

14 July 2020

**Phoenix Copper Limited**  
**(“Phoenix” or the “Company”)**  
**Interim Results**

Phoenix Copper Limited (AIM: PXC; OTCQX: PXCLF), the AIM quoted North American focused base and precious metals company, is pleased to announce its unaudited interim results for the six months ended 30 June 2020.

**Highlights**

**Corporate & Financial**

- \$3.79 million raised during the period
- Investment in Empire Mine increased to \$12.82 million (2019: \$10.88 million)
- Net assets increased to \$13.51 million (2019: \$10.56 million), including cash of \$2.05 million (2019: \$0.32 million)
- 19% decrease in administration expenses to \$540,391 (2019: \$663,253), including (non-cash) share based payments charge of \$139,221 (2019: \$211,124)
- 15% decrease in net loss to \$569,759 (2019: \$666,682)
- Phoenix loan to operating subsidiary increased to \$9.65 million (2019: \$7.40 million)
- Ryan McDermott appointed as Chief Executive Officer

**Empire Mine, Idaho, USA**

- Open pit Measured, Indicated & Inferred mineral resource increased to 129,923 tonnes of copper (+11%), 342,249 ounces of gold (+56%), 9.5 million ounces of silver (+13%) and 50,550 tonnes of zinc (+26%)
- Ongoing reverse circulation drilling programme into the high grade (12.8 g/ton) gold zone at the open pit
  - o 1,000 metres of a 2,500 metre programme completed, assays pending
- Gold recoveries exceed 97% using environmentally friendly reagent
- Pilot scale gold test programme under development
- Ongoing diamond core drilling programme at the high grade Red Star silver – lead deposit, adjacent to the open pit
  - o 300 metres of a 1,500 metre programme completed, assays pending
- Completion of environmental base-line studies for both the open pit and Red Star, with no critical issues identified
- Mapping and sampling exploration programme at the Navarre Creek 2,420-acre gold block underway
- ESG Programme Coordinator appointed

## **Chairman's Statement**

I am pleased to be able to report that, after the exceptional volatility of the last six months, Phoenix has emerged from the chaos largely unscathed, thanks to strong management by our newly appointed CEO, Ryan McDermott, and his team, coupled with the continued support of both existing and new shareholders.

Having watched copper collapse to \$2.10 / pound and silver down to \$11.86 / ounce, and in the midst of a global pandemic, we were potentially facing an uphill struggle. Instead, assisted by a recovery in commodity prices, and particularly a strong rise in the gold price, we have improved the Company's value by substantially increasing the resource at our Empire open pit, including a 56% increase in gold resource to some 342,000 ounces. During this six month period, we were also able to raise money at prices close to or at a premium to market, and we start the second half of the year with comprehensive work programmes well underway at the Empire open pit, the Red Star silver deposit, and the Navarre Creek gold block, with two drill rigs in operation, over \$2 million in the bank, and pilot test work being conducted on the high grade gold bearing ore within the Empire open pit.

The pilot test work on the gold bearing ore is particularly significant since it follows our welcome discovery that we can recover in excess of 97% of the gold in less than six hours using the non-toxic, environmentally friendly ammonium thiosulfate reagent. This should have a very favourable impact on the overall permitting process and timeline, and potentially brings the Empire open pit into much earlier production. We therefore could have a low capex and highly profitable gold mine, in addition to the silver mine at Red Star, both with the prospect of near-term production.

We very much look forward to the results of the ongoing drilling, metallurgical and exploration programmes and expect a steady stream of newsflow over the coming weeks and months. I should also mention that ammonium thiosulfate, although not amenable to many types of ore, is a tried and tested processing reagent and has been in use at some of the largest gold mines in the world for many years. We are therefore not experimenting with new technology. Furthermore, the Empire open pit has had over 400 holes drilled into it and we already have an NI 43-101 compliant resource, which includes the high grade gold zone. The work we are now conducting at Empire is development of a known resource, together with further exploration to enhance its potential.

We expect the remainder of 2020 to be very positive on many fronts, full of activity, and we look forward to updating all our stakeholders as we continue to understand and develop what is without doubt the prolific Empire ore system.

