



PHOENIX COPPER LIMITED

ACN 127 446 271

4 October 2011

PROSPECTUS

For the offer of:

1. Fully underwritten pro-rata renounceable three (3) for five (5) rights issue of up to approximately 60.9 million New Shares at an issue price of A\$0.065 per New Share, with one (1) free attaching New Option for every two (2) New Shares subscribed, to raise up to approximately A\$3.9 million. If a New Option is exercised before its expiry on 30 June 2012 the New Option holder is entitled to receive one (1) Share and one (1) Secondary Option (**Rights Issue Offer**); and
2. Approximately 20.3 million Options to the parties that have participated as sub-underwriters to the Rights Issue Offer (**Underwriter Offer**).

LEAD MANAGER AND UNDERWRITER - PATERSONS SECURITIES LIMITED

CLOSING DATE: 5.00pm Adelaide time on 2 November 2011

IMPORTANT NOTICE

This is an important document. If you do not understand it, or are in doubt as to how to act, you should consult your financial or other professional adviser. The securities offered pursuant to this Prospectus should be considered a speculative investment and potential investors should refer to section 7 for details concerning the risk factors.

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CORPORATE DIRECTORY

Directors	Mr Graham G Spurling (Chairman) Mr Paul J Dowd (Managing Director) Mr David Hillier (Non Executive Director) Mr Peter J Watson (Non Executive Director)
Company Secretary	Ms Peta K Marshman
Registered Office	Level 1, 135 Fullarton Road Rose Park SA 5067 Telephone: +61 8 8364 3188 Facsimile: +61 8 8364 4288
Underwriter*	Patersons Securities Limited Level 15, 333 Collins Street Melbourne, Victoria
Share Registry*	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide SA 5000
Lawyers	Watsons Lawyers Ground Floor 60 Hindmarsh Square Adelaide SA 5000
Website	www.phoenixcopper.com.au

*These parties are included for information purposes and have not been involved in the preparation of this Prospectus.

TABLE OF CONTENTS

CORPORATE DIRECTORY	i
HIGHLIGHTS OF INVESTMENT OPPORTUNITY.....	1
KEY RISKS ASSOCIATED WITH THE OFFERS	1
IMPORTANT NOTICES.....	3
KEY DATES	5
CHAIRMAN'S LETTER.....	6
1. DETAILS OF THE OFFERS.....	8
1.1 The Rights Issue Offer	8
1.2 The Underwriter Offer.....	11
2. FURTHER INFORMATION IN RELATION TO THE OFFERS	12
2.1 Use of funds raised from the Offer	12
2.2 Application for quotation and Issue of New Securities	13
2.3 Offers not made where to make the Offers would be unlawful	13
2.4 Prohibition on exceeding 20% voting power threshold	13
2.5 Underwriting	14
2.6 Secondary Options	14
3. HOW TO ACCEPT THE OFFERS.....	15
3.1 How to accept the Rights Issue Offer	15
3.2 How to accept the Underwriter Offer (sub-underwriters only)	17
4. SHORTFALL SHARES.....	17
5. UNDERWRITING	18
5.1 Underwriting Agreement	18
6. EFFECT OF THE OFFERS ON THE COMPANY	23
6.1 Effect on financial position.....	23
6.2 Effect of the Offers on the Capital Structure of the Company	25
6.3 Potential effect on control	26
7. RISK FACTORS.....	28
7.1 General.....	28
7.2 General Economic Climate	28
7.3 Operational Risks.....	28
7.4 Requirements for Capital	29
7.5 Key Management	29
7.6 Land Access	30

7.7	Share market Conditions	30
7.8	Environmental Risks	30
7.9	Speculative Nature of Investment.....	30
8.	TERMS AND CONDITIONS OF NEW SECURITIES	31
8.1	New Shares.....	31
8.2	New Options and Underwriter Options	32
8.3	Secondary Options	34
9.	ADDITIONAL INFORMATION	34
9.1	Continuous Disclosure and Documents available for inspection	34
9.2	Information excluded from continuous disclosure notices.....	35
9.3	Interests of Directors.....	35
9.4	Watsons Lawyers.....	37
9.5	Underwriting fees.....	37
9.6	Nominee.....	38
9.7	Broker handling fees	38
9.8	Expenses of the Offers	38
9.9	Consents and disclaimer.....	38
9.10	Liability Statement	39
9.11	Litigation.....	39
9.12	Further information	39
10.	DEFINED TERMS	41

