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Phoenix Copper Limited / Ticker: PXC / Sector: Mining

16 September 2019

**Phoenix Copper Limited (PXC) (the "Company" or "Phoenix")  
Interim Results**

Phoenix Copper Limited (AIM: PXC; OTCQX: PGMLF), the AIM quoted North American focused base and precious metals exploration and development company, is pleased to announce its unaudited interim results for the six months ended 30 June 2019.

**Highlights**

**Empire Copper Mine, Idaho, USA**

- Updated 'Measured & Indicated' open pit resource containing 73,872 tonnes copper, 29,813 tonnes zinc, 139,000 ounces gold and 6.038 million ounces silver
- New open pit economic model to produce 7,665 tons copper equivalent annually (7,000 tons copper and 1,600 tons zinc) over the life of mine (with initial production of 8,600 tons per annum)
- Bankable Feasibility Study ("BFS") on open pit heap leach SX-EW project underway
- Land acreage increased to 5,717 acres, including 2,420 acre Navarre Creek gold zone
- Maiden 'Inferred' sulphide resource at newly discovered Red Star lead / silver zone
- Lead financial adviser appointed to arrange structured project finance

**Corporate and Financial**

- \$2.1 million raised during the period
- \$1.0 million invested in the Empire Mine
- Net assets increased to \$10.56 million (2018: \$9.61 million)
- 20% decrease in administrative costs to \$452,129 (2018: \$568,381), excluding (non-cash) share-based payments charge of \$211,124
- Net loss for the period of \$666,682, comprising administrative costs and (non-cash) share based payments charge (2018: \$679,817)
- Company name changed to Phoenix Copper Ltd

## Chairman's Statement

Dear Shareholders

We are pleased to present our first set of interim results as Phoenix Copper Ltd. The name change reflects our focus on the mining-friendly state of Idaho and our commitment to commence early production of copper from the Empire mine.

Since my last letter to you we have been preparing the updated economic model for the open pit copper project at Empire, and I am glad to say the economics of this project are increasingly robust. We plan average annual production of 7,665 tons of copper equivalent (7,000 tons copper and 1,600 tons zinc) over the 11 year life of the mine, with initial production of 8,600 tons per annum. The initial head grade of 0.60% copper is significantly higher than the global average for copper oxide mines.

According to a May 2018 study by Mining Intelligence, operating mines currently have an average grade of 0.53%, a figure which includes higher-grade sulphide ore mines such as we have underneath our open-pit project, while copper projects under development have an average grade of 0.39%.

With an initial estimated capital cost of \$51 million, and a life-of-mine copper equivalent cash cost of \$1.33/lb in the early years, rising to \$1.72/lb, the project generates a life of mine EBITDA of \$202 million and after tax cash flow of \$177 million at \$3.25/lb copper, resulting in a 7% NPV of \$55.5 million post-tax and IRR of 33% at \$3.25/lb copper, and \$25.5 million and 20% at \$2.75/lb copper.

We also have 139,000 ounces of gold and 6 million ounces of silver in the open pit at Empire, which are not included in the above projections.

At the time of writing, copper is trading just above a two year low at \$2.63/lb. The market seems more fearful of a continued US - China trade war and threat of a global recession, than optimistic about the accelerated roll-out of the electric vehicle pool and the switch to green energy. It must be remembered that the copper story is also one of a growing supply deficit as there are few new mines being built, and the grades in the existing ones are declining.

Wood Mackenzie, one of the more reliable forecasters, sees copper rising to over \$3.80/lb in 2020 and \$3.70 in 2021, which is when we hope to commence production, and a long-term price of \$3.30, which would suit us very nicely.

We believe that the Empire open pit represents the first stage in a potential world class mine, surrounded by significant exploration upside, and offering exposure to high-value metals with compelling demand and supply fundamentals, and a major role to play in a new world order of clean energy and electric vehicles.

As announced recently we are working closely with our project finance advisers, Medea Natural Resources, on raising the mezzanine and construction finance, predominantly through debt rather than equity, and look forward to updating the market with developments in the coming months.