**Marcus Edwards-Jones**

**Chairman**

## **Chief Executive Officer's Report**

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

In the first six months of 2020, the Company saw a number of positive achievements, most notably the issuance of an updated NI 43-101 resource for the Empire polymetallic oxide deposit that resulted in a 56% increase in gold ounces and a 13% increase in silver ounces. The increase in the gold and silver resource at the Empire Mine led to a closer examination of the distribution of those metals within the deposit and ultimately to the metallurgical recovery testing of a bulk sample using the non-toxic cyanide alternative reagent ammonium thiosulfate. The initial metallurgical test work resulted in gold recoveries above 97% and has provided the impetus to move into pilot-scale testing immediately. The Company also commenced a reverse-circulation ("RC") drilling programme targeting both the possible extensions of the precious metal resource and the inferred resources with the objective of upgrading to the measured and indicated category. The variety and grade of mineralization encountered thus far on the many claim blocks that make up the Empire group is providing Phoenix with the unique opportunity to exploit metals other than copper during a period when the fluctuating copper market is proving challenging for the industry as a whole. The recent gold recovery testing and the bullish precious metals markets have brought the gold and silver potential of Empire very much to the forefront. As a result, we have also initiated a diamond drilling programme at the Red Star silver deposit and began a comprehensive mapping and sampling programme at the Navarre Creek gold property.

The Phoenix team accomplished the goals outlined for the first half of the year despite the Covid-19 pandemic. Careful logistical planning by our ESG coordinator, in concert with contractors and the local community, have been successful in keeping the projects running smoothly whilst accommodating for occasional business slowdowns and interruptions both expected, and unexpected, during a global pandemic.

The Company is in an excellent position, particularly given the polymetallic nature of its projects, to explore and develop a variety of metals as markets and prices dictate. As precious metal prices continue to climb, and copper prices slowly ascend, Phoenix is well positioned with a variety of metallic resources with early production potential and superb exploration potential. Two drill rigs are operating on site and it is also reassuring to note that the Company is operating in a geopolitically stable jurisdiction in an area of the United States that has not been hard hit by COVID-19.

### **Empire Mine – Polymetallic Open-Pit Oxide Deposit**

In May 2020, an updated NI 43-101 compliant resource was completed by Hardrock Consulting ("HRC") and reported for the polymetallic Empire Mine open-pit oxide deposit. The updated resource contained Measured, Indicated, and Inferred metal content of 130,000 tonnes of copper, 342,000 ounces of gold, 9.5 million ounces of silver and 50,550 tonnes of zinc. The May resource showed an increase in all metals, but notably gold and silver, which increased 56% and 13%, respectively, from the previous May 2019 resource.

Based on the examination of the distribution of gold, silver, and zinc values, and independent of copper values, from the assays used in the May 2019 Empire oxide resource, HRC estimated this updated NI 43-101 compliant resource using the value of all gold, silver, copper and zinc in the deposit at a combined metal cut-off grade of 0.36% copper equivalent. The Measured & Indicated Empire Mine open pit resource based on a combined metal cut-off grade of 0.36% copper equivalent, compared with the May 2019 resource at a copper-only cut-off of 0.184%, is tabulated as follows: -

### Mineral Resource Statement for Empire Mine, after Hard Rock Consulting May 2020

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

Phoenix is continuing down the feasibility study and permitting pathways with the copper-oxide resource, most recently completing two years of environmental studies directly applicable to the permitting and mine planning of the oxide-copper open-pit.

The Company is currently examining alternative extraction methods that may allow for the recovery of gold, silver, and zinc along with copper from the same process plant.

#### Empire Mine - Gold and Silver Resource and Metallurgical Recovery

Following the May 2020 resource update, a bulk metallurgical sample was collected from outcrops near the location of channel samples analysed in 2018. The head-grade of the bulk 400-pound sample assayed at 12.8 g/ton gold. The sample was submitted for gold and silver metallurgical recovery testing with instructions to the laboratory to perform cyanide-alternative reagent leach tests.

Four laboratory scale amenability tests and two bench scale extraction tests were performed using sodium cyanide lixiviant, and four laboratory scale amenability tests and two bench scale extraction tests using the non-toxic cyanide-alternative ammonium thiosulfate (“ATS”) lixiviant, on splits from the primary sample. The results of this test work indicate that ATS works equally as well as sodium cyanide on both the laboratory scale samples (30g to 250g) and the bench scale samples (3,000g). Gold recovery using ATS on the two bench samples resulted in 97.8% and 97.7%, and silver recovery was 69.8% and 78.2% after six hours of leaching. ATS reagent consumption for both tests was 4.32% and 4.42%, respectively. **Tables 1 and 2** show the results of ATS six hour leach testing.

