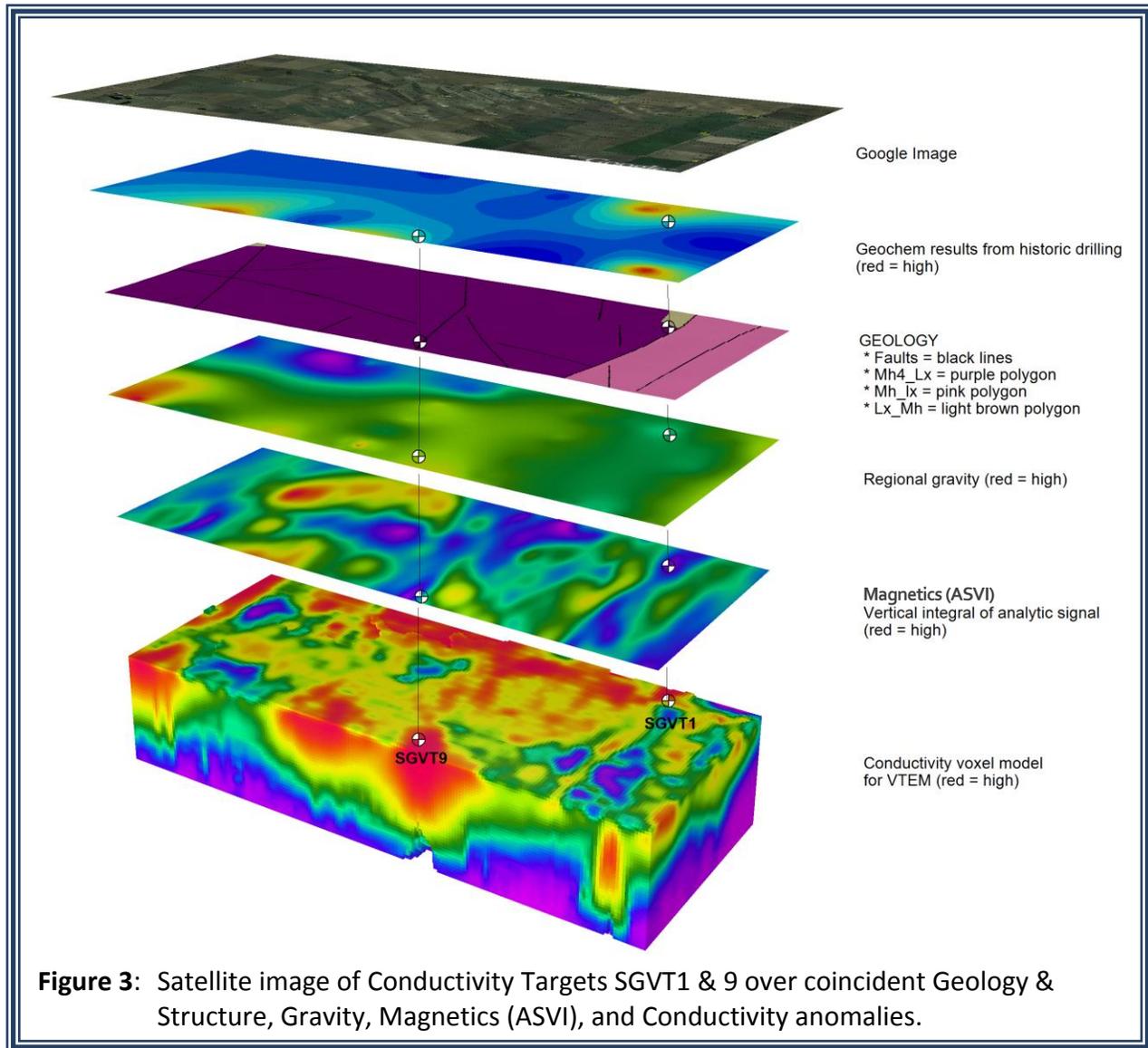


Figure 2: VTEM Anomalies on Conductivity Depth Slice - 150m overlaying Total Magnetic Intensity Image

☆ Proposed Drill Hole Collars

● VTEM conductivity

Due to time constraints (crop seeding) only these two drill-ready targets will be tested in the initial drill program. Appropriate ground geophysical surveys, either IP or ground gravity, will be considered over the additional targets prior to drill testing. Community engagement is an integral part of Phoenix Copper's exploration activities. Without the continued support and development of a working relationship with the landowners and community, exploration would not be possible.



This initial drill program is designed to test Phoenix Copper's geological and structural model, and to identify the source of the coincident **structural, geological, conductivity, gravity and soil** anomalies, within apparently favourable regional gravity data.

SGVT1 & SGVT9, within EL4312S, are presented in **Figure 3** as “stacked anomalies” depicting the drill hole targets locations and are characterized by a coincidence of anomalism for:-

- Geochemistry – previous drilling indicates modest, favourable, differential geochemistry;
- Structure – both drill holes are located on fault structures, within Hiltaba suite granite and Wallaroo Group metasediments;
- Gravity – while only regional data is available, and the spacing of the data is very broad and the resolution is poor, gravity lows are indicated over the drill locations;
- Magnetics – both drill holes are located over magnetic highs;
- Conductivity – deep-seated conductivity highs are present.

