



**PHOENIX COPPER LIMITED
ACN 127 446 271**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Phoenix Copper Limited will be held:

- on **Friday, 25 November 2011**
- at **10:30am (Adelaide time)**
- at **Suite 6, Ground Floor, 60 Hindmarsh Square, Adelaide**

for the purpose of transacting the business set out in the following agenda.

Please note that the Company's Annual Report 2011 can be viewed at the Company's website at <http://www.phoenixcopper.com.au/>

This is an important document. Please read it carefully.
If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed with this document in accordance with the instructions set out on it.

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AGENDA

CONSIDER ACCOUNTS AND REPORTS

To receive and consider the Company's Directors' Report, Financial Report and Auditor's Report for the financial year ended 30 June 2011.

RESOLUTION 1 Adoption of Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the Company adopts the Remuneration Report for the financial year ended 30 June 2011."

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 Re-election of Mr Graham Spurling as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Graham Spurling, who voluntarily retires to enable the Company to comply with clause 2.5 of the Company's constitution and, being eligible, has offered himself for re-election in accordance with clause 2.5(5) of the Company's constitution, is re-elected as a director of the Company".

RESOLUTION 3 Approval of the issue of 750,000 Convertible Notes

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.4 and for all other purposes, the issue and allotment by the Company of 750,000 Convertible Notes to Talis SA, on the terms set out in the Explanatory Memorandum, is approved."

RESOLUTION 4 Approval of previous issue of Options to sub-underwriters of Rights Issue

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.4 and for all other purposes, the issue and allotment by the Company of a total of 8,000,000 Underwriter Options to the sub-underwriters of the Rights Issue on the terms set out in the Explanatory Memorandum, is approved."

RESOLUTION 5 Approval of new issue of Options to sub-underwriters of Rights Issue

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.1 and for all other purposes, the issue and allotment by the Company of a total of 12,301,841 Underwriter Options to the sub-underwriters of the Rights Issue on the terms set out in the Explanatory Memorandum, is approved."

RESOLUTION 6 Issue of Shares to Mr Graham Spurling (or his nominee)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and all other purposes, the issue and allotment by the Company of 428,572 Shares to Mr Graham Spurling (or his nominee), to compensate for foregone director's fees, is approved."

Voting Exclusions

The Company will disregard any votes cast on Resolution 1 by any Key Management Personnel the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, the Company need not disregard a vote in relation to Resolution 1 if it is cast by a person (including a person chairing the meeting) as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form.

There are no voting exclusions in relation to Resolution 2.

The Company will disregard any votes cast on Resolution 3 by Talis SA and any of its associates.

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any associate of that person.

The Company will disregard any votes cast on Resolution 5 by any person who participated in the issue, any person who might obtain a benefit if Resolution 5 is passed, except a benefit solely in the capacity of a holder of ordinary securities, and any of their respective associates.

The Company will disregard any votes cast on Resolution 6 by:

- (a) Mr Graham Spurling and any Closely Related Party of Mr Spurling;
- (b) Mr Spurling's nominee to be issued with the Shares the subject of that resolution;
- (c) any person who might obtain a benefit if Resolution 6 is passed, except a benefit solely in the capacity of a holder of ordinary securities; and
- (d) any associates of the persons excluded from voting pursuant to paragraphs (b) and (c).

However the Company need not disregard a vote in relation to Resolutions 3, 4, 5 or 6 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

Refer to the below section headed "Proxies" for further details on appointment of members of Key Management Personnel or any Closely Related Party of a member of Key Management Personnel as proxy to vote on either Resolution 1 or Resolution 6.

Proxies

In accordance with section 249L of the Corporations Act and clause 16.2(3)(d) of the Company's constitution, members are advised that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Please Note: If a Shareholder wishes to nominate a member of Key Management Personnel (including the Chairman) or any of their Closely Related Parties as their proxy for the purpose of Resolution 1 or 6, **to make their proxy vote count they must direct the proxy how to vote by marking either:**

- (1) the 'for', 'against' or 'abstain' box in relation to Resolution 1 or Resolution 6 in Step 2 on the enclosed proxy form; **or**
- (2) where the Chairman is appointed as proxy and in respect of Resolution 1 only, the box near the bottom of Step 1 on the enclosed proxy form.