By comparison, the sodium cyanide gold recoveries on splits of the same sample were 97.8% and 97.7%, and silver recoveries of 68.1% and 65.5% following six hours of leach time. The sodium cyanide reagent consumption for both tests was 6.00%.

**Table 1 - 3,000-gram Bench Scale Test Results using Ammonium Thiosulfate – Run 1**

Test 4894C								
Time (h)	Free ATS (g/L)	ATS Cons. %	pH	Solution Volume (mL)	Au (g/ton)		Ag (g/ton)	
					g/ton	% Rec	g/ton	% Rec
0	14.82	-	10.2	4,500	0		0	0
1	14.38	2.97	10.2	4,500	10.575	82.7	5.625	41.9
2	14.3	3.51	10.18	4,500	11.82	92.5	6.173	46
3	14.22	4.05	10.14	4,500	12.225	95.7	8.888	66.2
4	14.2	4.18	10.14	4,500	12.48	97.7	9.113	67.9
5	14.18	4.32	10.11	4,500	12.45	97.4	9.366	69.7
6	14.18	4.32	10.06	4,500	12.495	97.8	9.374	69.8

**Table 2 - 3,000-gram Bench Scale Test Results using Ammonium Thiosulfate – Run 2**

Test 4899C								
Time (h)	Free ATS (g/L)	ATS Cons. %	pH	Solution Volume (mL)	Au (g/ton)		Ag (g/ton)	
					g/ton	% Rec	g/ton	% Rec
0	29.64	-	10.2	4,500	0		0	0
1	29	2.16	10.2	4,500	10.65	83.3	6.236	46.4
2	28.85	2.67	10.2	4,500	11.925	93.3	8.543	63.6
3	28.65	3.34	10.18	4,500	12.27	96	10.193	75.9
4	28.47	3.95	10.18	4,500	12.48	97.7	10.358	77.1
5	28.37	4.28	10.19	4,500	12.492	97.7	10.5	78.2
6	28.33	4.42	10.18	4,500	12.483	97.7	10.5	78.2

As a result of these positive tests, the Company redeployed the RC drill rig from Red Star to the open pit gold zone and is now drilling both for expansion of the gold resource and to convert the Inferred resource into the Measured and Indicated category. 1,000 metres of drilling has been completed to date and we look forward to receiving the assay results. In addition, we are proceeding with a pilot-scale testwork programme, initially at the laboratory, and then, all being well, on site at Empire. Based on the initial results of this programme, HRC will update the Empire open pit resource and issue an updated Preliminary Economic Assessment using the costs and operating parameters determined in the programme and a gold-driven all-metals recovery scenario.

### **Red Star – High-grade Silver**

Red Star is a high-angle silver-lead vein system hosted in andradite-magnetite and located 330 metres north-northwest of the Empire oxide pit. Red Star was identified from a 20-metre wide surface outcrop across a skarn structure. Surface mineralisation is a mix of copper and iron oxides and sulphides, with strong chrysocolla and bornite showings, exposed in a heavily timbered canyon. Three RC drill holes were drilled on the target and assay results reported the presence of high-grade lead and silver sulphides including intercepts of 1,111 g/t silver and 20% lead. 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.

Class	Tons	Ag	Ag	Au	Au	Pb	Pb	Zn	Zn	Cu	Cu
	(x1000)	g/t	Oz	g/t	oz	%	lb	%	lb	%	lb
	(x1000)		(x1000)		(x1000)		(x1000)		(x1000)	%	(x1000)
<b>Inferred</b>	114.13	173.4	577.3	0.851	2.8	3.85	8,791.20	0.92	2,108.80	0.33	745

Following the estimation of the inferred resource, a second drilling programme was approved by the Company targeting the Red Star vein system along strike and at depth. Due to the depth of overburden and general lack of outcrop in the area, drill roads were constructed in late 2019 designed to “cut” below the overburden and into the sub-crop along the vein system’s strike. Channel samples were collected across the mineralized sub-crop where the vein system “daylighted” in the road cuts. The results of the channel sample assays were on par with the channel sample results taken from the Red Star discovery outcrop in 2018. The 2020 drill programme, which commenced with RC drilling, encountered difficult ground conditions which resulted in poor sample recovery which would not give representative assays. Given the exciting developments within the gold zone at the Empire open pit, a decision was taken to relocate the RC rig to the open pit and utilise a diamond core drill rig at Red Star. We are grateful to the drilling contractor for making available an HQ diamond core rig at such short notice and drilling is now well underway with excellent core recoveries in excess of 94% and 300 metres of the 1,500-metre programme completed.

