



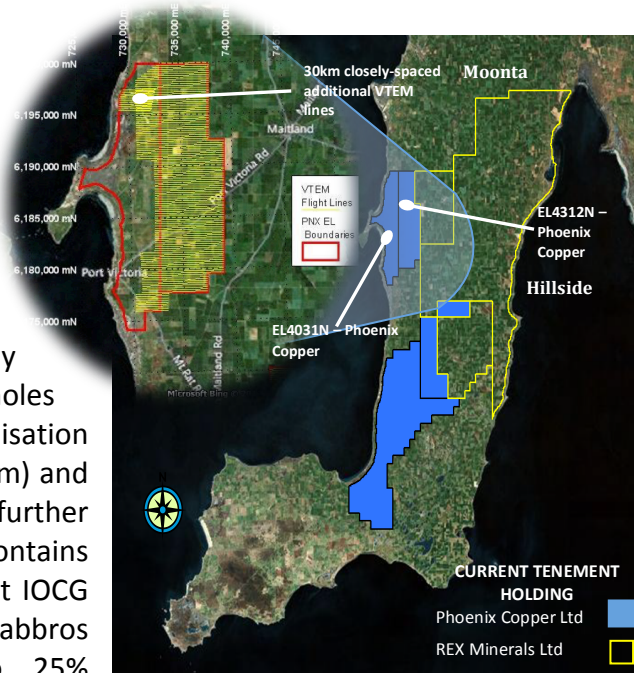
**ASX ANNOUNCEMENT, 16 DECEMBER 2011
 PRELIMINARY VTEM RESULTS INDICATING IOCG TARGETS IN THE YORKE PENINSULA**

Highlights

- An **additional 30 line kilometres** (kms) flown, within the original budget cost and within the area of least cover.
- **Several anomalies** identified and will be correlated with existing 3D magnetic data.
- **Strong conductive responses** are present in the data.
- Raw **data now released for geophysical interpretation** – initial interpretations expected to be available early-January, 2012.
- Analysis of the VTEM¹ data will assist in drill target selection.

Phoenix Copper Limited (ASX:PNX) (**Phoenix Copper**) is pleased to advise that the VTEM geophysical survey over the northern portions of Exploration Licenses 4031 and 4312 between Balgowan and Port Victoria on the Yorke Peninsula in South Australia has been completed.

Based on the quality of the preliminary VTEM data near the coast, an additional 30 line kilometres were flown much closer to the shoreline and at closer-spacing (for highest resolution of data). The more closely-spaced survey covered the historic holes DD1 and DDH2 drilled by the South Australian Department of Mines in 1955, approximately two kilometres south of Balgowan. These holes did intersect thin zones of copper mineralisation (DDH2: 0.33m @ 0.3% Cu 0.3% Ni from 105.5m) and therefore presented the highest priority for further investigation. It is known that this area also contains the suite of rocks that are more likely to host IOCG targets - sheared Hiltaba suite granites and gabbros and metasomatite that contains up to 25% magnetite with traces of copper and nickel sulphides.



Preliminary results from the VTEM survey are most encouraging and indicate a number of **electromagnetic (EM) anomalies** and **strong conductive responses**. Faults and geological

¹ Versatile Time-Domain Electromagnetic

contacts inferred from previous regional magnetic data are coincident to some of these anomalies.

The VTEM survey has also provided Phoenix Copper with *magnetic* data and *EM profiles* which, once the VTEM data is interpreted, will aid in:

- identifying targets with an associated magnetic signature;
- estimating depth to magnetic – electromagnetic anomalies; and
- re-evaluating the geological setting.

The raw data collected has now been released and is currently being processed by consultant geophysicists to derive conductivity depth slices. The aim is to prioritize targets before the end of January. It is probable that the interpretation of results from the VTEM data will direct the final phases of drill target selection. The final, pre-drilling phase of surface exploration will likely include targeted geochemical sampling, ground EM surveying, and ground gravity surveying before final targets are selected for drilling.

Since the Port Victoria – Balgowan region remains largely unexplored due to regolith cover this exploration program is necessarily heavily dependent upon geophysical input and Phoenix Copper is following this methodical approach for its Northern Yorke Peninsula tenements to provide the best selection of targets in the most cost-efficient manner.

Phoenix Copper, Peer Group Economic Geology Excursion of the Yorke Peninsula

Phoenix Copper geologists and a group of peers from two other companies have spent last week viewing core and reviewing the discovery histories of Moonta, Wallaroo, Hillside and other IOCG prospects on the Yorke Peninsula. This collaborative work has provided better understanding of the mineralising processes that occurred on the Yorke Peninsula and increases the prospects for further discoveries in this exciting “new copper-gold province”.

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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