HIGHLIGHTS OF INVESTMENT OPPORTUNITY

- (1) Fully underwritten rights issue to raise approximately \$3.9 million.
- (2) Offer of three New Shares for every five Shares held at the Record Date at 6.5 cents per New Share, which is a discount of 28.1% to the volume weighted average price of Shares on the 5 days that the Company's Shares traded prior to 29 September 2011 (being the day the Company entered a trading halt pending announcement of the rights issue).
- (3) One free attaching New Option for every 2 New Shares subscribed for, exercisable at 10 cents per share, expiring on 30 June 2012 and with a bonus Secondary Option granted on exercise, exercisable at 15 cents per share and expiring 30 June 2013.
- (4) After payment of the costs and expenses of the Offers and working capital commitments, approximately \$1.92 million will be used to fund an aggressive exploration program on the Company's two most prospective projects:
 - (a) Yorke Peninsula - airborne electromagnetic survey and drilling program on the Company's tenements in the Olympic Domain, which are adjacent or otherwise nearby to those held by Rex Minerals Limited, hosting the recently discovered Hillside Deposit;
 - (b) Burra North - exploration to target the potential for repetition of copper mineralization immediately to the north west of the historic Monster Mine.
- (5) After payment of the costs and expenses of the Offers and working capital commitments, an initial \$250,000 and (depending on success and availability of sufficient funds) up to \$500,000 in total will be used to fund further test work and field trials to prove the results of current studies to recommence and sustain operations at the Company's Leigh Creek project.

KEY RISKS ASSOCIATED WITH THE OFFERS

- (1) An investment in the Company's securities is speculative.
- (2) There is no guarantee that any funds will be raised under the rights issue, particularly if the Underwriter validly exercises a termination right.
- (3) The success of the rights issue will impact on the Company's ability to undertake the proposed exploration programs, test work and field trials, with funds raised to first be applied towards costs of the Offers and the Company's working capital commitments and then the exploration programs and test work and field trials.
- (4) The Company's Yorke Peninsula and Burra North properties are largely under-explored and whilst they are considered prospective, are speculative.
- (5) The Company is yet to negotiate land access with landowners at its Yorke Peninsula and Burra North projects, and failure to secure access may impact on the Company's exploration programs.

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- (6) There is a risk that the free attaching New Options, the Underwriter Options and/or the Secondary Options issued on exercise of those New Options and Underwriter Options will not meet ASX's quotation requirements, in which case these New Options, Underwriter Options and/or Secondary Options will be unlisted and will not be traded on ASX.
 - (7) The operations of the Company may be affected by a number of operational and technical difficulties encountered in exploration and mining, including those leading to inability to mine and increased or unforeseen costs.
 - (8) If the proposed test work at the Leigh Creek project is unsuccessful, the Company may be forced to cease operations at that project.
 - (9) Market factors, commodity prices and lack of exploration or operational success may have an impact on operating costs and the price at which the Company's securities trade.

This is a brief description of the highlights of the investment opportunity and key risks associated with the Offers, and should be read in conjunction with the rest of this Prospectus.

IMPORTANT NOTICES

This Prospectus is dated 4 October 2011 and was lodged with ASIC on 4 October 2011. ASIC and ASX take no responsibility for the contents of this Prospectus.

This Prospectus is for an offer of continuously quoted securities and options to acquire continuously quoted securities, issued in accordance with section 713 of the Corporations Act.

No New Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

In preparing this Prospectus, regard has been given to the fact that ASX maintains a file containing publicly disclosed information about the Company and that the Company is a disclosing entity for the purpose of the Corporations Act, and certain matters may reasonably be expected to be known to professional advisers whom potential investors may consult.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

This Prospectus and accompanying Acceptance Form does not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. Where the Prospectus has been dispatched to persons domiciled in a country other than Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Offer, the Prospectus and accompanying Acceptance Forms are provided for information purposes only. Any recipient of this Prospectus domiciled in a country outside of Australia or New Zealand should consult their professional advisers on requisite formalities.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

Expressions used in this Prospectus with an upper case initial letter have defined meanings which are set out at the end of this Prospectus.