The 2018 drilling at Red Star showed that the copper-silver-lead mineralization was hosted in andradite-magnetite skarn. All 300 metres (seven holes) of the core drilled so far in 2020 have encountered andradite-magnetite in intercepts of 3.0 metres to 39.6 metres in length. While the intercepts are not necessarily “true thickness” and the presence of the andradite-magnetite skarn in the drill core does not necessarily ensure the presence of copper-silver-lead mineralization, it is certainly a positive sign and we look forward to the assay results.

Whilst we await assay results, photographs of the Red Star core can be viewed in the photo gallery on the Company’s website at [www.phoenixcopperlimited.com](http://www.phoenixcopperlimited.com).

### **Empire Mine Expansion – Horseshoe and White Knob, Windy Devil, and Navarre Creek**

We have made a point of focusing our efforts on our flagship Empire Mine projects. However, we have increased our land position from time-to-time as our geologists recognize prospective and strategic opportunities. At the time of the Company’s IPO in mid-2017, our Empire Mine property consisted of 818 acres. Since then, we have increased the core Empire claim group to 3,297 acres by expanding north to the former Horseshoe and White Knob Mines and onto Windy Devil. This expansion covers approximately 30 historic adits, shafts and prospects, which exhibit geology and mineralogy similar to that of Red Star.

In February 2019 we staked another 2,240 acres in Navarre Creek, north and west of the core Empire claim group. Navarre Creek is a four-mile long zone of felsic volcanic and intrusive rocks with alteration and mineralization characteristics typical of epithermal, hot spring-type gold deposits. A comprehensive mapping and sampling programme is now underway.

### **Empire Mine – Polymetallic Sulphide Potential**

The Red Star vein system appears to be a distal, near-surface expression of a deeper, copper rich sulphide vein system that lies below the oxide-copper/gold open pit and was mined extensively underground until the 1940s, at copper head grades of 6-8%. Two deep diamond drill holes drilled in late 2017 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 being the uppermost horizon of a larger molybdenum-tungsten porphyry. 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.

It is worth noting that our consulting geologist is of the opinion that less than 1% of the Empire ore system has been exploited and explored to date.

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

Borah Resources is a 100% Idaho registered subsidiary of the Company. Comprised of two strategically located properties, Redcastle and Bighorn, the Company believes that they are an important asset in a time of global electrification and the rarity of cobalt resources from first world jurisdictions, and strategically located in the USA's only prospective cobalt region, the Idaho Cobalt Belt, approximately 100 miles north of the Empire Mine. In 2018 we announced the results of our 2017 reconnaissance programme of 46 surface grab samples which gave cobalt values ranging from 2 ppm to 0.31% cobalt.

The Company continues to keep the claim blocks in good standing whilst we consider the optimal way forward to develop these properties, including perhaps cooperation with a third party.

### **Environmental, Social and Governance**

In addition to the expansion of the oxide-copper/gold resource into the polymetallic system we currently recognize, I am particularly encouraged by the results of two years of extensive baseline environmental studies that we recently released that included the research of flora, wildlife, hydrological, and archaeological studies, and indicated that we have no critical habitat for threatened or endangered plant and wildlife species, including sage grouse. The studies also concluded that no legacy impacts to surface or groundwater occurred as a result of any historical mining operations on the Empire Mine properties. Archaeological studies were also unable to identify any significant cultural artefacts on the Empire property. These findings are important as they clear the path to the permitting of Red Star, the Empire oxide-copper/gold deposit, and the deeper sulphide system. That is three metal-rich systems with favourable environmental conditions.

Our successes thus far are related directly to the local community support we receive from the citizens of Custer County, Idaho. We are fortunate to work in an area rooted so deeply in mining and with a population understanding of the economic benefits of the industry. Our recent roll-out of the Company's Environmental, Social, and Corporate Governance ("ESG") programme was based largely on our desire to include the community in our team. We initiated the programme by appointing Ms. Lenie Wilkie to the position of ESG Programme Coordinator.