Thank you all for your support.

Marcus Edwards-Jones MA  
Chairman

For further information please visit [www.phoenixcopperlimited.com](http://www.phoenixcopperlimited.com) or contact:

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### **Principal activities and review of the business**

I am pleased to report that it has been another period in which the goals set have been achieved and which are summarised below.

#### **Empire Mine – Open Pit Copper Project, Idaho, USA**

Following our 2017 and 2018 drilling programmes, in May 2019 we announced an updated NI 43-101 compliant resource for the Empire open pit heap leach solvent extraction and electro-winning (“SX-EW”) project. The model used a 0.184% copper cut-off grade and resulted in an updated “Measured and Indicated” resource containing 73,872 tonnes of copper, 29,813 tonnes of zinc, 139,000 ounces of gold, and 6,038,000 ounces of silver giving a combined metal value at current prices of approximately \$850 million.

Based on the updated open pit resource, the Company announced the completion of a new economic model in August 2019, the highlights of which were as follows:

- Average annual production of 7,665 tons of copper equivalent (7,000 tons copper and 1,600 tons zinc) over the life of the mine (with initial production of 8,600 tons per annum)
- 11-year mine life, including processing of a lower grade stockpile, leaching 1.6 million tons per annum
- Initial head grade of 0.60% copper
- Initial capital cost of \$51 million
- Life of mine copper equivalent cash cost of \$1.72/lb (\$1.33/lb in early years)
- Life of mine EBITDA of \$202 million and after tax cash flow of \$177 million at \$3.25/lb copper
- 7% NPV of \$55.5 million post-tax and IRR of 33% at \$3.25/lb copper
- 7% NPV of \$25.5 million post-tax and IRR of 20% at \$2.75/lb copper

The Company used the pit production schedule prepared by Hard Rock Consulting and production, capital and operating cost estimates prepared by Phoenix staff in conjunction with Hard Rock Consulting. The new economic model was based on ore production of 1.6 million tons per annum over an initial nine-year mine life, with an additional two years of low-grade ore processing at the end of mining. The model also used current market data and forms the basis of the BFS, currently underway and scheduled for completion in Q2 2020. However, it should be noted that the new economic model accounted for the recovery of copper and zinc but did not consider recovery of the contained gold and silver. The BFS will be based only on the “Measured and Indicated” resources. At a 0.325% copper cut-off grade there are over 10 million tonnes in the “Measured and Indicated” category with an average grade of 0.60% copper and 0.21% zinc, plus five million tonnes of low-grade stockpile for subsequent processing.

Idaho is a mining friendly jurisdiction ranked equal first for least perceived risk by the Mining Journal Risk Report 2018. The local community of Mackay wholly supports the re-opening of the Empire Mine, which will revive a town originally established to support the historic mining activity. There are also no apparent environmental or permitting obstacles. Empire is a brownfield site with no legacy issues, and no known flora, fauna, indigenous tribal, migratory fish or water issues. Furthermore, much of the project is on patented land.

In July 2019 the Company announced the appointment of Medea Natural Resources Ltd (“Medea”), a specialist mining finance advisory firm, as the lead financial adviser to arrange structured project financing of up to \$70 million to construct the Empire Mine open pit project, including \$10 million of advance mezzanine debt financing. The Company is now working closely with Medea and Hard Rock Consulting to further optimise the economic model as part of the BFS process.

### **Empire Mine – Property Claims**

At the time of the Company’s IPO in mid-2017, the Empire Mine property consisted of 818 acres. In 2018 the property area was increased to 1,837 acres after acquiring an additional 54 claims containing the northern extension of the Empire Mine skarn orebody through to the Horseshoe, White Knob and Bluebird past producing mines. In February 2019 another 194 claims were staked which increased the property to 5,717 acres (23.14 square kilometres). The extension includes more than 30 historical prospects, shafts and adits north of the Horseshoe block into the Windy Devil area, resulting in an overall length of identified contiguous skarn mineralisation of some 5.38 kilometres. It also includes the Navarre Creek

area some 6.5 kilometres west of the Empire Mine, a 2,420-acre zone, geologically similar to the Carlin Trend gold belt in Nevada and suggesting excellent potential for gold and silver discoveries.