The Chairman intends to vote all available proxies **in favour** of Resolution 1. By marking the box near the bottom of Step 1 on the enclosed proxy form, Shareholders are directing the Chairman to vote **for** Resolution 1.

The Chairman only intends to vote proxies on Resolution 6 where the 'for', 'against' or 'abstain' box in the enclosed proxy form has been marked.

If a Shareholder appoints a member of Key Management Personnel (including the Chairman) or any of their Closely Related Parties as their proxy and does not direct the proxy how to vote, the proxy will not cast their votes on Resolution 1 or Resolution 6.

Alternatively, Shareholders can nominate as their proxy for the purpose of Resolution 1 and Resolution 6 a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies.

The **enclosed** Proxy Form provides further details on appointing proxies and lodging proxy forms. Please note that your Proxy Form must be received by **10:30am Adelaide time on Wednesday, 23 November 2011** to be effective.

Voting Entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that the Shareholding of each Shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears in the share register of the Company at 5:00pm Adelaide time on Wednesday, 23 November 2011.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's representative. A form of certificate of appointment can be obtained from the Company's share registry, Computershare Investor Services Pty Limited, by phoning 1300 305 232 (within Australia) or +61 3 9415 4657. The certificate or letter may be sent to the Company or the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 in advance of the Meeting or handed in at the Meeting when the appointed representative registers as a corporate representative.

Explanatory Notes

The Explanatory Notes accompanying this Notice of Meeting are incorporated in, comprise part of and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes, which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Notes.

By order of the Board



Peta Marshman
Company Secretary
Dated: 10 October 2011

EXPLANATORY NOTES

Important Notice

These Explanatory Notes contain an explanation of, and information about, the resolutions to be considered at the Annual General Meeting of Shareholders proposed to be held at Suite 6, Ground Floor, 60 Hindmarsh Square, Adelaide on Friday, 25 November 2011 at 10:30am. They are given to Shareholders to help them determine how to vote on the resolutions set out in the Notice of Meeting.

These Explanatory Notes form part of the Notice of Meeting and should be read in conjunction with the Notice of Meeting. Shareholders should read these Explanatory Notes in full, because individual sections may not give a comprehensive review of the proposals contemplated in them.

Capitalised terms in these Explanatory Notes are defined in the Glossary at the end of these Explanatory Notes.

If you are in doubt about what to do in relation to the resolutions set out in the Notice of Meeting you should consult your financial or other professional adviser.

RESOLUTION 1 Adoption of Remuneration Report

The Remuneration Report for the financial year ended 30 June 2011 is set out in the Directors' Report section of the Annual Report. The Remuneration Report outlines the remuneration arrangements in place for directors and senior managers of the Company.

Section 250R(2) of the Corporations Act requires listed companies to put to the vote a resolution that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Directors or the Company. However, if after 1 July 2011 more than 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

RESOLUTION 2 Re-election of Mr Graham Spurling as a Director

To enable compliance with clause 2.5 of the Company's constitution, Mr Spurling voluntarily retires at the close of the Meeting. Being eligible, Mr Spurling has offered himself for re-election in accordance with clause 2.5(5) of the Company's constitution.

A decorated former Major in the Australian Army Reserve, Mr Spurling has a Bachelor of Technology and Mechanical Engineering from the University of Adelaide and a Masters in Automotive Engineering from the Chrysler Institute in Detroit (USA). He received the Melbourne Business School Award in 1995 for International Business and received the Centenary of Federation Medal Award for Service to Industry. Most notably Mr Spurling spent seven years as Managing Director and CEO of Mitsubishi Motors Australia in Adelaide before moving to the United States to become President and CEO of GNB Technologies in Atlanta then President and CEO of Pacific Dunlop Holdings (USA) Inc.

Mr Spurling is the Company's inaugural chairman. He has brought to his role as Chairman a wealth of business knowledge and experience, which has been of great value to the Company. The remainder of the Board recommend that Shareholders re-elect Mr Spurling. The Chairman intends to vote undirected proxies in favour of Resolution 2.

Mr Spurling has a relevant interest in 710,084 Shares and holds 500,000 unlisted options, each exercisable for one Share at \$0.25 at any time before 11 February 2013.

