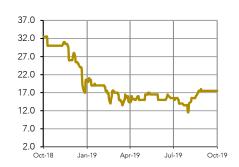
MINING FLASHNOTE

Phoenix Copper Ltd (PXC AIM)

21 October 2019

Stock Data	
Share Price:	17.50p
Market Cap (M):	£7.5
EV (M):	£7.3

Price Chart





Company Summary

Phoenix Copper Ltd is aiming to restart the Empire Copper Mine as a heap leach SX/EW mine in Idaho, USA. Following a successful restart, funds will be directed to exploration to extend mine life and develop a sulphide mine.

MAIN SHAREHOLDERS	HOLDING
Management	10.17%
Cheviot Capital Nominees	15.56%
JIM Nominees	12.75%
Lynchwood Nominees	6.67%
Pershing Nominees	6.59%
ExGen Resources	3.11%
Brandon Hill Capital	3.10%

Source: Bloomberg & Phoenix Global Mining

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Phoenix Highlights the polymetallic sulphide potential at the Red Star and White Knob Mine Group

BRANDON

Event

Phoenix Coper Ltd ("Phoenix") has announced the publication of a further report by Nigel Maund, that ties the geology and mineralisation of the Empire deposit to the mineralisation identified along a 2.5 km trend north through the Red Star resource and into the White Knob Mine Group all as part of a larger molybdenum-tungsten porphyry known as the "Empire Mineralised System".

Highlights

The key findings of the report are:

- High-grade silver, lead, and zinc (plus copper and gold) mineralisation extends on a northward strike from the main Empire copper deposit at least 2.5km and is focused on a series of mineralised shears/faults, along which occur the Red Star resource area, as well as the previously mined White Knob, Blue Bird, and Horseshoe deposits. Another 30 unnamed historic underground mines and prospects occur along the same trend.
- The silver, lead, zinc, copper and gold grades encountered in the Company's 2018 drilling programme at Red Star are consistent with the grades of the same metals found in channel samples taken from the ribs of underground workings in the White Knob, Blue Bird, Horseshoe mines 1 km to the north.
- The average production grades from the White Knob Mine were 204 g/t silver, 19% lead, 6.5% zinc and 0.73% copper. By comparison, the Red Star drilling results from 2018 drill holes KX18-55 and KX18-57, showed 9.15m of 361 g/t silver, 9.9% lead and 0.8% zinc, and 15.24m of 160 g/t silver, 13.3% lead and 1.4% zinc, respectively.
- Mined widths of 2m to 16m in the historic White Knob, Blue Bird, Horseshoe mines are similar to the mineralised drill hole intercept widths encountered in the 2018 drilling programme, with similar mineralogy.
- Maund concludes that the potential mineralised system, including the Empire, Red Star, and the White Knob Group, "has been less than 1% exploited and explored" and "this northern part of the system remains unexplored with indications of substantial ore potential".
- Maund also concludes that the mineralisation exhibited in the Red Star and White Knob Group trend is consistent with a molybdenum-tungsten porphyry system for which he attributed the Empire copper deposit to the south.

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Comment

Nigel Maund is the Consultant Economic Geologist to Phoenix. It is interesting that after the drilling of only three holes, Phoenix were able to generate a maiden NI 43-101 compliant resource of some 103,500 tonnes, grading 173.4g/t silver, 0.85g/t gold, 0.33% copper, 3.85% lead and 0.92% lead. Overall this resource contains over 0.5M oz of silver.

Individual holes have reported significantly higher grades than this with one un-numbered hole reported in the 2018 drilling as being 15.24m grading 160g/t silver, 2.83% lead and 1.4% zinc. The 2018 drilling programme obtained numerous high-grade interceptions, including grades of 12.05% copper, 20% lead, 5.83% zinc, 2.52 g/t gold and 580 g/t silver.

These are seriously good grades and definitely worth following up. Viewed differently, the average equivalent silver grade is a little above 15oz per tonne which is worth US\$255/t.

Phoenix has announced that it intends to "fast track the exploration of Red Star by drilling and sampling along the trend in order to delineate additional economic resources and reach a development decision by the end of H2 2020, whilst also continuing our Bankable Feasibility Study programme for the Empire Mine open pit copper oxide project."

The probability that any Pb/Zn/Ag mining would be by underground methods is due to the topography of the lease area. Access by an adit or decline would put plenty of ore above the access and with the typical widths of the orebody being between 6 and 16m, mining would be relatively inexpensive. Further, so long as access to the underground mine is on a patented claim, no further permissions are required for the unpatented claims.

With a total of 5.38km of strike between the south of the oxide pit and the north-western most historical workings on the Windy Devil lease, there is good potential for finding significant quantities of resources, especially so as the whole strike length is open at depth. Further there are at least three other known parallel systems, all containing historical working waiting to be explored.

This area is a magnetite/garnet skarn consisting of between 15 and 20% magnetite. In theory, a simple magnetite separator, after the grinding circuit would remove all this. There are two benefits to this:

- 1. It could provide a saleable magnetite concentrate which would be an additional revenue stream
- 2. It would result in a significantly smaller back end to the processing plant and a smaller tails dam

Essentially Phoenix is on its way to becoming a two project company where both projects, whilst totally different and using different technology are on the same leases and the environmental consents need will apply to both potential operations.

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 22 October 2019

Company Name	Disclosure
Phoenix Copper Limited (PXC AIM)	1, 2, 7, 8, 9

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