Warning statement applicable to New Zealand investors

The Offers to New Zealand investors are regulated offers made under the mutual recognition provisions in Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008. The Offers and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offers must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offers. If you need to make a complaint about the Offers, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offers may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

KEY DATES

The indicative timetable for the Rights Issue Offer is as follows:

EVENT	DATE
Announcement of Rights Issue and Lodgement of Prospectus – Announcement of Rights Issue and Appendix 3B lodged with ASX and Prospectus lodged with ASIC and ASX	Tuesday 4 October 2011
Notice to Shareholders – notice of Rights Issue Offer sent to Shareholders containing information required by Appendix 3B	Wednesday 5 October 2011
Ex date and Rights trading commences – the date on which Shares commence trading without the entitlement to participate in the Rights Issue Offer and Rights trading commences	Friday 7 October 2011
Record Date – the date for determining entitlements of Shareholders to participate in the Rights Issue Offer (6:30pm Adelaide time)	Thursday 13 October 2011
Prospectus sent to Shareholders – despatch of Prospectus and Acceptance Forms–Offers open for acceptance	Tuesday 18 October 2011
Last day of Rights trading	Tuesday 25 October 2011
Closing Date – The last day for receipt of Rights Issue Offer acceptance forms (5.00pm Adelaide time)	Wednesday 2 November 2011
Shortfall notification date	Monday 7 November 2011
Despatch date – Allotment of New Shares and New Options.	Thursday 10 November 2011
Expected commencement of normal trading in New Shares (and New Options, if admitted to quotation) on ASX	Friday 11 November 2011

Subject to the ASX Listing Rules and the terms of the Underwriting Agreement, the Directors reserve the right to vary the dates for the Offers at their discretion. Should this occur, the variation will have a consequential effect on the anticipated date of issue and normal trading of New Securities (if applicable).

CHAIRMAN'S LETTER

Dear Shareholder

Rights Issue Offer

On behalf of the directors of Phoenix Copper, I am pleased to present an opportunity to participate in a fully underwritten renounceable pro-rata rights issue at an issue price of 6.5 cents per New Share, to raise approximately A\$3.9 million (before costs and expenses).

The rights issue offers you the right to take up three New Shares for every five Shares you hold as at 6.30pm Adelaide time on 13 October 2011 at an issue price of 6.5 cents per New Share. If you accept your Entitlement fully or in part you will also receive one free New Option for every two New Shares subscribed for under the Rights Issue Offer. The New Options are exercisable at 10 cents each and will expire on 30 June 2012. If you exercise any New Option issued to you before its expiry, you will receive one New Share and one Secondary Option exercisable at 15 cents and expiring 30 June 2013.

The Rights Issue Offer provides you with an opportunity to increase your investment in Phoenix Copper at an attractive price and with a bonus piggy backed option entitlement, and to contribute to the funds Phoenix Copper needs for future exploration programs and test work to recommence operations at its Leigh Creek project.

The issue price of the New Shares represents a discount of approximately 28.1% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 29 September 2011 (being the day the Company entered a trading halt pending announcement of the rights issue) . The free attaching New Options will also give you the opportunity to further participate in the future of the Company, particularly with the Secondary Option entitlement on exercise of a New Option.

The rights issue is renounceable. This means that if you do not wish to accept all or part of your Entitlement you may sell all of it or the part of it you do not wish to accept, either on ASX or off-market, during the Rights Trading Period, to a third party, who need not be another shareholder of Phoenix Copper.

Patersons has agreed to fully underwrite the rights issue, pursuant and subject to the terms and conditions of the Underwriting Agreement.

After payment of the costs and expenses of the Offers, and the Company's current commitments and working capital requirements, the proceeds from the rights issue will be applied towards an aggressive exploration program on the Company's two most prospective projects:

- Yorke Peninsula – exploration for Moonta – IOCGU style deposits in the Company's tenements in the Olympic Domain, which are adjacent or otherwise nearby to those held by Rex Minerals Limited, hosting the recently discovered Hillside Deposit; and
- Burra North – exploration to target the potential for repetition of copper mineralization immediately to the north west of the historic Monster Mine.

Proceeds will also be applied towards completing test work and field trials aimed at recommencing operations at the Company's Mountain of Light project at Leigh Creek, South Australia.

My fellow Directors and I are pleased to offer Shareholders the opportunity to participate in this capital raising to fund Phoenix Copper's exciting exploration programs and to enable it to prove the feasibility of the Mountain of Light operations and recommence operations at the project.

