

ASX ANNOUNCEMENT, 20th August 2012

RECOMMENCEMENT OF DRILLING AT BURRA NORTH

- The second stage of the diamond drilling program at the newly discovered Eagle Prospect at Burra North commenced today, 20th August 2012.
- Up to 12 diamond holes for a total of approximately 1,000m are planned to be drilled (see drill sites in Figure 3).
- The mineralised zone defined from the drilling to date is open in all directions and this drill program aims to identify its northern, southern and depth extents.
- Previously reported high grade copper results (see ASX release 26th June 2012) from the maiden 9 hole, 984.4m drill program in this area include:
 - PCD0040 - 26.3m¹ at 2.86% copper from 50.7m, including 15.7m at 4.65% copper from 61.1m (see Figure 1)
 - PCD0038 - 22.5m² at 0.81% copper from 94.9m, including 4.6m at 2.19% copper from 102.6m



Figure 1: Chalcopyrite in Brecciated Carbonate from 63.6-65.9m in PCD0040

This highly prospective area is located within the Adelaide Geosyncline, 800m to the north-west of the historic Monster Mine on the outskirts of Burra (see **Figure 2**).

The Monster Mine produced approximately 81,000t of copper from 2.7 million tonnes of predominantly oxide ore over two mining phases during the periods 1845 - 1871 and 1971 - 1981.

¹ All intercepts are down hole length, interpreted approximate true width 16.5m, interpreted approximate depth to start of mineralisation from surface is 44m.

² All intercepts are down hole length, interpreted approximate true width 14.1m

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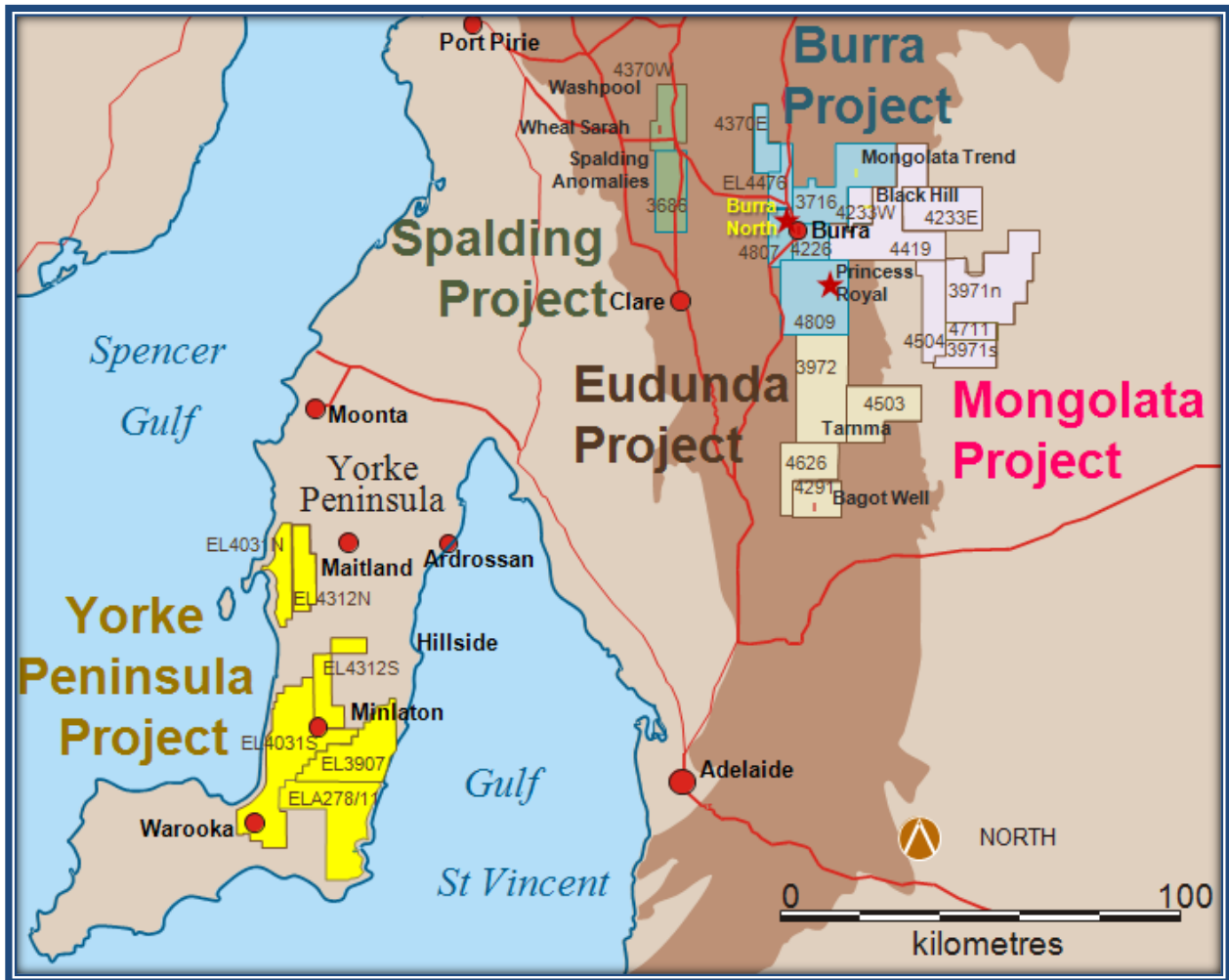


Figure 2: Phoenix Copper southern South Australia project location plan showing the Burra North project and the newly acquired exploration license EL3907 on the Yorke Peninsula

Activities and interpretation

Planning and approvals have been granted to begin a follow up diamond drilling program to the north of the Eagle Prospect mineralised zone.

Up to 12 diamond holes for a total of approximately 1,000m are planned to be drilled from up to 12 drill sites, (seen as pale blue flags in **Figure 3**). The program aims to drill test the interpreted strike of the mineralised zone and the down plunge extent of a possible mineralised shoot.

The recent interpretation of the location of historic shafts to the north west of the Monster Mine provides further confidence in Phoenix Copper’s model of Burra North mineralisation being along strike and part of the same system as the Monster Mine. The line of old shafts and thus potential copper mineralisation is interpreted to follow the trace of the Kingston fault from the Monster Mine pit edge and through the recently drilled holes **PCD0038 - PCD0043** (see **Figure 3**).

There is no record of any drilling between the Engine shaft and where Phoenix Copper have recently been drilling and continuing to the North of the Eagle Prospect. This zone is therefore undrilled and unexplored, and Phoenix Copper is excited to be able to continue mineral exploration in this area of significant prospectivity.



Figure 3: Aerial view of the Burra North prospect showing approximate historic shaft locations as dark blue squares, proposed Burra North drill sites as light blue boxes & flags and existing drill hole collars & traces in yellow.

Competent Person 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 who is a full-time employee of Phoenix Copper Limited. Mr Manly (BSc-Hons) is a Member of the Australasian Institute of Mining and Metallurgy and 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 their information in the form and context in which it appears.

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