RESOLUTION 3 Approval of the issue of 750,000 Convertible Notes

1. Background

Listing Rule 7.1 provides that, subject to a number of exceptions, a company must not issue equity securities without shareholders' approval if that issue, when aggregated with other securities issued by the company without shareholder approval and not under an exception to Listing Rule 7.1 in the previous 12 months, will exceed 15% of the ordinary securities on issue at the commencement of the 12 month period plus certain shares (including those issued with shareholder approval) issued in that 12 month period (**15% Limit**).

Listing Rule 7.4 provides that an issue of securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with shareholder approval for the purposes of Listing Rule 7.1 if the issue did not itself breach Listing Rule 7.1 and shareholders subsequently approve it.

Ratification of previous issues of securities allows the 15% Limit to be refreshed and will give the Board flexibility going forward to better secure the Company's future by enabling the Board to quickly take advantage of changing market conditions and circumstances to raise additional capital if required without having to first convene a general meeting.

On 21 June 2011, the Company announced it had entered into a Subscription Agreement with Talis SA, a company registered with the Registry of Commerce and Companies of Paris, in relation to the subscription of up to 750,000 Convertible Notes for a total subscription amount of \$750,000.

On 23 June 2011 the Company issued and allotted 500,000 unsecured Convertible Notes to Talis SA for \$500,000 in subscription monies and on 7 September 2011 the Company issued and allotted a further 250,000 unsecured Convertible Notes to Talis SA for a further \$250,000 in subscription monies.

On 22 September 2011 Talis SA converted all 750,000 Convertible Notes and on 23 September 2011 was issued with 8,392,693 Shares on conversion and in payment of accrued interest on the Convertible Notes, in accordance with the terms and conditions of the Convertible Notes (see section 2 below). Accrued interest on the notes to the date of conversion was \$9,733. Additionally, a cash payment of \$493 was paid as a "Line Fee" on the 250,000 unsecured Convertible Notes.

The 750,000 Convertible Notes came within the 15% Limit and Shareholder approval was not required in relation to the issues of those notes. The Shares issued on conversion of the Convertible Notes were issued without Shareholder approval pursuant to exception 4 of Listing Rule 7.2 and, as a result, are not counted within the Company's 15% Limit. Resolution 3 seeks ratification of the issues of the 750,000 Convertible Notes for the purposes of Listing Rule 7.4.

2. Key Terms and Conditions of Convertible Notes

Each Convertible Note:

- (1) had a face value of \$1.00;
- (2) accrued interest at a rate of 7% per annum (payable quarterly in arrears, by either cash or the number of Shares equal to the accrued but unpaid interest divided by 80% of the volume weighted average closing price on ASX over the preceding 30 trading days, at the option of the Company);
- (3) was not transferable;
- (4) was unsecured;
- (5) was not quoted on ASX or any other securities exchange;
- (6) did not confer any voting rights, or any entitlement to participate in the future issues of securities or the distribution of dividends by the Company to its Shareholders prior to conversion;

- (7) was redeemable on the maturity date of 23 June 2012 (unless redeemed or converted earlier in accordance with the terms of issue);
- (8) was convertible at any time by the holder for the number of Shares equal to the face value of the Convertible Note divided by 80% of the volume weighted average closing price on ASX over the 30 trading days immediately preceding (but not including) the conversion date; and
- (9) was redeemable at the election of the Company at the end of each calendar quarter at the face value of the Convertible Note, subject to the following interest premiums for early redemption:
- (a) if redeemed on 30 September 2011, additional interest calculated on the face value of the Convertible Note at 4.0% per annum, accrued daily from the issue date to the redemption date;
 - (b) if redeemed on 31 December 2011, additional interest calculated on the face value of the Convertible Note at 3.0% per annum, accrued daily from the issue date to the redemption date; and
 - (c) if redeemed on 31 March 2012, additional interest calculated on the face value of the Convertible Note at 2.0% per annum, accrued daily from the issue date to the redemption date.

3. Effect of approval

If Shareholders approve the issue of 750,000 Convertible Notes to Talis SA for the purposes of Listing Rule 7.4, the 15% Limit will be refreshed to that extent.

If Shareholders do not approve the issue, then these Convertible Notes will be counted towards the 15% Limit for a period of 12 months from their respective dates of issue and, unless Resolution 4 is passed, the Company will have nominal capacity to issue further equity securities until June 2012 when the Convertible Notes issued on 23 June 2011 will cease to be counted towards the Company's 15% Limit.