Lenie is a well-respected local businesswoman and community leader. She has been playing an integral role as liaison between the community and Phoenix, assisting in the hiring of local labour, reviewing and selecting the beneficiaries of Company donations, and managing local supply acquisitions and inventory. She was integral in the placing of Company donations for the Mackay, Idaho FFA Fish Lab and the Lost River Robotics Youth Team. Both organizations provide local youth the opportunity to compete in State and National level scientific-based competitions. Her deep roots in the community, her Native American background, and her success driven work ethic provide her with a unique perspective on the importance of balancing sustainable job growth with an emphasis on environmentally and socially responsible business practices. Lenie is based in Mackay, Idaho and will be responsible for coordinating all aspects of the Company's ESG programme.

## **Outlook**

My outlook on the Company is as positive as ever, particularly given the recent cyanide-alternative metallurgical test work on our gold resource. The Company has continued to expand its copper, gold, and silver resources through methodical and industry standard means. The exploration potential, which has expanded from exploration on a single oxide-copper resource into a polymetallic oxide deposit with robust metal recoveries, a high-grade silver vein system, a polymetallic sulphide vein system, a very prospective volcanic-hosted gold system, and two strategically located cobalt properties, all within the same geopolitically stable, pro-mining jurisdiction, is excellent. We also remain cautiously optimistic regarding Covid-19 as the team follows carefully the operational procedures developed to ensure both employee and community safety.

Despite the challenging copper market and the current global crisis with Covid-19, we are moving into the second half of 2020 with a palpable enthusiasm as we begin developing our pilot-scale metallurgical testing programme, await assay results from the ongoing Red Star and Empire drilling and channel sampling programmes, and begin examining the geological and geochemical details of Navarre Creek.

**Ryan McDermott**

**Chief Executive Officer**

## **Financial Overview**

The Group reports a loss for the six months ended 30 June 2020 of \$569,759 (2019: \$666,682). This loss includes \$139,221 (2019: \$211,124) of (non-cash) share based payments attributable to warrants and options extended, granted or lapsed during the period, and which amount is simultaneously credited back to the retained deficit. Net assets at 30 June 2020 totalled \$13.51 million (2019: \$10.56 million), including cash of \$2.05 million (2019: \$0.32 million).

During the period the Company raised a further \$3.79 million, \$3.66 million through the issue of 7,900,000 shares at 15 pence per share and 9,777,641 shares at 18 pence per share, and \$129,000 through the issue of 12% unsecured loan notes. At 30 June 2020 outstanding share capital is 62,462,522 shares, and outstanding loan notes total \$929,000.

During the period 1,225,000 options lapsed, 129,000 warrants with an exercise price of 16 pence expiring 31 July 2022 and 455,467 warrants with an exercise price of 18 pence expiring 30 June 2023 were granted, and all warrants expiring in June 2020 were extended to 30 June 2022.

During the period the Company charged its subsidiary entities \$270,000 (2019: \$291,736) in respect of management services provided, and \$262,074 (2019: \$nil) in respect of interest at 6% per annum on the Company's inter-company loan to Konnex Resources Inc, owner of the Empire Mine, the latter amount eliminating on consolidation. At 30 June 2020 the Company's loan to Konnex Resources stood at \$9.65 million (2019: \$7.40 million). This amount will be repaid from Konnex's operating cash flow in due course, and will form a platform to return money to shareholders by way of dividend.

The directors recognise the importance of sound corporate governance and have applied the Quoted Companies Alliance's Corporate Governance Code 2018 from September 2018. The Company's Corporate Governance Statement dated 9 April 2020 can be viewed on the Company's website at [www.phoenixcopperlimited.com](http://www.phoenixcopperlimited.com).

**Richard Wilkins**

**Chief Financial Officer**

<b>Condensed consolidated income statement</b>		<b>Unaudited 6 months to 30 June 2020</b>	<b>Unaudited 6 months to 30 June 2019</b>	<b>Audited 12 months to 31 December 2019</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Continuing operations</b>				
Revenue	<b>3</b>	-	-	-
Exploration and evaluation expenditure		-	(3,429)	(3,429)
<b>Gross loss</b>		-	(3,429)	(3,429)
Administrative expenses	<b>4</b>	(540,391)	(663,253)	(1,101,811)
<b>Total administrative expenses</b>		(540,391)	(663,253)	(1,101,811)
<b>Loss from operations</b>		(540,391)	(666,682)	(1,105,240)
Finance expenses		(29,368)	-	(22,911)
<b>Loss before taxation</b>		(569,759)	(666,682)	(1,128,151)
Taxation		-	-	-
<b>Loss for the period</b>		(569,759)	(666,682)	(1,128,151)
<i>Loss attributable to:</i>				
- Owners of the parent company		(561,040)	(660,100)	(1,116,563)
- Non-controlling interests		(8,719)	(6,582)	(11,588)
		(569,759)	(666,682)	(1,128,151)
Basic and diluted loss per share – cents	<b>5</b>	(1.08)	(1.87)	(2.76)