#### **Empire Mine - Sulphide Potential and high-grade Red Star Discovery**

In early 2018 the Company was pleased to report the results from two deep diamond drill holes completed in late 2017, which confirmed the presence of higher-grade sulphide mineralisation in the skarn structures at depth. Both of the core holes intersected mineralised skarn over much of their length and the analytical data from both drill holes intersected numerous significant intervals of copper, gold, silver, zinc, lead, and tungsten throughout their depths. The tungsten values were particularly interesting as they positively reinforced the Company's consulting geologist's predictions of the Empire system hosting significant values of tungsten at depth. In 2018 five drill holes intercepted copper sulphide mineralisation. One hole returned 5.53% copper, 7.67 g/t gold, and 120 g/t silver, and was further north of any historical underground mining, whilst another returned 5.19% copper adjacent to historical underground workings. The gold and silver grades generally are major considerations, ranging to 7.93 g/t gold and 256 g/t silver. The new acquisitions of the Horseshoe and Windy Devil blocks of claims to the north of the Empire block also present sulphide potential for lead, zinc and silver, as well as copper at depth, and further sampling will take place on these properties.

In 2018, a new zone of surface mineralisation, now named Red Star, was discovered, located 330 metres north-northwest of the Empire oxide pit on the patented mining property. Red Star was identified from a 20 metres wide surface outcrop across the skarn structure, exposed during drill road construction, with the surface mineralisation a spectacular mixture of oxides and sulphides, with strong chrysocolla and bornite showings, exposed in a heavily timbered canyon. Three reverse circulation drill holes were drilled on the target and assay results reported the presence of high-grade lead and silver sulphides including intercepts of 20% lead and 1,111 g/t silver over 1.52 metres. In early May 2019, the Company announced a small maiden "Inferred" sulphide resource of 103,500 tonnes, containing 577,000 ounces of silver, 3,988 tonnes of lead, 957 tonnes of zinc, 338 tonnes of copper, and 2,800 ounces of gold. Red Star represents an exciting exploration prospect.

#### **Empire Mine - Medium/Long Term Exploration Potential**

In April 2019 Nigel Maund, our consultant geologist, completed an update of his 2015 overview report of the Empire Mine geological setting and mineralisation. He visited the property in March 2019 to review the work completed in 2018 and 2019. Amongst his conclusions, he confirmed that the Empire Mine comprises a world class polymetallic ore system containing tungsten and molybdenum as well as copper, gold, silver, zinc and lead and that the mine is sited along a major north south structure with some five kilometres of geologic strike, compared with one kilometre covered by the heap leach SX-EW copper project. Furthermore, he reported that exploration has to date focused on the near surface open pit oxides and he is of the opinion that only 1% to 2% of the ore system has been tested to date.

#### **Empire Mine - Navarre Creek – Gold**

In February 2019, the Company staked a 2,240-acre group of claims along Navarre Creek, some 6.5 kilometres west of the Empire Mine. This zone is comprised of a mineralised jasperoid, geologically similar to the Carlin Trend gold belt in Nevada, which is exposed almost continuously in both outcrop and surface

float for 9.3 kilometres and pinches and swells from 15 metres to in excess of 100 metres along strike. The Navarre Creek geology is predominantly volcanic showing strong argillic and silicic alteration typical of a near surface hydrothermal system, and suggests excellent potential for near surface precious metal discoveries.

### **Borah Resources – Idaho Cobalt Belt**

Borah Resources is a 100% owned Idaho registered subsidiary of the Company. Given the world's growing need for battery metals, our Redcastle and Bighorn cobalt properties represent a timely acquisition for the Company, strategically located in the USA's only prospective cobalt region, the Idaho Cobalt Belt, approximately 161 kilometres north of the Empire Mine. In 2018 the results of the reconnaissance programme of 46 surface grab samples showed cobalt values ranging from two ppm to 0.31% cobalt. The 2018 exploration programme focused on detailed structural and stratigraphical mapping, as well as rock chip and channel sampling. The Company's historical sampling results confirm the presence of cobalt across both properties, and especially the continuity of the rocks at Redcastle from First Cobalt's Iron Creek property, which augurs well for future exploration plans.

