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Phoenix Copper Limited

ABN 67 127 446 271

Level 1, 135 Fullarton Road

Rose Park, SA 5067

Australia

Telephone +61 (0)8 8364 3188

Facsimile +61 (0)8 8364 4288

info@phoenixcopper.com.au

www.phoenixcopper.com.au



**ASX ANNOUNCEMENT, 4 OCTOBER 2011**

**LETTER TO OPTION HOLDERS**

Please find attached a copy of the letter sent to Phoenix Copper Limited's option holders in relation to the rights issue announced by Phoenix Copper Limited today.

For further information, please contact:

Peta Marshman  
Company Secretary

Phone: +61 (0) 402 297 311

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29 September 2011

Dear Option Holder

### Proposed Renounceable Rights Issue

On 3 October 2011, Phoenix Copper Limited (ASX: "PNX") (**Phoenix Copper**) intends to announce a renounceable pro rata entitlement issue (**Proposed Rights Issue**). It is expected that the Proposed Rights Issue will be of three (3) new shares for every five (5) shares held, with one (1) free attaching option for every two (2) new shares subscribed for. Announcement of the Proposed Rights Issue will be subject to Phoenix Copper completing negotiations of an underwriting arrangement.

As an option holder you cannot participate in the Proposed Rights Issue in respect of the Phoenix Copper options you hold without first exercising some or all of those options prior to the **Record Date**, (expected to be 13 October 2011). If you do not wish to participate in the Proposed Rights Issue (in respect of your Phoenix Copper options) you do not need to take any action.

**If the Proposed Rights Issue proceeds a Rights Issue Prospectus will be lodged with ASIC and ASX (and will be available to download at [www.asx.com.au](http://www.asx.com.au), using ASX code "PNX"). Lodgement with ASIC and ASX is expected to occur on 4 October 2011. You are encouraged to read the Rights Issue Prospectus fully before exercising any of your Phoenix Copper options.**

### Key Terms of Proposed Rights Issue

- The price payable for each new share is expected to be 6.5 cents.
- Each new option (**Primary Option**) is expected to be exercisable at 10 cents, to expire on 30 June 2012 and, subject to satisfying the conditions to quotation, to be listed on ASX.
- On exercise of a Primary Option, it is expected that the holder will be issued with one new ordinary share and one Secondary Option. Each Secondary Option is expected to be exercisable at 15 cents per share, to expire on 30 June 2013 and, subject to satisfying the conditions to quotation, to be listed on ASX.
- The Proposed Rights Issue will be renounceable.
- The Proposed Rights Issue is expected to be fully underwritten by Patersons Securities Limited, subject to procurement of sub-underwriting commitments for the full amount underwritten and subject to execution of formal documentation. On the terms presently expected, and if fully subscribed, the Proposed Rights Issue would raise gross proceeds of approximately A\$3.9 million.

### Eligibility to participate

To be eligible to participate in the Proposed Rights Issue in respect of the Phoenix Copper shares that would be issued to you if you exercise any Phoenix Copper options you hold, you must exercise those Phoenix Copper options and be registered (with a registered address in Australia or New Zealand) as the holder of the underlying Phoenix Copper shares before the Record Date. To then accept the offer under the Proposed Rights Issue in respect of those underlying Phoenix Copper shares, you will need to complete the application form that will accompany the Prospectus to be sent to shareholders.

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To exercise some or all of your Phoenix Copper options you will need to give notice, in writing, to Phoenix Copper in accordance with the terms and conditions of the options, and pay Phoenix Copper the exercise price for each option exercised.

If you do not exercise your options, then after the closing date of the Proposed Rights Issue an adjustment may be made to the exercise price of your options in accordance with the formula set out in the terms and conditions of your Phoenix Copper options.

#### Indicative Timetable

The indicative timetable (subject to amendment) for the Proposed Rights Issue is as follows:

EVENT	DATE
<b>Announcement of Rights Issue</b> – announcement of Proposed Rights Issue lodged with ASX	Monday 3 October 2011
<b>Lodgement of Prospectus</b> – Prospectus lodged with ASIC and ASX and ASX Appendix 3B lodged with ASX	Tuesday 4 October 2011
<b>Notice to Shareholders</b> – notice sent to Shareholders containing information required by Appendix 3B	Wednesday 5 October 2011
<b>Ex date and Rights trading commences</b> – the date on which Shares commence trading without the entitlement to participate in the Proposed Rights Issue and Rights trading commences	Friday 7 October 2011
<b>Record date</b> – the date for determining entitlements of Shareholders to participate in the Proposed Rights Issue	Thursday 13 October 2011
<b>Prospectus sent to Shareholders</b> – despatch of Prospectus and Entitlement and Acceptance Forms– Proposed Rights Issue opens for acceptances	Tuesday 18 October 2011
<b>Last day of Rights trading</b>	Tuesday 25 October 2011
<b>Securities quoted on a deferred settlement basis</b>	Wednesday 26 October 2011
<b>Closing Date</b> – The last day for receipt of acceptance forms (5.00pm Adelaide time)	Wednesday 2 November 2011
<b>Shortfall notification date</b>	Monday 7 November 2011
<b>Despatch date</b> – Allotment of New Shares. Deferred settlement trading ends	Thursday 10 November 2011
<b>Expected commencement of normal trading in New Shares (and New Options, if admitted to quotation) on ASX</b>	Friday 11 November 2011

If you have any questions about the exercise of your Phoenix Copper options and the Proposed Rights Issue, you should consult your stockbroker or other professional adviser or call the Share Registry, Computershare Investor Services Pty Ltd, on 1300 556 161 (within Australia) or + +61 3 9415 4000 (outside Australia).

Yours sincerely



**Peta Marshman**  
Company Secretary

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