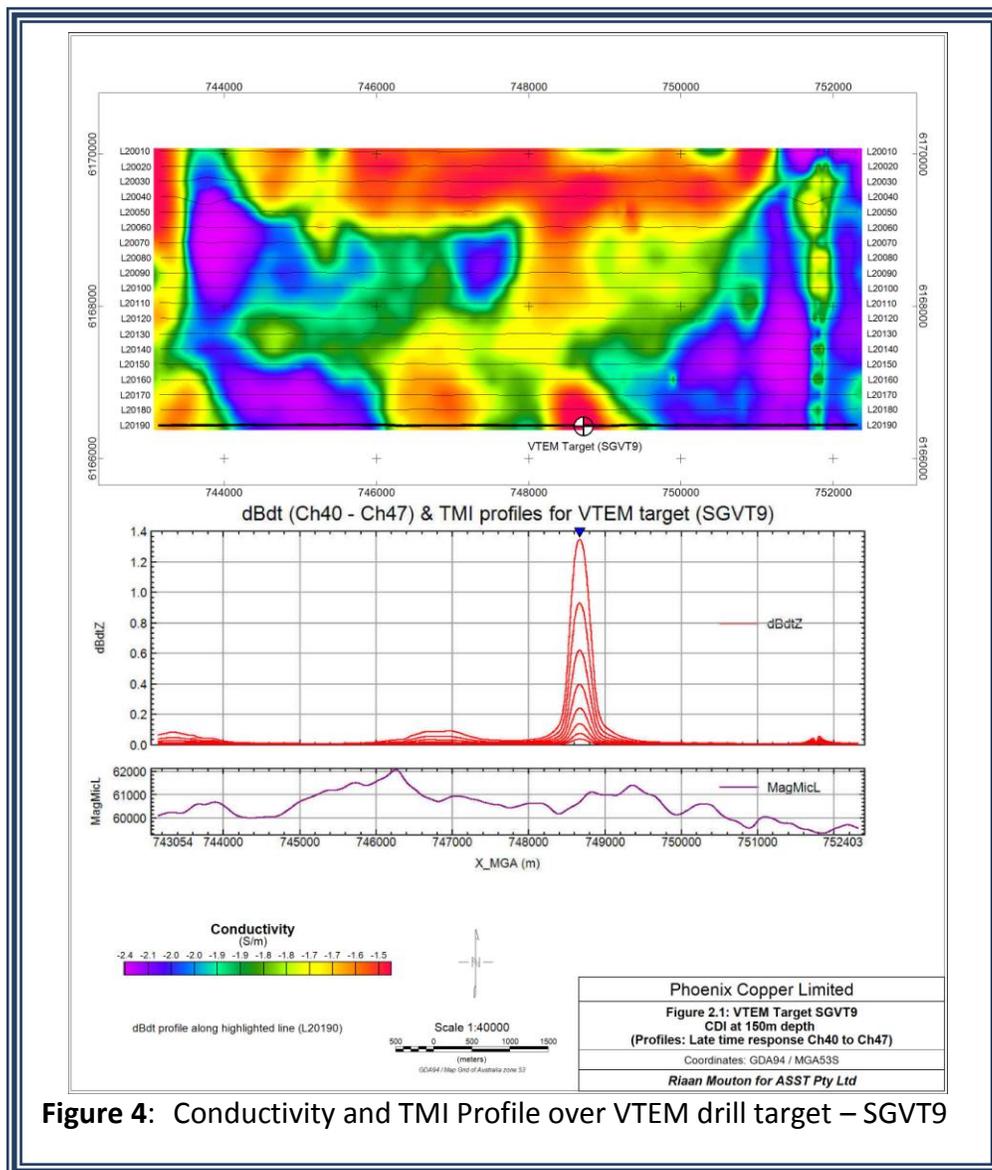


Figure 4: Conductivity and TMI Profile over VTEM drill target – SGVT9

Conductivity anomalies SGVT1 and SGVT9 stand out dramatically against background (see **Figures 3 and 4**) and as such, present walk-up targets for Phoenix Copper to drill test. The sharp

signature of these anomalies is less than 200m wide at an interpreted depth of 150m. **Figure 4** illustrates the very sharp conductivity responses over SGVT9, which is similar to SGVT1.

A diamond drill rig will commence drilling on 12 March 2012, with a second drill rig relocating from Burra North. Once the current programme of work has been completed at Burra North, there will be a necessary hiatus of drilling there as results are assessed and modeled. The initial drill rig has the flexibility to drill both diamond and reverse circulation (RC). The initial drilling program comprises a total of 1500-2000m of drilling (approximately 800m Diamond and 800m RC), to an estimated depth of 150m over the 2 priority targets.

Drilling is anticipated to take approximately 6 weeks with initial assay results expected to be available in April/May.

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on and accurately reflects information compiled by Mr Mark Manly. Mr Manly has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Manly consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

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