

MINING FLASHNOTE

Phoenix Copper Ltd (PXC AIM)

27 February 2020

Stock Data

Share Price:	11.00p
Market Cap (M):	£4.9
EV (M):	£4.7

Price Chart

52 Week Range

19.00p	11.00p	9.00p
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Company Summary

Phoenix Copper Ltd was originally aiming to restart the Empire Copper Mine as a heap leach SX/EW mine in Idaho, USA. The focus, due to low copper prices, is now on expanding the high grade polymetallic Red Star discovery and building a small high grade underground 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 Copper

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Phoenix Announces Equity Subscription for £1.185M and Loan Note Subscription to Refocus on Red Star

Event

Phoenix Copper Ltd ("Phoenix") has announced that it has raised a total of US\$2.0M (£1.539M) (before expenses) by way of a subscription for new ordinary shares of no par value each and the issue of unsecured loan notes. Of the US\$2.0M, US\$1,540,500 (£1.185M) has been raised by way of a subscription for 7,900,000 Ordinary Shares at a price of 15 pence per share, and US\$459,500 (£354,000) by way of an issue of 12 per cent unsecured loan notes, repayable on 30 September 2021. The Company will also grant a total of 450,000 warrants to the loan note holders which will be exercisable at 16 pence per share and valid until 31 July 2022. The Warrants will not be listed or quoted on AIM.

Comment

Phoenix is refocusing its attention on Red Star where the value of the ore per tonne is substantially higher than at the Empire Copper Resource. Consequently, the net proceeds of the Fundraising will be used for a drilling programme to expand the resources at the Company's Red Star silver deposit and the programme will commence immediately, with the intention of bringing Red Star into production in a short time frame.

Recent work has extended the vein length of Red Star to 320m and it is open at both ends. Further, an additional 2 veins have been discovered, both of which are undrilled. Red Star outcrops, and it is believed that substantial tonnages of polymetallic ore can be discovered at little cost. It is anticipated that the proposed drilling programme will quickly extend the resource along strike and into the newly discovered veins.

The Red Star resource currently stands at a NI-43-101 compliant 103,500 tons containing a silver equivalent of 1.6M oz of silver, when gold, lead, copper and zinc values are included. The value of the contained metal in the Red Star resource is US\$260/tonne of ore at today's metal prices, or US\$40.3M a year at a production rate of 155,000 tonnes of ore a year. Capital costs are anticipated to be in the region of US\$30M.

During 2020 the Company plans to complete a drilling programme on Red Star to generate a Measured and Indicated resource sufficient to justify a small underground "adit" mine with a flotation process plant to produce lead-silver, copper-gold and zinc concentrates. The scale of operations will be in the region of 450 tpd or 155,000 tonnes a year. BHC understands that this can be achieved quickly and economically due to the availability of good quality second hand processing equipment and the fact that the resources are located on patented claims which require minimal permitting.

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 27 February 2020

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

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