### **Gordon Lake Gold – Northwest Territories, Canada**

In February 2018, the Company signed an option agreement with ExGen Resources Inc to earn into an 80% interest in the Gordon Lake high grade, shear-hosted gold exploration project located 110 kilometres northeast of Yellowknife, in the Northwest Territories, Canada. In early 2019, and taking into account the gold exploration potential of the Navarre Creek claim block, a decision was made to let the option lapse in order to focus our activities in Idaho.

### **Outlook**

We entered 2019 waiting for the last of the Empire Mine 2018 drilling assay results. The new resource, completed in May 2019, coupled with our recent economic model of the Empire open pit, provides the platform on which to complete the BFS with the objective of achieving early copper cathode and zinc production.

At the beginning of July, we announced our Company change of name from Phoenix Global Mining Ltd to Phoenix Copper Ltd, a positive statement to the market of our intention to be one of North America's first new copper producers in the short-term and reinforcing the Company's focus on our operations in the USA, and Idaho in particular.

We view the initial open pit development at the Empire Mine as very much the "starter mine" in a significant mineralised system that also contains the high grade Red Star discovery, the deeper underground sulphide orebody at Empire and three other past producing mines at Horseshoe, White Knob and Bluebird. The Red Star discovery has given us an immediate and seriously attractive low cost near surface sulphide exploration target, and the expanded claim holdings secure our future, providing the Company with potential base and precious metals resources and perhaps the discovery of a world class copper, gold, silver deposit.

Dennis Thomas  
Chief Executive Officer

## **Financial Overview**

The Group reports a loss for the six months ended 30 June 2019 of \$666,682 (2018: \$679,817). This loss includes \$211,124 (2018: \$99,629) of (non-cash) share-based payments attributable to warrants and options granted by the Company. Net assets totalled \$10.56 million (2018: \$9.61 million).

During the period the Company raised a further £1.65 million (\$2.11 million) issuing 9,705,882 new ordinary shares at 17 pence per share. Outstanding share capital is now 42,784,881 shares. The Company also has 6,272,102 warrants and 1,225,000 options in issue. Of the warrants, 327,094 are exercisable at 60 pence and expire on 31 December 2019, 127,962 are exercisable at 21 pence and expire on 14 June 2020, 641,157 are exercisable at 40 pence and expire on 28 June 2020, 427,343 are exercisable at 35 pence and expire on 30 June 2020, and 4,748,546 are exercisable at 28 pence and expire on 31 January 2022. The options are exercisable at 45 pence and expire on 21 June 2020.

The directors recognise the importance of sound corporate governance and have applied the Quoted Companies Alliance's Corporate Governance Code 2018 (the "QCA" Code) from September 2018. The Company's Corporate Governance Statement is published on the Company's website and is reviewed annually.

Richard Wilkins  
Chief Financial Officer

<b>Condensed consolidated income statement</b>	<b>Note</b>	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Unaudited 6 months to 30 June 2018 \$</b>	<b>Audited 12 months to 31 December 2018 \$</b>
<b>Continuing operations</b>				
Revenue	<b>3</b>	-	-	-
Exploration and evaluation expenditure		(3,429)	(13,516)	(169,863)
<b>Gross loss</b>		<u>(3,429)</u>	<u>(13,516)</u>	<u>(169,863)</u>
Administrative expenses		(663,253)	(668,010)	(1,347,980)
Expenses of placing	<b>4</b>	-	-	(136,127)
<b>Total administrative expenses</b>		<u>(663,253)</u>	<u>(668,010)</u>	<u>(1,484,107)</u>
<b>Loss from operations</b>	<b>5</b>	(666,682)	(681,526)	(1,653,970)
Finance income		-	1,709	1,709
<b>Loss before taxation</b>		<u>(666,682)</u>	<u>(679,817)</u>	<u>(1,652,261)</u>
Taxation		-	-	-
<b>Loss for the period</b>		<u>(666,682)</u>	<u>(679,817)</u>	<u>(1,652,261)</u>
<i>Loss attributable to:</i>				
- Owners of the parent		(660,100)	(672,393)	(1,635,428)
- Non-controlling interests		(6,582)	(7,424)	(16,833)
		<u>(666,682)</u>	<u>(679,817)</u>	<u>(1,652,261)</u>
Basic and diluted loss per share – cents	<b>6</b>	<u>(1.87)</u>	<u>(2.80)</u>	<u>(5.82)</u>

