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ASX ANNOUNCEMENT, 15th MAY 2014

COPPER ANOMALY IDENTIFIED AT NEW CONDOR PROSPECT

- Soil geochemical survey identifies sizable copper anomaly south of Burra over an area of approximately 1,000m x 400m.
- Strong correlation between the copper anomaly and existing defined Induced Polarisation (IP) geophysical anomaly, increasing confidence that the IP model reflects copper mineralisation.
- The soil survey is now being extended in a south easterly direction along the continuation of the target horizon (Kingston fault) and beyond the limit of the existing IP survey.

***Figure 1**: Phoenix Copper southern South Australia project location plan*

Phoenix Copper is pleased to report that a new surface geochemical copper anomaly has been identified directly south of the Burra Township in South Australia (Figure 1) coincident with an existing geophysical anomaly. With all access approvals granted, the exploration team has undertaken field work at the newly named Condor prospect (Figure 2).

A total of 718 Field Portable X-Ray Fluorescence (fpXRF) measurements were taken in the area. The results have provided a strong correlation with existing IP data, and the surface anomaly extends to the south beyond the limit of the reprocessed historical IP survey (Figures 2 and 3).

The surface copper geochemical anomaly is approximately 1,000m x 400m, is coincident with an existing IP anomaly and also lies directly over the Kingston fault, the structure interpreted as controlling the significant copper mineralisation to the north at the Eagle prospect and also at the historical Monster Mine (Figure 3). Background fpXRF copper level in soils in the region is approximately 27ppm, with the anomaly in excess of 180ppm.

Analysis of Monster Mine historical mining records indicates that zinc was associated with and acted as a pathfinder element for the copper mineralisation. The anomalous zinc fpXRF values support the copper anomaly (Figure 4).

These geochemical survey results provide Phoenix Copper with clear targets to drill test, and significantly increases the confidence that the IP target is associated with copper sulphides. The Company believes this prospect has the potential for mineralisation similar to that intercepted at the Eagle Prospect, which was predominantly copper sulphides in the form of disseminated bornite, chalcopyrite and chalcocite, with minor malachite and azurite closer to surface. **The best drill results from the Eagle prospect in hole PCD0040 were 26.3m at 2.86% copper from 50.7m, including 15.7m at 4.65% copper from 61.1m, and 2.4m at 11.28% copper from 65.0m[1].**