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 2020 \$</b>	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Audited 12 months to 31 December 2019 \$</b>
Loss for the period and total comprehensive income for the period	(569,759)	(666,682)	(1,128,151)
<i>Total comprehensive income for the period attributable to:</i>			
Owners of the parent company	(561,040)	(660,100)	(1,116,563)
Non-controlling interests	(8,719)	(6,582)	(11,588)
	<u>(569,759)</u>	<u>(666,682)</u>	<u>(1,128,151)</u>

**Condensed consolidated statement of financial position**

		Unaudited 30 June 2020 \$	Unaudited 30 June 2019 \$	Audited 31 December 2019 \$
<b>Non-current assets</b>				
Property, plant and equipment – mining property	<b>6</b>	12,824,188	10,879,130	11,671,660
Intangible assets	<b>7</b>	261,895	222,160	246,895
<b>Total non-current assets</b>		<b>13,086,083</b>	<b>11,101,290</b>	<b>11,918,555</b>
<b>Current assets</b>				
Trade and other receivables	<b>8</b>	172,866	159,963	267,932
Cash and cash equivalents		2,052,544	316,393	210,591
<b>Total current assets</b>		<b>2,225,410</b>	<b>476,356</b>	<b>478,523</b>
<b>Total assets</b>		<b>15,311,493</b>	<b>11,577,646</b>	<b>12,397,078</b>
<b>Current liabilities</b>				
Trade and other payables	<b>9</b>	119,096	260,656	282,900
Borrowings	<b>10</b>	486,000	-	-
<b>Total current liabilities</b>		<b>605,096</b>	<b>260,656</b>	<b>282,900</b>
<b>Non-current liabilities</b>				
Borrowings	<b>10</b>	443,000	-	800,000
Provisions	<b>11</b>	757,702	757,702	757,702
<b>Total non-current liabilities</b>		<b>1,200,702</b>	<b>757,702</b>	<b>1,557,702</b>
<b>Total liabilities</b>		<b>1,805,798</b>	<b>1,018,358</b>	<b>1,840,602</b>
<b>Net assets</b>		<b>13,505,695</b>	<b>10,559,288</b>	<b>10,556,476</b>
<b>Equity</b>				
Share capital	<b>12</b>	-	-	-
Share premium account		19,007,487	15,226,865	15,627,730
Retained deficit		(5,607,902)	(4,787,412)	(5,186,083)
Translation reserve		(18,588)	(18,588)	(18,588)
Capital and reserves attributable to the owners of the parent company		13,380,997	10,420,865	10,423,059
Non-controlling interests		124,698	138,423	133,417
<b>Total equity</b>		<b>13,505,695</b>	<b>10,559,288</b>	<b>10,556,476</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 2019</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)
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>
Loss for the period	-	(456,463)	-	(456,463)	(5,006)	(461,469)
Total comprehensive income for the period	-	(456,463)	-	(456,463)	(5,006)	(461,469)
Shares issued in the period	435,200	-	-	435,200	-	435,200
Share issue expenses	(34,335)	-	-	(34,335)	-	(34,335)
Share-based payments	-	57,792	-	57,792	-	57,792
Total contribution by owners	400,865	57,792	-	458,657	-	458,657
<b>Balance at 31 December 2019</b>	<b>15,627,730</b>	<b>(5,186,083)</b>	<b>(18,588)</b>	<b>10,423,059</b>	<b>133,417</b>	<b>10,556,476</b>
Loss for the period	-	(561,040)	-	(561,040)	(8,719)	(569,759)
Total comprehensive income for the period	-	(561,040)	-	(561,040)	(8,719)	(569,759)
Shares issued in the period	3,664,000	-	-	3,664,000	-	3,664,000
Share issue expenses	(284,243)	-	-	(284,243)	-	(284,243)
Share-based payments	-	139,221	-	139,221	-	139,221
Total contribution by owners	3,379,757	139,221	-	3,518,978	-	3,518,978
<b>Balance at 30 June 2020</b>	<b>19,007,487</b>	<b>(5,607,902)</b>	<b>(18,588)</b>	<b>13,380,997</b>	<b>124,698</b>	<b>13,505,695</b>