The revenue, expenditures and operating result for each period is derived from acquired and continuing operations in North America and the United Kingdom.

**Condensed consolidated statement of comprehensive income**

	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Unaudited 6 months to 30 June 2018 \$</b>	<b>Audited 12 months to 31 December 2018 \$</b>
Loss for the period and total comprehensive income for the period	(666,682)	(679,817)	(1,652,261)
<i>Total comprehensive income for the period attributable to:</i>			
Owners of the parent company	(660,100)	(672,393)	(1,635,428)
Non-controlling interests	(6,582)	(7,424)	(16,833)
	<u>(666,682)</u>	<u>(679,817)</u>	<u>(1,652,261)</u>

**Condensed consolidated statement of  
financial position**

		Unaudited 30 June 2019 \$	Unaudited 30 June 2018 \$	Audited 31 December 2018 \$
<b>Non-current assets</b>				
Property, plant and equipment – mining property	<b>7</b>	10,879,130	7,531,057	9,876,697
Intangible assets	<b>8</b>	222,160	253,522	207,160
<b>Total non-current assets</b>		<b>11,101,290</b>	<b>7,784,579</b>	<b>10,083,857</b>
<b>Current assets</b>				
Trade and other receivables	<b>9</b>	159,963	449,009	212,516
Cash and cash equivalents		316,393	2,501,811	112,964
<b>Total current assets</b>		<b>476,356</b>	<b>2,950,820</b>	<b>325,480</b>
<b>Total assets</b>		<b>11,577,646</b>	<b>10,735,399</b>	<b>10,409,337</b>
<b>Current liabilities</b>				
Trade and other payables	<b>10</b>	260,656	363,772	501,301
<b>Total current liabilities</b>		<b>260,656</b>	<b>363,772</b>	<b>501,301</b>
<b>Non-current liabilities</b>				
Provisions	<b>11</b>	757,702	757,702	757,702
<b>Total non-current liabilities</b>		<b>757,702</b>	<b>757,702</b>	<b>757,702</b>
<b>Total liabilities</b>		<b>1,018,358</b>	<b>1,121,474</b>	<b>1,259,003</b>
<b>Net assets</b>		<b>10,559,288</b>	<b>9,613,925</b>	<b>9,150,334</b>
<b>Equity</b>				
Share capital	<b>12</b>	-	-	-
Share premium account		15,226,865	12,927,703	13,362,353
Retained deficit		(4,787,412)	(3,449,604)	(4,338,436)
Translation reserve		(18,588)	(18,588)	(18,588)
Capital and reserves attributable to the owners of the parent company		10,420,865	9,459,511	9,005,329
Non-controlling interests		138,423	154,414	145,005
<b>Total equity</b>		<b>10,559,288</b>	<b>9,613,925</b>	<b>9,150,334</b>