We are hopeful that you will continue your loyal support of Phoenix Copper and help us to overcome the disappointment of the uneconomic initial operations at Mountain of Light.

You are encouraged to read this Prospectus and the accompanying Acceptance Form fully. If you have any questions about the Rights Issue Offer, you should consult your stockbroker or other professional adviser.

Yours sincerely



Graham G Spurling
Chairman

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1. DETAILS OF THE OFFERS

1.1 The Rights Issue Offer

Phoenix Copper offers each of its Shareholders the opportunity to subscribe for New Shares under a pro-rata renounceable rights issue. Each Shareholder is entitled to subscribe for three (3) New Shares for every five (5) Shares held by that Shareholder as at the Record Date at an issue price of 6.5 cents per New Share. For every two New Shares subscribed for, Shareholders will receive one (1) free attaching New Option. If a New Option is exercised by its expiry on 30 June 2012, the New Option holder will be entitled to receive one Share and one Secondary Option.

The issue price of the New Shares represents a discount of approximately 28.1% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 29 September 2011 (being the day the Company entered a trading halt pending announcement of the rights issue).

The New Shares will be fully paid and will rank equally in all respects with Phoenix Copper's existing Shares on issue. A summary of the rights and liabilities attaching to the New Shares is set out in section 8.1.

The New Options will be exercisable at 10 cents each on or before 5pm (Adelaide time) on 30 June 2012 and will be granted on the terms and conditions set out in section 8.2.

The Secondary Options, to be issued on exercise of the New Options, will be exercisable at 15 cents each on or before 5pm (Adelaide time) on 30 June 2013 and will be granted on the terms and conditions set out in section 8.3.

Phoenix Copper has applied to ASX for quotation of both the New Shares and the New Options. If the New Shares are not admitted to quotation within 3 months of the date of this Prospectus, no New Securities will be issued under the Rights Issue Offer. If the New Shares are admitted to quotation, but the New Options are not, the New Securities will be issued and allotted, but the New Options will be unlisted and will not be traded on ASX (see section 2.1 for further details).

If a Shareholder becomes entitled to a fraction of a Share or Option, the entitlement will be rounded up to the nearest whole number.

(1) What is my Entitlement?

The number of New Shares for which you are entitled to subscribe under the Rights Issue Offer (with a free attaching New Option for every two New Shares subscribed for) (**Entitlement**) is shown in the accompanying Acceptance Form.

Shareholders may:

- (a) subscribe for all or part of their Entitlement, and for a nominated number of New Shares in excess of their Entitlement as part of any Shortfall;
- (b) sell all or part of their Entitlement on ASX;

- (c) sell all or part of their Entitlement other than on ASX;
- (d) allow all or part of their Entitlement to lapse; or
- (e) do any combination of the above.

If you choose not to accept all of your Entitlement under the Rights Issue Offer, or if you choose not to exercise any of the New Options or the Secondary Options before the expiration of those Options, your shareholding in Phoenix Copper will be diluted.

Detailed instructions on how to accept and/or sell all or part of your Entitlement are set out in section 3. All applications, once received, are irrevocable.

Excluded Shareholders may not take any of the steps described above. Refer to sections 1.1(5) and 1.1(6) for information relating to Excluded Shareholders.

If you have bought Rights on ASX or otherwise, you need to consult with your stockbroker about how you can take up those Rights.

(2) **Shortfall Shares**

If you wish to accept your Entitlement in full and apply for Shortfall Shares complete the Acceptance Form accompanying this Prospectus and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the accompanying Acceptance Form. You must pay the appropriate application monies (at 6.5 cents per New Share subscribed) as provided in paragraph 3.1(6) below.

Persons who apply for and are allocated Shortfall Shares will also receive one free New Option for every two Shortfall Shares allotted.

Shortfall Shares will only be issued if the Rights Issue Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions and in accordance with the terms of the Underwriting Agreement. If Phoenix Copper receives applications for Shortfall Shares that would result in the Rights Issue Offer being oversubscribed then the Company will not accept such oversubscriptions and will reject or scale back applications in accordance with the Underwriting Agreement, and otherwise, at its absolute discretion.

Subject to the terms of the Underwriting Agreement, the Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

Phoenix Copper will not issue Shortfall Shares where Phoenix Copper is aware that to do so would result in a breach of the Corporations Act or the ASX Listing Rules. Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act

or the ASX Listing Rules having regard to their own circumstances (including the existence of any associates).