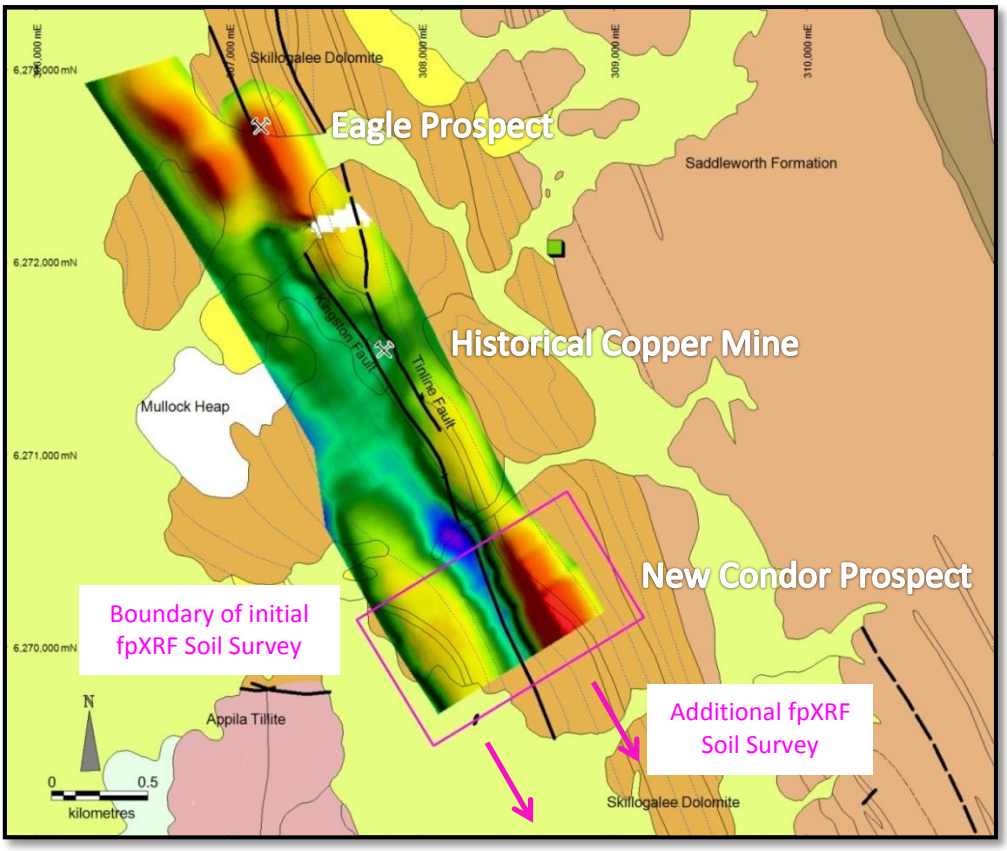

***Figure 2**: Condor Prospect*

Interpretation of previous drilling by Phoenix Copper and the reprocessed IP data have indicated that the high grade copper sulphide drill intercepts at the Eagle prospect are all located close to the surface and in the northern portion of a north-west trending IP high approximately 600m in length. At the southern Condor prospect (Figure 2) the IP model exhibits an anomaly of equal intensity and depth extent as the anomalies at the Eagle prospect. The surface geochemical anomaly however extends beyond the IP survey limit and thus provides a much larger trend with potential for mineralisation than previously thought.

> CEO James Fox commented *"If planned drilling at Condor were to intercept similar high grade copper sulphides as we encountered at Eagle to the North, and given the known copper sulphides at the base of the Monster Mine pit, this would indicate the potential for a mineralised system over an extended strike length".*

The Condor prospect is one of 5 similarly sized untested targets that have been identified from the IP data in the Burra region (Figure 2), all of which will now be systematically tested at surface with fpXRF to assist in determining the priority of follow up drill testing. No modern day drilling has been undertaken in the area of the Condor prospect with 1 historical hole attempted in 1967 which failed to reach target depth.