4. Information required by Listing Rule 7.5

Listing Rule 7.5 provides that certain information must be included in a notice of meeting when Shareholder approval is sought under Listing Rule 7.4. The following information is provided in accordance with Listing Rule 7.5:

- The number of Convertible Notes allotted was 750,000.
- Each Convertible Note has a face value of \$1.00.
- The terms of the Convertible Notes are set out in section 2 above.
- The allottee of the Convertible Notes was Talis SA.
- The \$750,000 received from the issue of the 750,000 Convertible Notes has been used to fund the Company's working capital requirements.
- A voting exclusion statement is set out in the Notice of Meeting.

5. Recommendation

Each of the Directors recommends that Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

RESOLUTIONS 4 AND 5 Approval of issue of Options to sub-underwriters of the Rights Issue

1. Background

On 4 October 2011 the Company announced a Rights Issue. The Rights Issue is renounceable and offers eligible Shareholders the right to take up two new Shares for every five Shares held at an issue price of \$0.065 per new Share. Participants will also receive one free attaching new Option (**New Option**) for every two new Shares subscribed for under the offer. If a New Option is exercised before its expiry, the holder will receive one Share and one Secondary Option.

The Rights Issue is fully underwritten by Patersons Securities Limited (**Patersons**). Patersons has obtained sub-underwriting commitments for the full underwritten amount from various sub-underwriters identified by it.

The Rights Issue is due to close on 2 November 2011 and before the date of the Meeting, and the securities offered under the Rights Issue are expected to be issued and allotted on 10 November 2011.

A copy of the prospectus for the Rights Issue was lodged with ASX on 4 October 2011 and is available on the ASX website at www.asx.com.au using the Company's code 'PNX' and on the Company's website at www.phoenixcopper.com.au. The prospectus is expected to be sent to shareholders on 18 October 2011.

Pursuant to the Underwriting Agreement the Company entered into with Patersons, and as an incentive for the sub-underwriters to sub-underwrite the Rights Issue, the Company agreed, to grant 20,301,841 Options to the sub-underwriters on the basis of one Option for every three Shares the Underwriter agreed to underwrite pursuant to that agreement (**Underwriter Options**). 8,000,000 Underwriter Options will be granted to sub-underwriters within the Company's available 15% placement capacity pursuant to ASX Listing Rule 7.1 and without Shareholder approval. The remaining 12,301,841 Underwriter Options will be granted subject to and conditional upon Shareholders approving the issue for the purposes of ASX Listing Rule 7.1. If Shareholder approval is not obtained to the issue of the 12,301,841 Underwriter Options, the Company must pay the sub-underwriters, in accordance with the Underwriter's instruction, a cash amount equivalent to the value of those Underwriter Options, calculated on (at the Company's option) a Black Scholes valuation of those Underwriter Options or the volume weighted average price of the New Options over the first 5 ASX trading days of the New Options (subject to official quotation of the New Options).

The Underwriter Options are to be granted to the sub-underwriters in addition to the free New Options that will attach to the Shares they subscribed for in performance of their sub-underwriting obligations.

Patersons may terminate the Underwriting Agreement in certain circumstances, which are detailed in full in the Rights Issue prospectus lodged with ASX on 4 October 2011. If the Underwriting Agreement is terminated, the Underwriter Options will not be granted to the sub-underwriters.

Patersons will receive, as consideration for the services provided by it in respect to the Rights Issue, a corporate advisory fee of \$30,000, a management fee of 1% on the total amount raised under the Rights Issue, and an underwriting fee of 5.0% on the dollar amount underwritten under the Rights Issue.

2. Key Terms and Conditions of Underwriter Options

The Underwriter Options will be issued on the same terms and conditions as the New Options to be granted to participants in the Rights Issue. The terms and conditions are as follows:

- (1) Each Underwriter Option will entitle the holder (**Optionholder**) to:
 - (a) subscribe for one Share (subject to possible adjustments referred to in paragraphs (10), (11) and (12) below); and

