

MINING FLASHNOTE

Phoenix Copper Ltd (PXC AIM)

29 July 2020

Stock Data

Share Price:	41.30p
Market Cap (M):	£26.23
EV (M):	£25.46

Price Chart

52 Week Range

43.33p
 4.5p
41.30p

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

Martin Hughes	21.59%
Directors	8.70%
Hargreaves Lansdowne	6.54%
Pershing Nominees	6.29%
Bank of New York (Nominees)	5.80%
Cheviot Capital (Nominees)	5.56%

Source: Bloomberg & Phoenix Copper

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Phoenix announces robust drilling results from the Empire Mine open pit gold zone

Event

Phoenix Copper Ltd ("Phoenix") has announced the initial results from the Company's ongoing drilling programme at the Empire Mine open pit project in Idaho, USA (the 'Empire Mine').

Highlights

The highlights of the drilling results were:

- Hole KX20-01 intercepted 13.7m at 3.45g/t gold from 4.6m, including 1.6m at 3.45g/t from 10.7m and 1.6m at 4.4g/t from 13.7m
- Hole KX20-02 intercepted 4.6m at 2.07g/t gold from 30.5m, including 1.6m at 3.23g/t from 32m
- Hole KX20-05 intercepted 1.6m at 8.45g/t gold from 4.6m
- Hole KX20-07 intercepted 1.6m at 3.4g/t gold from 53.3m

Comment

These are excellent results, both concerning grade and the depth of the intercepts, which are very shallow. Phoenix did not comment on holes KX20-3 and 4. BHC understands that one hit an old stope and had to be abandoned and the other was outside of the gold envelope. Historically, during the 2018 field season, channel sample 15486 assayed 36 g/t gold from a surface outcrop, and drill hole KX18-54, a 3m long interval at 24.4 to 27.4m depth, assayed 22.3 g/t gold in the same zone on the north end of the Empire Mine property. These assay results were included in the resource modelling completed since that time, but were not singled out for reporting in 2018 due to the fact that the associated copper assays from those samples did not meet the copper cut-off reporting criteria.

The channel sampling also gave excellent results, with some high grade copper assays, over 2.5% Cu.

It is a pity that the diamond drilling results did not include copper assays as the proposed copper pit and the high grade gold zone are not exclusive of one another. So far, the results of the first 7 holes of a 30 hole RC drill programme for 1,500m of drilling have been released, and the results are very encouraging. There will also be 2 diamond holes, excluding the Red Star drilling, and BHC expects to see a lift in the overall size of the Empire resources.

The first two 1-tonne metallurgical samples for the testing of thiosulphate gold recovery have been delivered to the laboratory for pilot scale testing.

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 metal inventories 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
<i>Inferred</i>	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

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 July 2020

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

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