



## News Release

FOR IMMEDIATE RELEASE  
June 3, 2010

### **PHOENIX COPPER MOVES FROM EXPLORER TO PRODUCER WITH LEIGH CREEK MINE PURCHASE**

#### **- Acquisition to be funded through Share Purchase Plan -**

Phoenix Copper today announced an exciting new phase in its development with the conditional purchase of privately operated Leigh Creek Copper Mining Pty Ltd (LCCM), including its copper-producing *Mountain of Light* asset.

The acquisition will be funded through an offer to existing shareholders to increase their stakeholding through a Share Purchase Plan (SPP).

Phoenix Copper Managing Director, Paul Dowd, said the purchase of LCCM and its operating *Mountain of Light* mine transformed the company from explorer to producer with the resultant positive cash flow.

Forecast consolidated revenue for 2011 is \$4,450,000, increasing to \$11,200,000 in 2012. The consolidated profit forecast for 2011 is \$270,000, increasing to \$2,400,000 in 2012. This compares with a projected loss of \$430,000 in 2010.

"This is the most significant decision in Phoenix Copper's brief history since we listed on the Australian Stock exchange in February 2008," Mr Dowd said.

"The purchase will transform Phoenix Copper from a junior exploration company to a copper producer within a few months of completion of the purchase.

"It enables us to execute, ahead of schedule, our vision to become a near-surface non-sulphide copper miner with a pipeline of projects at varying stages of exploration and development.

"This purchase is entirely consistent with our vision to be a successful copper explorer and producer. It complements the current exploration success at our Princess Royal tenement, the potential around the famous Burra open pit and our recent acquisition of a contiguous line of tenements from Burra to Kapunda."

Phoenix Copper has assessed the acquisition of LCCM as having an internal rate of return of greater than 300 per cent before tax, with LCCM also having available to it significant tax losses to offset project tax liabilities once the Mountain of Light project attains projected profits.

The company's internal evaluation of the LCCM purchase has been predicated solely on the currently developed operation at the Mountain of Light mining lease, and doesn't take into account the other two mining leases of Lorna Doone and Lynda near Lyndhurst, which offer further potential to build cash flows in the company.

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LCCM Director Bill Buttrose said: "We are thrilled with the sale, and it puts this important asset into the hands of proven operators. Under the share sale agreement we will continue to be a party to the future of the Leigh Creek assets, and now also the exciting developments being undertaken by Phoenix Copper in the Burra region."

The indicated resources estimate is of greater than 20,000 tonnes of contained copper in LCCM's mining leases from 3,100,000 tonnes at cut off grades of between 0.3 to 0.5 per cent.

### **Share Purchase Plan**

Mr Dowd said Phoenix Copper's Share Purchase Plan (SPP), also announced today, would provide each shareholder with an opportunity to buy up to \$15,000 worth of Phoenix shares at \$0.16 per share. The issue price represents a discount of 1.64 cents off the volume weighted average price of Phoenix Copper shares during the 5 trading days on which sales were recorded on the ASX up to June 1, 2010 and 20 per cent below the closing price (\$0.20) of June 1.

A subscription agreement also has been entered into with Hong Kong based investment company Long Fortune Limited to partially ensure against the raising of the full \$2.6 million required in the short term to fund the acquisition of LCCM, to bring Mountain of Light back into production and continue Phoenix Copper's exploration programs.

### **Company background**

Phoenix Copper listed on the Australian Stock Exchange in February 2008. The Company's primary focus is the discovery of copper and gold within its highly prospective Burra, Spalding and Mongolata projects in the Burra region of South Australia and its Minlaton Project on the Yorke Peninsula near the historic mining town of Moonta.

In the mid 1800s, Burra was the world's second largest copper mine while in 1875 Moonta surpassed Cornwall as the largest copper mining centre in the British Empire.

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