- (b) be granted one (1) Secondary Option upon the exercise of the Option. Each Secondary Option will be issued on the terms and conditions set out in section 3 below.
- (2) Each Underwriter Option is exercisable during the period from the date it is granted until 30 June 2012 (**Expiry Date**). Underwriter Options not exercised before the Expiry Date will lapse.
 - (3) The exercise price of each Underwriter Option is \$0.10 per Share (**Exercise Price**).
 - (4) Underwriter Options are exercisable by notice in writing to the Company, delivered to the registered address of the Company and accompanied by the full payment of the Exercise Price in cleared funds.
 - (5) Some or all of the Underwriter Options may be exercised at any one time or times prior to the Expiry Date.
 - (6) Shares issued pursuant to the exercise of any of the Underwriter Options will rank in all respects on equal terms with the existing Shares.
 - (7) The Company will make application for new Shares allotted on exercise of the Underwriter Options to be admitted to the official list of ASX.
 - (8) The Underwriter Options are freely transferable.
 - (9) Underwriter Options will not entitle the Optionholder to participate in any new issue of securities by the Company unless the Underwriter Option has been duly exercised prior to the relevant record date. The Company will ensure that for the purposes of determining entitlements to participate in any new issues of securities to holders of Shares (other than a share purchase plan), that the record date will be at least six business days after the date the issue is announced.
 - (10) If there is a bonus issue to the holders of Shares:
 - (a) the number of Shares over which an Underwriter Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Underwriter Option had been exercised before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
 - (11) If, prior to the Expiry Date the issued capital of the Company is reorganised, the rights of the holders of the Underwriter Options may be varied to comply with the ASX Listing Rules which apply to the reconstruction.
 - (12) If the Company makes a rights issue (other than a bonus issue), the Exercise Price of the Underwriter Options on issue will be reduced in accordance with the following formula:

$$\text{New Underwriter Option Exercise Price} = \frac{O - E(P - (S + D))}{(N + 1)}$$

Where:

- O = the old Exercise Price of the Underwriter Option;
- E = the number of underlying Shares into which one Underwriter Option is exercisable;
- P = the volume weighted average price per Share recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex-entitlements date;
- S = the subscription price for a Share under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

The Company has applied for quotation on ASX of the Underwriter Options and the free attaching New Options being offered under the Rights Issue, but there is no guarantee quotation will be granted, unless the conditions for quotation are satisfied. The conditions for quotation include, amongst other things, there being a minimum of 100,000 free attaching New Options and Underwriter Options (in aggregate) on issue, with at least 50 holders (in aggregate) with a Marketable Parcel. This will depend on the take up of entitlements under the Rights Issue and the issue of Underwriter Options to the sub-underwriters. If the Underwriter Options do not satisfy the quotation conditions, the Underwriter Options will be issued and allotted but will be unlisted Options that cannot be traded on ASX.

3. Key Terms and Conditions of Secondary Options

As noted above, if an Underwriter Option is exercised before it expires on 30 June 2012, the holder of the Underwriter Option will be issued with one Share and one Secondary Option. Each Secondary Option will be granted on the following terms and conditions:

- (1) Each Secondary Option will entitle the holder to subscribe for one Share in the Company at an exercise price of 15 cents.
- (2) Each Secondary Option will be exercisable on and from the date it is granted until 5.00pm (Adelaide time) on 30 June 2013. Any Secondary Options not exercised on or before that time or date will automatically lapse.
- (3) The Secondary Options will only be issued under a disclosure document to be lodged with ASIC in or about July 2012.
- (4) The terms and conditions of the Secondary Options are otherwise the same as the Underwriter Options set out in section 2 above (with all necessary changes made).

The Company will apply for quotation of the Secondary Options on ASX in accordance with the Listing Rules, but as with the Underwriter Options there is no guarantee quotation will be granted, unless the conditions for quotation are satisfied. If the Secondary Options do not satisfy the quotation conditions, the Secondary Options will be issued and allotted but will be unlisted Options that cannot be traded on ASX.

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4. Resolution 4

Resolution 4 seeks Shareholders' approval under Listing Rule 7.4 to the issue by the Company of 8,000,000 Underwriter Options to sub-underwriters identified by Patersons on the terms of the Underwriting Agreement on the basis that those Underwriter Options will have been issued to the sub-underwriters on a date before the date of the Meeting and after the closing date of the Rights Issue. The expected date for issue and allotment of the 8,000,000 Underwriter Options is 10 November 2011.

