

MINING FLASHNOTE

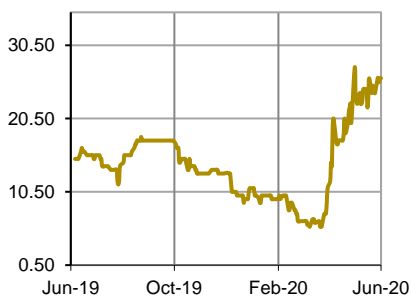
Phoenix Copper Ltd (PXC AIM)

29 June 2020

Stock Data

Share Price:	28.50p
Market Cap (M):	£16.24
EV (M):	£16.29

Price Chart



52 Week Range

28.75p	28.50p	4.5p
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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
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 Empire Mine gold recoveries in excess of 97% using thiosulphate

Event

Phoenix Copper Ltd ("Phoenix") has announced extremely positive results from the initial metallurgical test work at the AuRIC laboratories in Salt Lake City, for the recovery of precious metals occurring in the Empire Mine deposit.

Highlights

The highlights of the test work were:

- Precious metals tests performed on samples from the Empire open pit deposit using non-toxic ammonium thiosulfate (ATS) reagent resulted in gold recoveries of 97.8% and 97.7%, and silver recoveries of 69.8% and 78.2%, respectively
- ATS reagent consumption comparable to sodium cyanide in back-to-back bench scale tests

Comment

There are several key aspects of this work, which are extremely positive.

Firstly ATS is a non-toxic inorganic compound that is primarily used as a fertilizer. Therefore it is regarded as being environmentally friendly. If Phoenix had had to apply for a cyanide licence, it would probably have lengthened the permitting process by at least 12 months.

Secondly, it works in the presence of copper, whereas cyanide dissolves oxide copper and this has a tendency to increase the cyanide consumption. It also has lower cost than sodium cyanide.

Thirdly, as Tables 2 & 3 show, the recovery times are very short, with gold recoveries in the high 90's being achieved in as little as three hours.

This test work was conducted on several samples, all of which came from a 400lb metallurgical sample that graded 12.8g/t gold. Multiple individual samples were used, the largest being 3,000g. The grade was very high at 12.8g/t, compared to the average gold grade of the measured and indicated resources at the Empire pit of 0.35g/t. This suggests that recoveries in an actual processing plant would be a bit lower, but BHC would still expect them to be well over 90%. The size of the ground ore was minus 80 mesh, strongly suggesting that Phoenix are looking at a tanked leach.

On the back of this test work, which may be seen as a game changer, a pilot scale test plant, sited in the AuRIC Laboratory in Salt Lake City and scaled to run multiple tonnage leach samples from various locations around the Empire open pit deposit using the ATS reagent is being prepared. This will be followed by pilot scale testing on the project site.

Further, Phoenix has also mobilized a reverse-circulation drill rig that is currently drilling extensions to the existing gold and silver resources with the intent of adding additional resource, as well as upgrading the inferred tonnes to the measured and indicated categories.

As shown in Table 1 below, there are 10.5Mt grading 0.368g/t gold, 7.9g/t silver

and 0.46% copper in the inferred category. This contains an inferred 125k oz of gold, 2.68M oz of silver and 48kt of copper. The grades in the inferred category are actually higher than those in the measured and inferred categories. If all goes well, the de-risking of the Empire mine will also raise the overall grades of copper and gold, and with the exception of silver, has the potential to raise contained metal by up to 50% in measured and indicated resources.

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
Inferred	10,544,000	0.81	0.46	0.12	7.9	0.368	47,975	12,864	2,678,035	124,749	85,043

Source: Phoenix Copper

Table 2: 3,000g Bench Scale Test Results using Ammonia Thiosulfate Run 1

Test 4894C											
Time (h)	Free ATS (g/L)	ATS Cons. %	pH	Solution Volume (mL)	Au (g/ton) 12.78			Ag (g/ton) 13.43			
					ppm	g/ton	% Rec	ppm	g/ton	% Rec	
0	14.82	---	10.20	4,500		0.000			0.00	0.000	0.0%
1	14.38	2.97%	10.20	4,500	7.05	10.575	82.7%	3.75	5.625	41.9%	
2	14.30	3.51%	10.18	4,500	7.88	11.820	92.5%	4.12	6.173	46.0%	
3	14.22	4.05%	10.14	4,500	8.15	12.225	95.7%	5.93	8.888	66.2%	
4	14.20	4.18%	10.14	4,500	8.32	12.480	97.7%	6.08	9.113	67.9%	
5	14.18	4.32%	10.11	4,500	8.3	12.450	97.4%	6.24	9.366	69.7%	
6	14.18	4.32%	10.06	4,500	8.33	12.495	97.8%	6.25	9.374	69.8%	

Source: Phoenix Copper

Table 3: 3,000g Bench Scale Test Results using Ammonia Thiosulfate Run 2

Test 4899C											
Time (h)	Free ATS (g/L)	ATS Cons. %	pH	Solution Volume (mL)	Au (g/ton) 12.78			Ag (g/ton) 13.43			
					ppm	g/ton	% Rec	ppm	g/ton	% Rec	
0	29.64	---	10.20	4,500		0.000			0.00	0.000	0.0%
1	29.00	2.16%	10.20	4,500	7.10	10.650	83.3%	4.16	6.236	46.4%	
2	28.85	2.67%	10.20	4,500	7.95	11.925	93.3%	5.70	8.543	63.6%	
3	28.65	3.34%	10.18	4,500	8.18	12.270	96.0%	6.80	10.193	75.9%	
4	28.47	3.95%	10.18	4,500	8.32	12.480	97.7%	6.91	10.358	77.1%	
5	28.37	4.28%	10.19	4,500	8.328	12.492	97.7%	7.00	10.500	78.2%	
6	28.33	4.42%	10.18	4500	8.322	12.483	97.7%	7.00	10.500	78.2%	

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 29 June 2020

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

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