[1] PNX: ASX announcement 7 June 2012

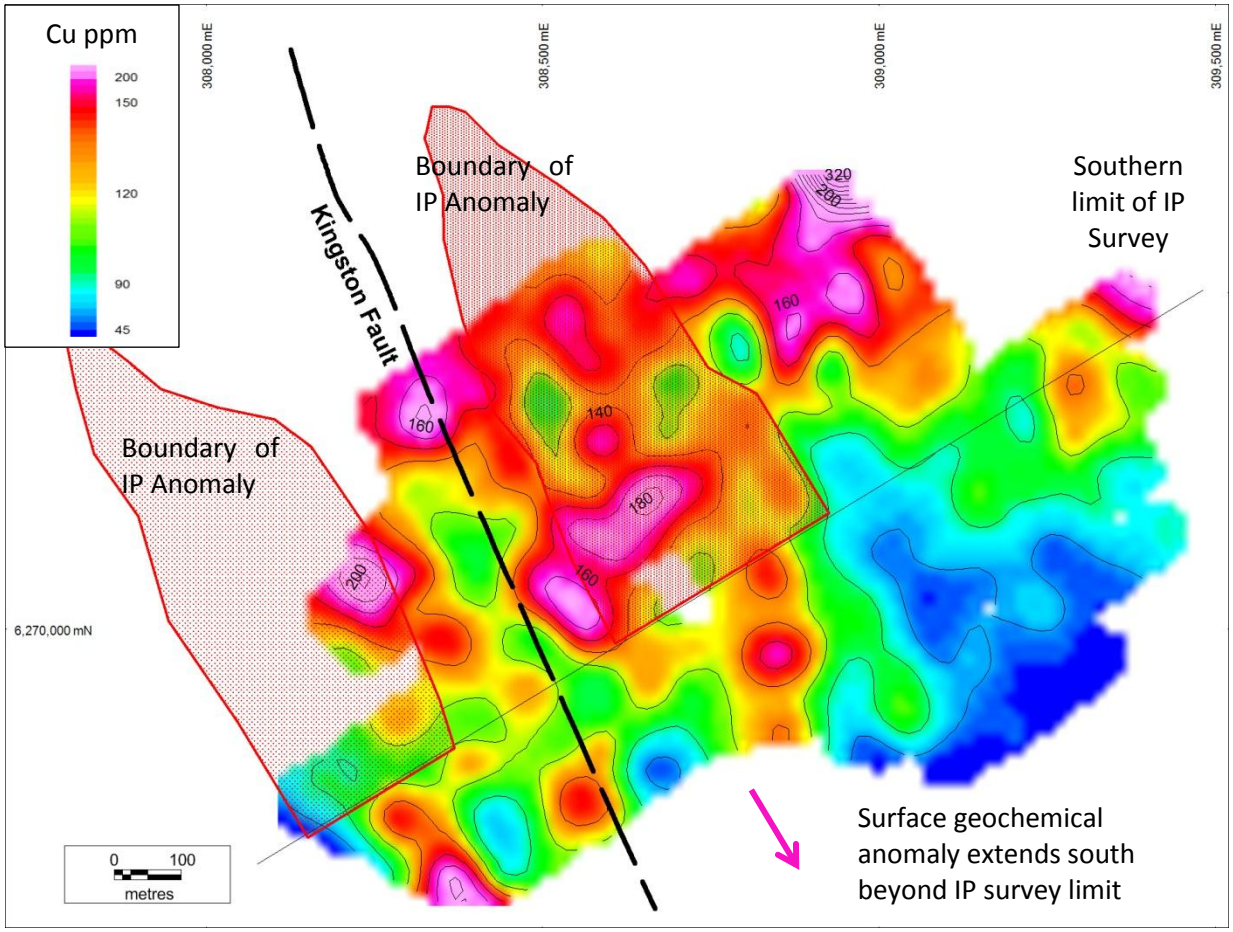

Figure 3: *Condor Prospect - Copper Anomalies over IP targets*

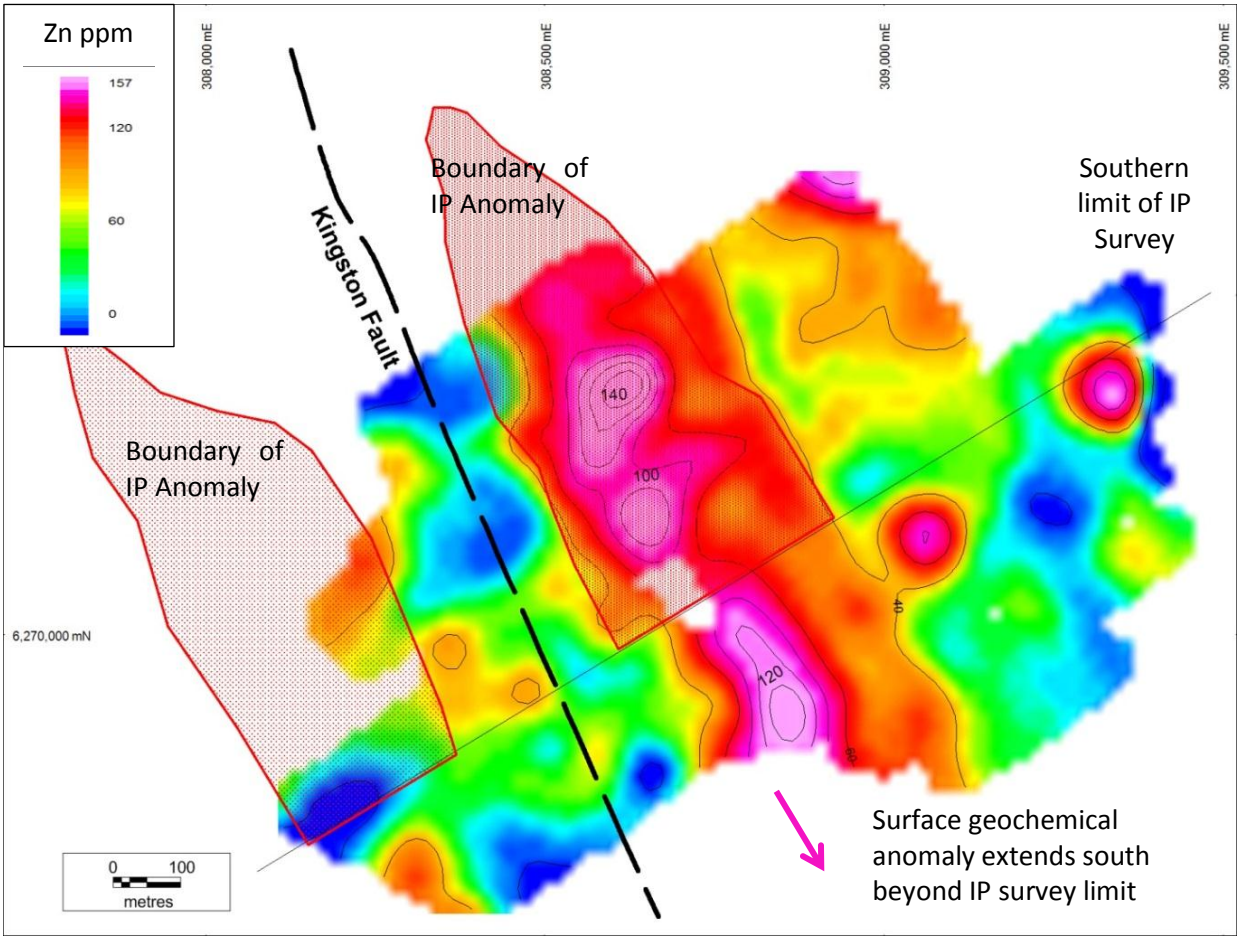

Figure 4: *Condor Prospect - Zinc Anomalies over IP targets*

Planned Activities

- Extend the FpXRF survey to the south of the Condor prospect and over the remaining IP anomalies in the area
- Drill test the highest ranked targets subject to available funding
- Undertake downhole IP surveys and/or continue the surface IP survey along strike and to the south of the Condor prospect

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Ms Nicole Galloway Warland (BSc (Hons)), a Competent Person who is a Member of the Australian Institute of Geoscientists and a full-time employee of Phoenix Copper Limited. Ms Galloway Warland has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Galloway Warland consents to the inclusion in this report of the matters based on her information in the form and context in which it appears.

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1 JORC Code, 2012 Edition – Table 1

1.1 Section 1 Sampling Techniques and Data		
(Criteria in this section apply to all succeeding sections.)		
Criteria	**JORC Code Explaination**	**Commentary**
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Hand held Innov-X fpXRF (Olympus) analyser used to obtain surfical insitu soil analysis.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used	Sampling was carried out under PNX protocols and QAQC procedures. Instrument callibration completed on an on going basis during survey, using standardised discs and duplicates.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information	No sample preparation of soils was completed.
Drilling Techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	N/A
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed*	N/A
	Measures taken to maximise sample recovery and ensure representative nature of the samples	

	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	N/A
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
	The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	*If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	No sample preparation was completed - analysis was conducted on in-situ soil material.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	Standards, blanks and duplicate analyses indicated acceptable analytical accuracy.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	
Quality of Assay and laboratory test	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	XRF is a total analytical technique appropriate for Cu as natural soil concentrations are above the lower detection limit of the instrument.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Olympus Innov-X 4000. Reading time set at 45 seconds with measurements taken in soil mode. No calibration factors have been applied to results reported. Instrument is calibrated by Olympus on a 12 month basis.

	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	QAQC data includes standards, blanks and duplicates introduced at start of program and after every 50 samples. Standards, blanks and duplicate analyses indicated acceptable analytical accuracy.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	NA
	The use of twinned holes.	