The effect of Listing Rule 7.4 and the benefits of refreshing the 15% Limit are explained in the Background to Resolution 3 above. If Shareholders approve the issue of the 8,000,000 Underwriter Options, the 15% Limit will be refreshed to the extent of the Underwriter Options issued. If Shareholders do not approve the issue, then those Underwriter Options will be counted towards the 15% Limit for a period of 12 months from their date of issue and, unless Resolution 3 is passed, the Company will have nominal capacity to issue further equity securities until June 2012 when the Convertible Notes issued on 23 June 2011 will cease to be counted towards the Company's 15% Limit.

Listing Rule 7.5 provides that certain information must be included in a notice of meeting when Shareholder approval is sought under Listing Rule 7.4. The following information is provided in accordance with Listing Rule 7.5:

- 8,000,000 Underwriter Options will have been allotted to sub-underwriters of the Rights Issue by the date of the Meeting.
- The Underwriter Options were issued in part consideration for underwriting services provided by Patersons and as an incentive for the sub-underwriters to sub-underwrite the Rights Issue.
- The terms of the Underwriter Options are set out in section 2 above.
- The allottees of the Underwriter Options are sub-underwriters identified by Patersons.
- No funds will be raised from the issue of the Underwriter Options.
- A voting exclusion statement is set out in the Notice of Meeting.

6. Resolution 5

Resolution 5 seeks Shareholders' approval under Listing Rule 7.1 to issue 12,301,841 Underwriter Options to sub-underwriters identified by Patersons on the terms of the Underwriting Agreement.

Listing Rule 7.1 is explained in the Background to Resolution 3 above. If Shareholders approve the issue of the 12,301,841 Underwriter Options, those Underwriter Options will not be counted towards the 15% Limit for the 12 month period from the date of issue and allotment of those Underwriter Options. Further, any Shares issued on exercise of those Underwriter Options will not be counted towards the 15% Limit.

If Shareholder approval is not obtained to the issue of the 12,301,841 Underwriter Options, as noted in section 1 above, the Company will not be able to issue those Underwriter Options pursuant to Listing Rule 7.1 and must then, in accordance with the terms of the Underwriting Agreement, pay the sub-underwriters (in accordance with the Underwriter's instruction) a cash amount equivalent to the value of those Underwriter Options, calculated on (at the Company's option) a Black Scholes valuation of those Underwriter Options or the volume weighted average price of the New Options over the first 5 ASX trading days of the New Options (subject to official quotation of the New Options).

Listing Rule 7.3 provides that certain information must be included in a notice of meeting when Shareholder approval is sought under Listing Rule 7.1. The following information is provided in accordance with Listing Rule 7.3:

- The maximum number of securities to be issued is 12,301,841 Underwriter Options (**Remaining Underwriter Options**).

- The Remaining Underwriter Options are expected to be issued and allotted shortly after the date of the Meeting and no later than 3 months from the date of the Meeting or such later date as approved by ASX.
- The Remaining Underwriter Options will be issued in part consideration for underwriting services provided by Patersons and as an incentive for the sub-underwriters to sub-underwrite the Rights Issue.
- The allottees of the Remaining Underwriter Options will be sub-underwriters identified by Patersons.
- The terms of the Remaining Underwriter Options are as set out above in section 2.
- No funds will be raised from the issue of the Remaining Underwriter Options.
- A voting exclusion statement is set out in the Notice of Meeting.

7. Recommendation

Each of the Directors recommends that Shareholders vote in favour of Resolutions 4 and 5. The Chairman intends to vote undirected proxies in favour of Resolutions 4 and 5.

RESOLUTION 6 Issue of Shares to Mr Graham Spurling (or his nominee)

Graham Spurling is the Company's chairman and his qualifications are set out in the Background to Resolution 2 above. He is entitled to director's fees of \$75,000 per annum inclusive of superannuation. Due to constraints on the Company's cash position, Graham Spurling has waived payment of his director's fees since 1 April 2011.

On 23 September 2011 the Board resolved, subject to Shareholder approval, to issue and allot to Graham Spurling (or his nominee) Shares to the value of his foregone director's fees of \$37,500 at the volume weighted average closing price of Shares over the 30 ASX trading days ending on the second business day before the date of the Notice of Meeting. This equates to 428,572 Shares.

The other Directors consider that the proposed Share issue is part of a reasonable remuneration package for Mr Spurling, given that the Share issue is in lieu of the payment of cash director's fees. The other Directors do not have an interest in the outcome of the proposed resolution and recommend that Shareholders vote in favour of it. Mr Spurling does not make a recommendation to Shareholders about the proposed resolution given his personal interest. The Chairman does not intend to vote undirected proxies in connection with Resolution 6.