**Condensed consolidated statement of changes in equity**

	Share premium	Retained deficit	Translation reserve	Total	Non-controlling interests	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2018</b>	<b>9,034,541</b>	<b>(2,876,840)</b>	<b>(18,588)</b>	<b>6,193,113</b>	<b>161,838</b>	<b>6,300,951</b>
Loss for the period	-	(672,393)	-	(672,393)	(7,424)	(679,817)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	(672,393)	-	(672,393)	(7,424)	(799,943)
Shares issued in the period	4,195,901	-	-	4,195,901	-	4,195,901
Share issue expenses	(302,739)	-	-	(302,739)	-	(302,739)
Share-based payments	-	99,629	-	99,629	-	99,629
Total contribution by owners	3,893,162	99,629	-	3,992,791	-	3,992,791
<b>Balance at 30 June 2018</b>	<b>12,927,703</b>	<b>(3,449,604)</b>	<b>(18,588)</b>	<b>9,459,511</b>	<b>154,414</b>	<b>9,613,925</b>
Loss for the period	-	(963,035)	-	(963,035)	(9,409)	(972,444)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	(963,035)	-	(963,035)	(9,409)	(972,444)
Shares issued in the period	457,826	-	-	457,826	-	457,826
Share issue expenses	(23,176)	-	-	(23,176)	-	(23,176)
Share-based payments	-	74,203	-	74,203	-	74,203
Total contribution by owners	434,650	74,203	-	508,853	-	508,853
<b>Balance at 31 December 2018</b>	<b>13,362,353</b>	<b>(4,338,436)</b>	<b>(18,588)</b>	<b>9,005,329</b>	<b>145,005</b>	<b>9,150,334</b>
Loss for the period	-	(660,100)	-	(660,100)	(6,582)	(666,682)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	(660,100)	-	(660,100)	(6,582)	(666,682)
Shares issued in the period	2,105,000	-	-	2,105,000	-	2,105,000
Share issue expenses	(240,488)	-	-	(240,488)	-	(240,488)
Share-based payments	-	211,124	-	211,124	-	211,124
Total contribution by owners	1,864,512	211,124	-	2,075,636	-	2,075,636
<b>Balance at 30 June 2019</b>	<b>15,226,865</b>	<b>(4,787,412)</b>	<b>(18,588)</b>	<b>10,420,865</b>	<b>138,423</b>	<b>10,559,288</b>

**Condensed consolidated statement of cash flows**

	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Unaudited 6 months to 30 June 2018 \$</b>	<b>Audited 12 months to 31 December 2018 \$</b>
Loss before taxation	(666,682)	(679,817)	(1,652,261)
<i>Adjustments for:</i>			
Share-based payments	211,124	99,629	173,832
Exchange differences	-	-	-
Other reserve movements	-	(9,742)	-
	<b>(455,558)</b>	<b>(589,930)</b>	<b>(1,478,429)</b>
<b>Changes in working capital</b>			
(Increase)/decrease in trade and other receivables	52,553	(7,543)	(198,266)
Increase/(decrease) in trade and other payables	(240,645)	164,010	291,797
<b>Cash (used in)/generated from operating activities</b>	<b>(643,650)</b>	<b>(433,463)</b>	<b>(1,384,898)</b>
<b>Investing activities</b>			
Purchase of intangible assets	(15,000)	(185,953)	(139,591)
Purchase of property, plant and equipment	(1,002,433)	(2,248,461)	(4,594,101)
Cash transferred with business combination	-	-	-
Cash acquired with business	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(1,017,433)</b>	<b>(2,434,414)</b>	<b>(4,733,692)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issuance of ordinary shares	2,105,000	4,195,901	4,653,727
Share calls waiting receipt	-	(427,216)	-
Share-issue expenses	(240,488)	(302,739)	(325,915)
Share-issue expenses waiting payment	-	-	-
<b>Net cash inflow from financing activities</b>	<b>1,864,512</b>	<b>3,465,946</b>	<b>4,327,812</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>112,964</b>	<b>1,903,742</b>	<b>1,903,742</b>
Net increase in cash and cash equivalents	203,429	598,069	(1,790,778)
<b>Cash and cash equivalents at end of period</b>	<b>316,393</b>	<b>2,501,811</b>	<b>112,964</b>

## **1. Basis of preparation and principal accounting policies**

The condensed consolidated interim financial information was approved for issue by the Board on 16 September 2019.

This condensed consolidated interim financial information has not been audited and does not include all of the information required for full annual financial statements. While the financial figures included within this interim report have been computed in accordance with IFRS applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as set out in International Accounting Standard 34: Interim Financial Reporting.

The Group has adopted IFRS16 Leases effective from 1 January 2019. There was no effect on the Group's consolidated income, net assets or net liabilities.