**Condensed consolidated statement of cash flows**

	<b>Unaudited 6 months to 30 June 2020 \$</b>	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Audited 12 months to 31 December 2019 \$</b>
Loss before taxation	(569,759)	(666,682)	(1,128,151)
<i>Adjustments for:</i>			
Share-based payments	139,221	211,124	268,916
	<u>(430,538)</u>	<u>(455,558)</u>	<u>(859,235)</u>
<b>Changes in working capital</b>			
(Increase)/decrease in trade and other receivables	95,066	52,553	(55,416)
(Decrease)/Increase in trade and other payables	(163,804)	(240,645)	218,402
<b>Cash (used in)/generated from operating activities</b>	<u>(499,276)</u>	<u>(643,650)</u>	<u>(1,133,053)</u>
<b>Investing activities</b>			
Purchase of intangible assets	(15,000)	(15,000)	(39,735)
Purchase of property, plant and equipment	(1,152,528)	(1,002,433)	(1,794,962)
<b>Net cash outflow from investing activities</b>	<u>(1,167,528)</u>	<u>(1,017,433)</u>	<u>(1,834,697)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issuance of ordinary shares	3,664,000	2,105,000	2,540,200
Share-issue expenses	(284,423)	(240,488)	(274,823)
Proceeds from the issue of loan notes	129,000	-	800,000
<b>Net cash inflow from financing activities</b>	<u>3,508,757</u>	<u>1,864,512</u>	<u>3,065,377</u>
Net increase in cash and cash equivalents	1,841,953	203,429	97,627
Cash and cash equivalents at beginning of period	210,591	112,964	112,964
<b>Cash and cash equivalents at end of period</b>	<u>2,052,544</u>	<u>316,393</u>	<u>210,591</u>

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

This condensed consolidated interim financial information was approved for issue by the Board on 13 July 2020.

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.

### **Basis of consolidation**

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

This 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. During the period the Company charged its subsidiary entities \$270,000 (2019: \$291,736) in respect of management services provided.

## **4. Share-based payments**

Total administrative expenses include share-based payments of \$139,221 (30 June 2019: \$211,124; 31 December 2019: \$268,916). The related credits to equity are taken to the retained deficit.

**5. Loss per share**

	<b>Unaudited 6 months to 30 June 2020 \$</b>	<b>Unaudited 6 months to 30 June 2019 \$</b>	<b>Audited 12 months to 31 December 2019 \$</b>
Loss for the period attributable to equity holders of the parent company	(561,040)	(660,100)	(1,116,563)
	<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	51,993,891	35,701,078	40,862,399
Loss per share – basic and diluted (cents)	(1.08)	(1.87)	(2.76)

## Non-current assets

<b>6. Property, plant and equipment – mining property</b>	<b>Mining Property \$</b>	<b>Total \$</b>
<b>Cost or valuation</b>		
<i>At 1 January 2019</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
Additions	792,530	792,530
<i>At 31 December 2019</i>	11,671,660	11,671,660
Additions	1,152,528	1,152,528
<i>At 30 June 2020</i>	12,824,188	12,824,188
 <b>Depreciation</b>		
At 30 June 2019, 31 December 2019 and 30 June 2020	-	-
 <b>Net book value:</b>		
30 June 2019	10,879,130	10,879,130
31 December 2019	11,671,660	11,671,660
30 June 2020	12,824,188	12,824,188

Mining property relates to the past producing Empire Mine copper – gold – silver – zinc - 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 current stage in the Company's project to reactivate the mine. The property is owned by Konnex Resources Inc, an 80% owned subsidiary of the parent company, registered and domiciled in Idaho.

A provision for decommissioning costs of \$100,000 has been recognised at 30 June 2019, 31 December 2019 and 30 June 2020 based on directors' estimates and taking into account appropriate qualified professional advice. The cost of decommissioning the asset is included within mining property.

## 7. Intangible assets

<b>7. Intangible assets</b>	<b>Exploration and evaluation expenditure \$</b>	<b>Total \$</b>
<b>Cost or valuation</b>		
<i>At 1 January 2019</i>	207,160	207,160
Additions	15,000	15,000
<i>At 30 June 2019</i>	222,160	222,160
Additions	24,735	24,735
<i>At 31 December 2019</i>	246,895	246,895
Additions	15,000	15,000
<i>At 30 June 2020</i>	261,895	261,895

Exploration and evaluation expenditure in the period relates to the Bighorn and Redcastle cobalt properties on the Idaho Cobalt Belt in the USA. The properties are owned by Borah Resources Inc, a wholly owned subsidiary of the parent company, registered and domiciled in Idaho.