(3) Opening and closing dates

The Rights Issue Offer opens for receipt of acceptances on 18 October 2011. The closing date and time for acceptances and payments is 5:00pm Adelaide time on 2 November 2011, subject to any variation of the closing date by the Directors in accordance with the ASX Listing Rules and the terms of the Underwriting Agreement.

(4) Who is entitled to participate in the Rights Issue Offer?

Each Shareholder with a registered address in Australia or New Zealand, who is registered as the holder of Shares at 6:30pm Adelaide time on 13 October 2011 is entitled to participate in the Rights Issue Offer in respect of the number of Shares for which that Shareholder is then registered as the holder.

Existing Option holders may only participate in the Rights Issue Offer in respect of the Shares to be issued on exercise of the Options held by them if they exercise their Options prior to the Record Date and are registered as the holder of the underlying Shares on the Record Date.

(5) Rights Issue Offer not made to Excluded Shareholders

Phoenix Copper has decided that it is unreasonable to make the Rights Issue Offer to shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of shareholders in such places, the number and value of the New Securities they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions. The number of Shares held by shareholders who have registered addresses in countries outside of Australia and New Zealand as at close of trading on 29 September 2011 was 132,455 Shares.

Shareholders holding Shares on behalf of persons who are resident outside of Australia or New Zealand are responsible for ensuring that subscribing for the New Securities under the Rights Issue Offer does not breach regulations in the relevant overseas jurisdiction.

This Prospectus does not constitute an offer to Excluded Shareholders and the Prospectus will not be sent to Excluded Shareholders.

(6) Nominee to sell Rights of Excluded Shareholders

The Company has appointed Patersons Securities Limited, on normal commercial terms, as nominee for the purposes of ASX Listing Rule 7.7.1(c) and section 615 of the Corporations Act to sell the Rights, which would have been offered to Excluded Shareholders had they been eligible to participate in the Rights Issue Offer. The nominee will have the absolute and sole discretion to determine the timing, price and manner of sale of the Rights. The net proceeds, if any, of the sale (in Australian dollars) of the Rights will be distributed to the Excluded Shareholders pro rata in proportion to their respective shareholdings

as at the Record Date (after deducting the costs of the sale and the costs of distributing the proceeds). There is no guarantee that the nominee will be able to sell the Rights and Excluded Shareholders may receive no value for the Rights. Neither the Company nor the nominee will have any liability for failure to sell the Rights or to sell them at a particular price.

If any or all of the Rights are not sold by the nominee, those Rights will be allowed to lapse and will form part of the Shortfall.

(7) Renounceability and Rights Trading

The Rights Issue Offer is renounceable. This means that, should you choose not to accept all or part of your Entitlement, your right to subscribe for New Shares under the Rights Issue Offer may be traded on ASX or otherwise sold during the Rights Trading Period to a third party who need not be an existing shareholder. Any Entitlements not taken up by Shareholders (or an assignee of their Rights) will form part of the Shortfall and be dealt with in accordance with section 4.

Trading of Rights will commence on ASX at 9.30am Adelaide time on 7 October 2011 and will cease at 3.30pm Adelaide time on 25 October 2011.

There is no guarantee that a Shareholder will be able to sell any or all of their Rights or that any particular price will be paid for the Rights.

1.2 The Underwriter Offer

Under the terms of the Underwriting Agreement, the Company has agreed to grant Underwriter Options to the parties that have participated as sub-underwriters to the Rights Issue Offer and generally in accordance with the discretion and instruction of the Underwriter.

The Underwriter Options will be granted on the same terms and conditions as the New Options (see section 8.2 for further detail) as part consideration for the Underwriter underwriting the Rights Issue Offer on the basis of one Underwriter Option for every three New Shares underwritten by the Underwriter.

The Underwriter Offer is subject to and conditional upon shareholders approving the issue of the Underwriter Options to the extent that the issue of Underwriter Options requires shareholder approval pursuant to ASX Listing Rule 7.1. 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 Underwriter Options will be granted subject to and conditional upon shareholders approving the issue at the Company's 2011 Annual General Meeting for the purposes of ASX Listing Rule 7.1.

The Underwriter Offer is a separate offer pursuant to this Prospectus and only those persons directed by the Underwriter may accept Underwriter Options by completing the Underwriter Offer Acceptance Form accompanying this Prospectus. Only those parties that have participated as sub-underwriters to the Rights Issue Offer will receive an Acceptance Form to accept Underwriter Options.