### **Basis of consolidation**

#### ***Basis of consolidation***

The condensed consolidated financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) (together the "Group") for each period. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra group transactions, balances, income and expenses are eliminated on consolidation.

## **2. Information on the Group**

Phoenix Copper Limited is engaged in exploration and mining activities, primarily precious and base metals, primarily in the United States of America.

The Company was incorporated in the British Virgin Islands on 19 September 2013 (registered number 1791533), and is domiciled in the British Virgin Islands. The address of its registered office is OMC Chambers, Wickhams Cay 1, Road Town, Tortola VG1110, British Virgin Islands.

## **3. Revenue**

The Group is not yet producing revenues from its mineral exploration and mining activities.

#### 4. Expenses of placing

	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Unaudited 6 months to 30 June 2018 \$</b>	<b>Audited 12 months to 31 December 2018 \$</b>
Admission to trading on the OTCQX Market.	-	-	136,127

In October 2018 the Company was admitted to trading on the OTCQX Market in New York.

#### 5. Share-based payments

Total administrative expenses include share-based payments of \$211,124 (30 June 2018: \$99,629; 31 December 2018: \$173,832). The related credits to equity are taken to the retained deficit.

#### 6. Loss per share

	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Unaudited 6 months to 30 June 2018 \$</b>	<b>Audited 12 months to 31 December 2018 \$</b>
Loss for the period attributable to equity holders of the parent company	(660,100)	(672,393)	(1,635,428)
	<b>Number</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	35,701,078	23,657,058	28,120,264
Loss per share – basic and diluted (cents)	(1.87)	(2.80)	(5.82)

## Non-current assets

	Mining Property \$	Total \$
<b>7. Property, plant and equipment – mining property</b>		
<b>Cost or valuation</b>		
<i>At 1 January 2018</i>	5,282,596	5,282,596
Additions	2,248,461	2,248,461
<i>At 30 June 2018</i>	7,531,057	7,531,057
Additions	2,345,640	2,345,640
<i>At 31 December 2018</i>	9,876,697	9,876,697
Additions	1,002,433	1,002,433
<i>At 30 June 2019</i>	10,879,130	10,879,130
<b>Depreciation</b>		
At 30 June 2018, 31 December 2018 and 30 June 2019	-	-
<b>Net book value:</b>		
30 June 2018	7,531,057	7,531,057
31 December 2018	9,876,697	9,876,697
30 June 2019	10,879,130	10,879,130

Mining development assets relate to the past producing Empire Mine copper – gold – silver – tungsten project in Idaho, USA. The Empire Mine has not yet recommenced production and no depreciation has accordingly been charged in the statement of comprehensive income. There has been no impairment charged in any period due to the early stage in the Company's project to reactivate the mine.

A provision for decommissioning costs of \$100,000 has been recognised at 30 June 2018, 31 December 2018 and 30 June 2019 based on directors' estimates and taking into account appropriate qualified professional advice. The cost of the decommissioning asset is included within mining development assets.

## 8. Intangible assets

	Exploration and evaluation expenditure \$	Total \$
<b>Cost or valuation</b>		
<i>At 1 January 2018</i>	67,569	67,569
Additions	185,953	185,953
<i>At 30 June 2018</i>	253,522	253,522
Additions	108,818	108,818
Projects terminated	(155,180)	(155,180)
<i>At 31 December 2018</i>	207,160	207,160
Additions	15,000	15,000
<i>At 30 June 2019</i>	222,160	222,160

Exploration and evaluation expenditure in the period relates to the Bighorn and Redcastle cobalt properties for the Group's two claim blocks on the Idaho Cobalt Belt in the USA. In the second half of 2018 the Group ceased exploration on the Gordon Lake gold property in Northwest Territories, Canada and \$155,180 was charged to exploration and evaluation expenditure.