<b>8. Trade and other receivables</b>	<b>Unaudited 30 June 2020 \$</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Audited 31 December 2019 \$</b>
Other receivables	61,447	135,604	243,928
Prepayments	111,419	24,359	24,004
	<u>172,866</u>	<u>159,963</u>	<u>267,932</u>

<b>9. Trade and other payables</b>	<b>Unaudited 30 June 2020 \$</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Audited 31 December 2019 \$</b>
Trade creditors	118,559	216,398	178,093
Other creditors	537	39,177	100,270
Accrued expenses	-	5,081	4,537
	<u>119,096</u>	<u>260,656</u>	<u>282,900</u>

<b>10. Borrowings</b>	<b>Unaudited 30 June 2020 \$</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Audited 31 December 2019 \$</b>
Loan notes due within one year	486,000	-	-
Loan notes maturing in one to two years	443,000	-	800,000
	<u>929,000</u>	<u>-</u>	<u>800,000</u>

The Company has issued loan notes with a redemption value of \$929,000 in units £20,000 (approximately \$25,000) each. The coupon is 12% per annum. The final redemption date is 30 September 2021, repayable earlier at the Company's option from new mezzanine or construction finance for the Empire Mine if secured.

<b>11. Provisions</b>	<b>Unaudited 30 June 2020 \$</b>	<b>Unaudited 30 June 2019 \$</b>	<b>Audited 31 December 2019 \$</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 2020 Number</b>	<b>Unaudited 30 June 2019 Number</b>	<b>Audited 31 December 2019 Number</b>
<b><i>Allotted and issued</i></b>			
Ordinary shares with no par value	62,462,522	42,784,881	44,784,881

The Ordinary Shares rank pari passu. On 27 February 2020 the Company issued 7,900,000 new Ordinary Shares at a price of £0.15 and on 27 May 2020 the Company issued a further 9,777,641 new Ordinary shares at a price of £0.18.

## Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

### Contacts

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

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### Notes

Phoenix Copper Limited is a North American focused, base and precious metal explorer and developer, which has carried out a drilling programme and generated a copper, gold, silver and zinc resource on which it is carrying out a feasibility study to bring the historically producing Empire Mine in Idaho, USA, back into production. It is also evaluating the silver and gold resources around three other past producing mines within the 23 km<sup>2</sup> Empire claims block as well as cobalt in two claims blocks north of Empire in Idaho.

Phoenix's primary operations are focused near Mackay, Idaho in the Alder Creek mining district. This district includes the historical Empire, Horseshoe, White Knob and Blue Bird Mines, past producers of copper, gold, silver, zinc, lead and tungsten from underground mines in the first half of the twentieth century. Additionally, the district includes Navarre Creek a Carlin-trend gold discovery which hosts a 6.1 km gold strike length within a 9.8 km<sup>2</sup> area.

Phoenix acquired an 80% interest in the historical Empire Mine property in 2017 and, 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 2018 a further 8,600 metres in 93 holes was completed to upgrade the oxide resources, provide samples for ongoing metallurgical test work, 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 was generated for a heap leach copper SX/EW operation where only copper was recovered. A further updated NI 43-101 compliant resource was generated in May 2020 for all metals, which resulted in an increase of measured and indicated resources of +56% gold, +11% copper, +13% silver and +26% zinc. Present contained metal in all NI 43-101 compliant categories of resources, measured, indicated and inferred, stand at 342,249 ounces of gold, 129,923 tonnes of copper, 9,502,494 ounces of silver and 50,550 tonnes of zinc.

Since acquiring the Empire project, Phoenix has increased the claim area from 818 acres to 5,717 acres, mainly to the northwest and west, and in so doing has increased the potential for additional oxide and sulphide copper resources, as well as the potential for stand-alone gold and silver resources, along a strike length of approximately 5.4 km towards the other brownfield mines of the Horseshoe, White Knob and Blue Bird Mines now within the property boundary. In particular, a new discovery at Red Star, 330 metres north west of the Empire Mine proposed open pit, has revealed sulphide ore and from three shallow exploration drill holes a NI 43-101 compliant maiden resource of 1.6 million silver equivalent ounces was reported.

At Empire, it is estimated that less than 1% of the potential ore system has been explored to date and, accordingly, there is significant opportunity to increase the resource through phased exploration.

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).