

MINING FLASHNOTE

Phoenix Global Mining (PGM AIM)

24 September 2018

Stock Data

Share Price:	36.0p
Market Cap (M):	£11.4
EV (M):	£9.6

Price Chart



52 Week Range

51.25p	36.0p	27.50p
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Company Summary

Phoenix Global Mining 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	11.5%
Morebath Fund	7.0%
ExGen Resources	4.2%

Source: Phoenix Global

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2018 Empire Mine Drilling Programme Intercepts High Grade Sulphide Mineralisation

Event

Phoenix Global Mining ("Phoenix") has announced intercepts of high grade copper mineralisation with mineralised extensions recognised to the north and at depth.

Highlights

This highlights of the step out drilling were:

- KX18-10 24.7m @ 3.3% copper equ. from 7.3m, including 1.5m @ 10.13% copper equ. from 11.9m and 2.9m @ 9.11% copper equ from 26.5m
- KX18-44 19.8m @ 2.98% copper equ from 164.6m including 7.6m @ 6.38% copper equ and 1.6m @ 12.88% copper equ from 168m
- KX18-36 3.0m @ 3.03% copper equ from 94.5m
- KX18-39 7.6m @ 1.22% copper equ from 6.1m
- KX18-47 18.3m @ 1.72% copper equ from 54.9m and 4.6m @ 4.83% copper equ from 77.7m
- KX18-9 2.7m @ 5.46% copper equ from 26.4m
- KX18-12 4.0m @ 0.71% copper equ from 88.4m

Comment

This is another excellent set of drill results and lends much support to our argument in the last flashnote that BHC expects a significant increase in the size of the ore resource when it is recalculated.

In the highlights, the first two holes were drilled within the proposed open pit to upgrade the inferred resources whereas the other 5 holes were drilled outside the open pit.

The grades are reported as copper equivalent grades which is a departure from the norm for Phoenix. This does not detract from the fact that some of the holes have very good copper grades, as shown in the Phoenix press release. However, it does show that there are some very good zinc, gold and silver grades in the anticipated open pit. This could sway management's thinking about a simple heap leach for copper only. If an agitated or tanked leach were to be used, the costs would rise, but the recoveries would go up by around 50% and the gold and silver could be taken up front instead of when the copper leach is completed in around 10 years' time. Because such a circuit would require a grinding circuit, it would also facilitate the processing of sulphides once the oxide mining was complete.

Five of the reported holes were primarily in bornite and chalcopyrite copper sulphide mineralisation. Exactly which holes they were was not disclosed, but as most of the holes were relatively shallow, it suggests that the sulphide zone starts at a shallow depth and may confirmed the presence of sulphide mineralisation beneath the oxide open pit.

Phoenix also reported the discovery of a new zone of surface mineralisation in the Empire block, now referred to as Red Star. Red Star is located approximately 330m north-west of the northern end of the Empire resource area and is a 20m-wide surface outcrop across the structure. The mineralisation is a mix of oxides and sulphides, with strong chrysocolla and bornite showings, exposed in a heavily timbered canyon. There is a distinct possibility that the northern end of the Empire resource area could extend all the way to Red Star.

Hole KX18-44 reported 19.8m of 1.88% copper including 7.6m of 4.23%, and 1.6m of 8.85% copper, all of which sits below the Empire PEA pit shell and is expected to have a positive effect on the expansion of the resource in that area.

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 11 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 24 September 2018

<u>Company Name</u>	<u>Disclosure</u>
Phoenix Global Mining (PGM AIM)	1, 2, 7, 8, 9

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