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data was collected using fpXRF. Data was downloaded, validated and compiled in an ACCESS database.
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Sample location points are collected using a Trimble Juno 3D GPS with autonomous accuracy of +/- 5 meters.
	Specification of the grid system used.	The Grid system is MGA_GDA94, Zone 54
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Measurements taken at 20m intervals on lines spaced at 100 metres. Line spacing infilled to 50 metres where anomalies were defined.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	
Orientation of data in relation to geological structure		Sample lines oriented 035 degrees, perpendicular to interpreted strike of Kingston Fault. Line and sample spacing are adequate to define sizable geochemical anomalies of any orientation with confidence.
Sample security	*The measures taken to ensure sample security.*	NA
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	PNX have completed numerous fpXRF surveys in the Adelaide Geosyncline from 2009 to present. Detailed XRF and laboratory comparison study was done in 2010.

1.2 Section 2: Reporting of Exploration Results		
Criteria	**JORC Code Explaination**	**Commentary**
Mineral Tenement and Land Tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	This report refers to the area within EL 5382, which is 100% owned by Phoenix Copper Limited. There are no third party agreements, non govt royalties, historical sites or environmental issues. The area referred to in the report lies outside of the Burra Heritage Zone. Underlying land title is freehold land which extinguishes native title.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The exploration tenement EL 5382 is in good standing and no known impediments exist.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The general area of this report has been explored in the past by numerous companies, including Dept of Mines, Redfire, Australian Selection Trust and Reilly. PNX have reviewed past exploration data generated by these companies.
Geology	*Deposit type, geological setting and style of mineralisation.*	PNX is exploring for intrusive related gold - copper mineralisation within the Adelaide Geosyncline. The copper-gold mineralisation is structurally controlled within sedimentary stratigraphy.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar · elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar · dip and azimuth of the hole · down hole length and interception depth hole length.*	N/A
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	N/A
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such	

	aggregations should be shown in detail.	
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	N/A
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Refer to Figures in Report
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	N/A
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Refer to Report. All material results from geochemical and geophysical surveys and drilling related to these prospects have previously been reported.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive*	A range of exploration techniques are being considered to progress exploration including diamond drilling.