



**21 November 2013**

**Chairman's Address – 2013 Annual General Meeting**

Good morning Ladies and Gentlemen. I would like to welcome all shareholders and visitors to this, the 2013 Annual General Meeting of Phoenix Copper Limited.

In my letter to shareholders that accompanied the Annual Report, I outlined some of the milestones and achievements of the past year on our exploration portfolio in South Australia. The Company's CEO, Mr James Fox, will provide an update on our projects at the end of today's meeting. Prior to the formal proceedings, I would like to provide an update on our recent activities and specifically the investment in Avalon Minerals Limited – a topic that James will also cover at the close of the meeting.

Phoenix has acquired a significant stake in Avalon and currently holds approximately 10.4% of the issued capital in the company. We have acquired these shares as we believe it is a good opportunity to secure a significant investment in a company with a quality copper asset. A number of strategic options regarding the investment are being considered.

Avalon's flagship asset is the Viscaria Copper-Iron Project located in northern Sweden. The project is immediately adjacent to the LKAB's Kirunavaara iron-ore operation and is in close proximity to established infrastructure including power, high-capacity rail and port facilities.

In July 2013, Avalon announced the results of a scoping study that estimates the pre-tax net present value (NPV) of the open pit mining scenario of the Viscaria Project to be US\$373M. The scoping study was completed by Xstract Mining Consultants and indicates that the open pit mining scenario can potentially produce between 15,000t to 22,000t of copper and 625kt to 1.25Mt of magnetite concentrate per annum over a 10 year mine life. Given the market capitalisation of Avalon at its current share price is well below this estimated NPV, we believe there is considerable upside for our investment as the project is de-risked and moved towards development. For further details on the scoping study, I refer shareholders to the announcement made by Avalon on 9 July 2013.

Sweden is an attractive destination for mining investment. In the Fraser Institute's annual survey of mining companies for 2012-2013, Sweden ranked second (behind its neighbour Finland) in terms of policy for the development of mineral projects. This ranking reflects the favourable mining legislation of the country, its political and economic stability and its strong mining heritage.

Closer to home, Phoenix announced in October that it had entered a non-binding term sheet with Clean TeQ Holdings for the sale of Leigh Creek Copper Mine Pty Ltd (LCCM) which owns the Mountain of Light operation. Consideration to be received by Phoenix will include \$750,000 cash at completion, with further payments of up \$250,000 based on 20% of the net profit after tax of LCCM's operations. The sale is subject to satisfactory due diligence and formal documentation, which we expect to be completed by January 22<sup>nd</sup>, 2014.

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Before I commence the formal proceedings of the meeting today, I would like to take a moment to acknowledge the exceptional effort and dedication of James Fox and his small, but dedicated team for their work over the past year. I would also like to thank my fellow directors and our Company Secretary all of whom are in attendance today.

Finally, to our shareholders, thank you for your patience, loyalty and continued support.

I believe that the work completed during the past year demonstrates the Company is moving in the right direction. We have strong capabilities to recognise growth opportunities and to make significant discoveries across our projects. The upcoming year will undoubtedly be busy and challenging again for our team and we look forward to seeing the results of their efforts.

Graham Ascough  
*Chairman*  
Phoenix Copper Limited

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