

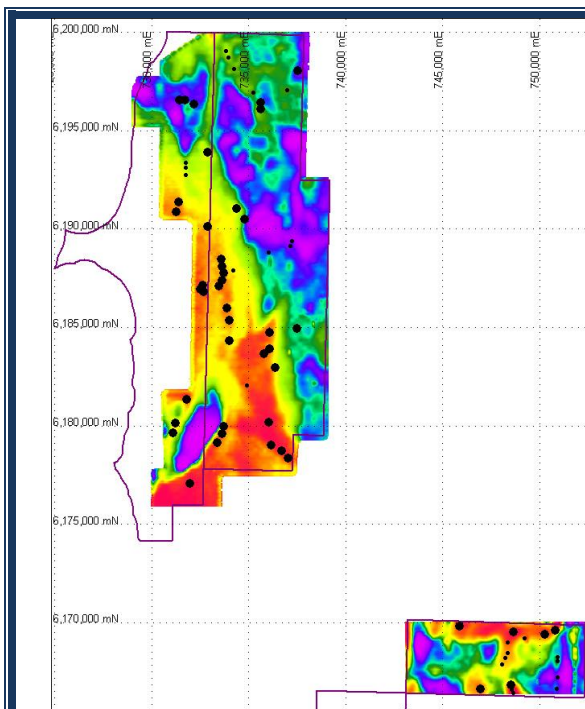


## ASX ANNOUNCEMENT, 19 JANUARY 2011

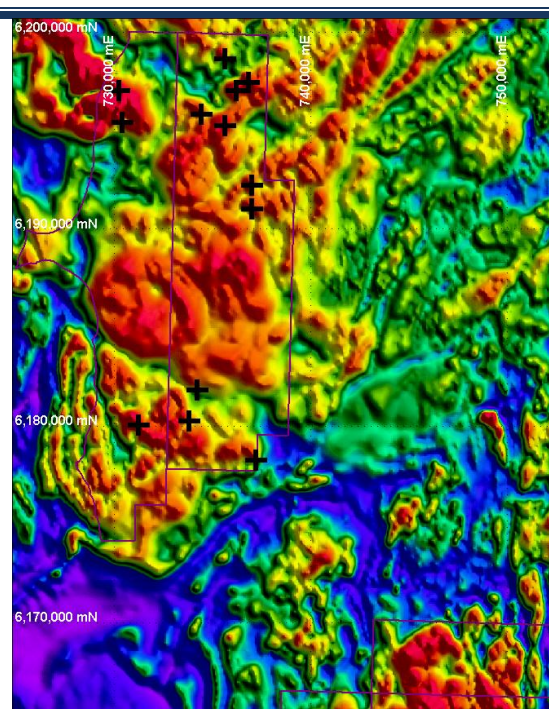
### MULTIPLE VTEM ANOMALIES, HIGHLIGHTING IOCG POTENTIAL AND OTHER MINERALISATION STYLES ON YORKE PENINSULA EL'S 4031 & 4312

#### Highlights

- VTEM<sup>1</sup> data from the recent survey has been processed and preliminary geophysical interpretation of this data is **very encouraging**.
- Production of Conductivity depth “slices” and images **have identified numerous anomalous zones**.
- Drill Target generation incorporating occurrences of coincident anomalism in two or more datasets has begun – **several already identified**.
- **Geochemical testing of potential targets**, utilising both Field Portable XRF surface sampling and biogeochemical (vegetation) sampling methods has also begun.



**Figure.1,** -150m Depth slice conductivity image from VTEM over northern parts of ELs 4031 & 4312  
Bright Red – High Conductivity, grading from red, yellow, green, blue to violet as Low Conductivity



**Figure. 2,** Total Magnetic Intensity Image<sup>2</sup> for the Northern Portion of ELs 4031 & 4312  
Bright Red – Highly Magnetic, grading from red, yellow, green, blue to violet as Low Magnetism

Phoenix Copper Limited (ASX:PNX) is pleased to advise that processing and image generation of the VTEM geophysical data collected over the northern portions of Exploration Licenses 4031

<sup>1</sup> Versatile Time Domain Electromagnetic

<sup>2</sup> From the Department for Manufacturing, Innovation, Trade, Resources and Energy, SA - DMITRE

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and 4312 between Balgowan and Port Victoria on the Yorke Peninsula in South Australia has been completed. The VTEM data has proved to be extremely useful and the large number of anomalous areas generated by the data is most encouraging. The EM anomalies maybe indicators of potential sites for IOCG and other mineralisation styles but require further assessment and refinement to identify potential targets. Generation of conductivity depth “slices” at various depths has shown many areas of electromagnetic (EM) anomalism related to both very high and very low conductivity, identified as black dots in **Figure 1**. Previous 3D Magnetic modelling anomalies are shown as black crosses in **Figure 2**.

The drill target generation will comprise an integrated assessment of all available structural and geological data, historical drilling results, geochemical sampling assays, radiometric, magnetic and gravity datasets. ***The best targets for drilling are identified when two or more of these data sets have coincident anomalism over a defined position; (several already identified)*** (see **Figures 1 & 2**). This methodical process of interpretation of this data and comparison with other developed data - particularly the 3D magnetic data, will take place over the next month to increase the potential of a successful drilling programme. During this assessment, a determination will also be made as to whether additional on-ground higher resolution EM and gravity surveying is warranted within the zones of multiple coincident anomalies, before finalising a ranking of what will be ***multiple drill targets***.

The information gained during the recent multi-company economic geology excursion of the Yorke Peninsula is also being used to aid in interrogation of data and target generation.

To date the collation and interrogation of historical drilling conducted by BHP has shown that the ***depth of cover*** in the northern portions of EL’s 4031 and 4312 is often ***less than 30m thick***. This relatively thin cover provides a higher degree of confidence in the use of geochemical sampling to test geophysical targets for evidence of mineralisation and minimises the cost of drilling. This work has also provided information on the basement geology, and has provided a broad spread of geochemical assays of copper in soils over the area, both of which will be used to assist in drill target generation.

Collection of geochemical samples over newly identified anomalous areas will begin next week with results of the 1<sup>st</sup> round of sampling due in late February.

#### **Competent Person’s Statement**

The information in this report that relates to Exploration Targets and Exploration Results is based on and accurately reflects information compiled by Mr Mark Manly. Mr Manly has sufficient experience relevant to the style of mineralisation and the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Manly consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

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