Resolution 6 seeks Shareholder approval of the issue and allotment of these Shares for the purposes of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under Listing Rule 7.1. If approval is not given to the issue and allotment of the Shares, Mr Spurling will not be paid his director's fees for the period 1 April 2011 to 30 September 2011.

The Shares will be issued within 1 month after the date of the Meeting in accordance with ASX Listing Rule 10.13.3.

No funds will be raised from the issue of the Shares.

Glossary

"**ASX**" means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires;

"**ASX Listing Rules**" means the official listing rules of ASX;

"**Board**" means the board of Directors;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member controls;

"**Company**" or "**Phoenix Copper**" means Phoenix Copper Limited (ACN 127 446 271);

"**Convertible Note**" means a convertible note issued on the terms and conditions set out in section 2 under the heading "Resolution 3" in these Explanatory Notes;

"**Corporations Act**" means *Corporations Act 2001* (Cth);

"**Director**" means a director of the Company;

"**Key Management Personnel**" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise);

"**Marketable Parcel**" means a parcel of Underwriter Options or Secondary Options (as appropriate), that if exercised in full would result in a parcel of Shares which would not be less than AUD\$500 based on the closing price of Shares at the time of grant of the Underwriter Options or Secondary Options (as appropriate);

"**Meeting**" means the Annual General Meeting of the Company to be held on Friday, 25 November 2011 at 10:30am;

"**New Option**" has the meaning given in section 1 under the heading "Resolutions 4 and 5" in these Explanatory Notes;

"**Notice of Meeting**" means the notice convening the annual general meeting of Phoenix Copper to be held on 25 November 2011 and which these Explanatory Notes accompany;

"**Option**" means an option to subscribe for a Share;

"**Patersons**" means Patersons Securities Limited (ABN 69 008 896 311);

"**Rights Issue**" means a pro-rata renounceable rights issue under which each Shareholder is entitled to subscribe for two new Shares for every five Shares held at an issue price of A\$0.065 per new Share. For every two new Shares subscribed for, Shareholders will receive one free attaching New Option;

"**Secondary Option**" means an Option to be issued on the terms and conditions set out in section 3 under the heading "Resolutions 4 and 5" in these Explanatory Notes;

"Share" means a fully paid ordinary share in the capital of the Company;

"Shareholder" means a holder of a Share;

"Shareholding" means a holding of one or more Share(s);

"Talis SA" means Talis SA, a company registered with the Registry of Commerce and Companies of Paris under No. 404 387 748;

"Underwriting Agreement" means the Underwriting Agreement between Patersons and the Company dated 3 October 2011 in respect of the full underwriting of the Rights Issue by Patersons, full details of which are set out in the Rights Issue prospectus lodged with ASX on 4 October 2011; and

"Underwriter Options" means the Options to be issued by the Company to the sub-underwriters of the Rights Issue pursuant to the terms of the Underwriting Agreement and on the terms and conditions set out in section 2 under the heading "Resolutions 4 and 5" in these Explanatory Notes, on the basis of one Option for every three Shares underwritten.

For personal use only

000001 000 PNX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 305 232
(outside Australia) +61 3 9415 4657

Proxy Form

 For your vote to be effective it must be received by 10:30am (Adelaide time) Wednesday 23 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Phoenix Copper Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Phoenix Copper Limited to be held at Suite 6, Ground Floor, 60 Hindmarsh Square, Adelaide, SA 5000 on Friday, 25 November 2011 at 10:30am (Adelaide time) and at any adjournment of that meeting.

Important for Item 1 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 1 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 1, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in computing the required majority if a poll is called on this item. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Item 1).

The Chairman of the Meeting intends to vote all available proxies in favour of Item 1 of business.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 1 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel.

Important for Item 6 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

The Chairman only intends to vote proxies on Resolution 6 where 'For', 'Against' or 'Abstain' box has been marked. The Chairman does not intend to vote undirected proxies in connection with Resolution 6.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Mr Graham Spurling as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Approval of the issue of 750,000 Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of previous issue of Options to sub-underwriters of Rights Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of new issue of Options to sub-underwriters of Rights Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Issue of Shares to Mr Graham Spurling (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Item 6, where the company has determined that the Chairman will not vote undirected proxies.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

PNX

999999A

