

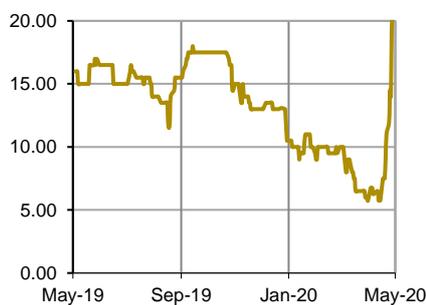
MINING FLASHNOTE

Phoenix Copper Ltd (PXC AIM)

04 May 2020

Stock Data

Share Price:	22.90p
Market Cap (M):	£12.06
EV (M):	£12.63

Price Chart

52 Week Range

23.00p	22.90p
4.5p	

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

Cheviot Capital Nominees	27.74%
Board & management	9.44%
JIM Nominees	8.30%
WB Nominees	5.82%
Lynchwood Nominees	5.62%
Pershing Nominees	5.62%
Hargreaves Lansdowne	5.39%

Source: Bloomberg & Phoenix Copper

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Phoenix announces Updated NI-43-101 compliant resource for the Empire Mine

Event

Phoenix Copper Ltd ("Phoenix") has announced an updated NI 43-101 compliant resource for its Empire Open Pit Mine in Idaho, USA.

Highlight

The revised measured and indicated resource is 19.3Mt grading 0.42% copper, 0.2% zinc, 11g/t silver and 0.351g/t gold. There are an additional 10.54Mt of inferred ore grading 0.46% copper, 0.12% zinc, 7.9g/t silver and 0.368g/t gold. (Please refer table 1)

Comment

The same drilling results were used for both calculations. The new resource contains, including the inferred resources, 130kt of copper, 50.5kt of zinc, 9.5M oz of silver and 342k oz of gold. The reason for the significant increase in contained metal is that the cut-off grade has been changed from 0.184% copper to 0.36% copper equivalent. The percentage increases in metal content for each of the four metals are copper, up 40%, zinc up 43%, silver up 29% and gold up 87%.

When the original ore resources were calculated, they were based on the assumption that the ore would be heap leached for copper. This process does not extract the gold and silver, and so their values were not included in the calculation. The new ore resource assumes a tanked leach which can extract all the metals, and with significantly higher recoveries. The other interesting fact is that between the original resource calculation and the new figures, the copper price had dropped 20%, and the zinc price 33%. Silver was up 1% and gold up 24%.

After a detailed review by Phoenix of all of the geochemical and geological data available for the Empire open pit project, it was noted that much of the gold and silver in the deposit was not being included as part of the oxide copper resource because the gold and silver mineralization was not always spatially associated with copper grades meeting the cut-off criteria. It is believed that this is perhaps due to a gold and silver mineralizing event that occurred later than the primary copper mineralizing event and occurred on a trend with a different orientation than the primary copper mineralization.

In this updated resource estimation Hard Rock Consulting modelled the various mineralized trends separately so that substantial gold and silver grades could stand on their own and not be subjected solely to the surrounding copper values. This has resulted in a larger overall pit shell that is inclusive of significantly more metal.

This is a very positive outcome for Phoenix, with a much bigger pit shell containing significantly more metal despite the decline in the copper and zinc prices. The next step is further metallurgical work to test for a new flowsheet to maximise all metal recoveries and then update the PEA.

Table 1: Mineral Resource Statement for Empire Mine, after Hard Rock Consulting, May 2020

CLASS	Tonnes	Cu Equiv %	Average Grade				Metal Content				
			Cu %	Zn %	Ag g/t	Au g/t	Cu tonnes	Zn tonnes	Ag ozs	Au ozs	Cu Equiv Tonnes
Measured	6,389,000	0.82	0.46	0.22	11.8	0.315	29,134	14,184	2,423,810	64,703	52,408
Indicated	12,913,000	0.79	0.41	0.18	10.6	0.368	52,814	23,502	4,400,649	152,797	102,094
M+I	19,302,000	0.80	0.42	0.20	11.0	0.351	81,948	37,685	6,824,460	217,500	154,502
<i>Inferred</i>	<i>10,544,000</i>	<i>0.81</i>	<i>0.46</i>	<i>0.12</i>	<i>7.9</i>	<i>0.368</i>	<i>47,975</i>	<i>12,864</i>	<i>2,678,035</i>	<i>124,749</i>	<i>85,043</i>

Source: Phoenix Copper

Research Disclosures

Peter Rose

Peter has 34 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 13 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 04 May 2020

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

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