<b>9. Trade and other receivables</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Unaudited 30 June 2018 \$</b>	<b>Audited 31 December 2018 \$</b>
Other receivables	135,604	19,813	212,516
Issued shares called but not paid	-	427,216	-
Prepayments	24,359	1,980	-
	<u>159,963</u>	<u>449,009</u>	<u>212,516</u>

<b>10. Trade and other payables</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Unaudited 30 June 2018 \$</b>	<b>Audited 31 December 2018 \$</b>
Trade creditors	216,398	352,196	401,231
Other creditors	39,177	-	41,570
Accrued expenses	5,081	11,576	58,500
	<u>260,656</u>	<u>363,772</u>	<u>501,301</u>

<b>11. Provisions</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Unaudited 30 June 2018 \$</b>	<b>Audited 31 December 2018 \$</b>
Decommissioning provision	100,000	100,000	100,000
Potential future royalties payable	657,702	657,702	657,702
	<u>757,702</u>	<u>757,702</u>	<u>757,702</u>

<b>12. Share capital</b>	<b>Unaudited 30 June 2019 Number</b>	<b>Unaudited 30 June 2018 Number</b>	<b>Audited 31 December 2018 Number</b>
<b><i>Allotted and issued</i></b>			
Ordinary shares with no par value	<u>42,784,881</u>	<u>31,800,075</u>	<u>33,078,999</u>

The Ordinary Shares rank pari passu. On 6 February 2019 the Company issued 5,588,235 new Ordinary Shares at a price of £0.17 and on 24 May 2019 the Company issued a further 4,117,647 new Ordinary shares at a price of £0.17.

## Notes

Phoenix Copper Limited is a North American focused, base and precious metal explorer and developer, which is fast-tracking the historically-producing Empire Mine in Idaho, USA, back into production, and exploring for cobalt in Idaho.

Phoenix's flagship project is a brownfield, past producing, copper, gold, silver, zinc and tungsten underground mine, the Empire Mine near Mackay in Idaho. Phoenix acquired an 80% interest in the property in 2015. Based on a total of 320 drill holes an oxide resource was completed in late 2017. A NI 43-101 compliant PEA (preliminary economic assessment) for an open pit heap leach solvent extraction and electrowinning ("SX-EW") mine was completed in April 2018. In June 2018 a drilling campaign consisting of 8,600 metres in 93 holes was started and completed in late 2018. This programme was designed to upgrade and increase the oxide resources, provide samples for ongoing metallurgical testwork, geotechnical and hydrological studies and condemnation drilling for the heap leach pad site, waste dump and plant site. An updated NI 43-101 compliant resource was completed in early May 2019 which resulted in an increase from the PEA resources of 37% contained copper and 108% contained zinc. This resource has been used for this economic analysis and will now be used as the basis for the Bankable Feasibility Study ("BFS") scheduled for completion in 2020.

At Empire, it is estimated that only 1 to 2% of the potential ore system has been explored to date and, accordingly, there is significant opportunity to increase the resource through phased exploration; the current resources relate to the oxide resource only, with the exception of the Red Star discovery "Inferred" resource, which remains open along strike and does not include the deeper, higher grade sulphides. In addition, Phoenix has increased the claim area from 818 acres at the time of its acquisition to 5,717 acres, mainly to the northwest and west, and in so doing has increased the potential for additional oxide and sulphide resources by a total strike length of approximately 2,500 metres towards another brownfield mine, the Horseshoe Mine, which is now within the property boundary.

The Company also holds two prospective cobalt properties in Idaho, US, which are located north of the Empire Mine. These are situated close to the town of Cobalt and are close to projects being advanced by Canadian junior miners, including eCobalt Solutions and First Cobalt. Fieldwork, consisting of mapping and sampling and locating drill holes for the 2019 drilling programme, has been completed.

With a management team that has successfully constructed, commissioned and operated mines and low risk, mining-friendly jurisdictions with excellent infrastructure, Phoenix is looking to fulfil its ambitions to become a mid-tier base metal, precious metal and cobalt production company, offering exposure to high value and high demand metals with compelling demand/supply fundamentals.

More details on the Company, its assets and its objectives can be found on PXC's website at [www.phoenixcopperlimited.com](http://www.phoenixcopperlimited.com).