2. FURTHER INFORMATION IN RELATION TO THE OFFERS

2.1 Use of funds raised from the Offer

After payment of the costs and expenses of the Offers and working capital commitments, and assuming the Rights Issue is fully subscribed and/or underwritten and raises the maximum of approximately \$3.9 million, the Company intends to apply the funds raised from the Offer as follows:

- (a) approximately \$1.92 million will be used to fund an aggressive exploration program on the Company's two most prospective projects:
- Yorke Peninsula - airborne electromagnetic survey and drilling program on the Company's tenements in the Olympic Domain, which are adjacent or otherwise nearby to those held by Rex Minerals Limited, hosting the recently discovered Hillside Deposit;
 - Burra North - exploration to target the potential for repetition of copper mineralization immediately to the north west of the historic Monster Mine.
- (b) an initial \$250,000 and (depending on success and availability of sufficient funds) up to \$500,000 in total will be used to fund further test work and field trials to prove the results of current studies to recommence and sustain operations at the Company's Leigh Creek project.

A detailed summary of the allocation of the funds raised from the Offer is set out below, assuming the Offer raises the maximum of approximately \$3.9 million.

'\$000s	Exploration			Leigh Creek	Corp O/heads	R&D	Funding Costs	Total	Cumulative Total
	Yorke Peninsula	Burra North	Total						
2011	-\$280	-\$150	-\$430	-\$250	-\$300	\$400	-\$350	-\$930	-\$930
2012	-\$1,010	-\$480	-\$1,490		-\$1,200	\$150		-\$2,540	-\$3,470

If the Rights Issue Offer is not fully subscribed and/or underwritten, funding will be first allocated to working capital (which includes corporate costs, costs associated with the Offers, existing commitments of the Company and work associated with ongoing exploration to maintain tenements in good standing) and then towards the Company's exploration programs, with exploration at the Company's Yorke Peninsula project to be given priority over exploration at Burra North and the Leigh Creek test work.

Details on the Company's proposed exploration programs for its Yorke Peninsula and Burra North projects along with its planned further test work and field trials at its Leigh Creek project are provided in the Company's announcement made to ASX on 30 September 2011. A copy of that announcement is available on the ASX website at www.asx.com.au, using the Company's code PNX.

2.2 Application for quotation and Issue of New Securities

Phoenix Copper has applied to ASX for quotation of the New Securities being offered pursuant to this Prospectus.

The issue of New Shares will only be made after permission for their quotation on ASX has been granted. If, for whatever reason, the New Shares are not admitted to quotation within 3 months of the date of this Prospectus, no New Securities will be issued under the Offers and application monies received will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

The New Options and Underwriter Options will only be admitted to quotation by ASX if the conditions for quotation of a new class of securities are satisfied. Those conditions include, amongst other things, there being a minimum of 100,000 New Options and Underwriter Options on issue, with at least 50 holders with a Marketable Parcel. **If quotation is not granted, the New Options and Underwriter Options will be granted but will not be traded on ASX.**

Phoenix Copper expects that New Shares, New Options and the 8,000,000 Underwriter Options that will be issued without shareholder approval will be issued and allotted by no later than 10 November 2011. The balance of the Underwriter Options will be issued as soon as practicable following shareholder approval to the issue of them and in accordance with the terms of the Underwriting Agreement. If shareholder approval is not obtained to the issue of the balance of the Underwriter Options, the Company must pay the sub-underwriters, in accordance with the Underwriters 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).

2.3 Offers not made where to make the Offers would be unlawful

This Prospectus and accompanying Acceptance Form do not constitute offers of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. Return of a duly completed Acceptance Form will constitute a representation that there has been no breach of any applicable regulations. Where the Prospectus has been dispatched to persons domiciled in a country other than Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Offers, the Prospectus and accompanying Acceptance Form are provided for information purposes only.

2.4 Prohibition on exceeding 20% voting power threshold

Potential investors must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold), when applying for New Securities offered pursuant to this Prospectus, and exercising New Options, Underwriter Options and Secondary Options.

As previously stated, an ASIC approved nominee has been appointed for the purposes of section 615 of the Corporations Act. This means that Shareholders who participate in the Rights Issue Offer will be able to rely on the exemption for rights issues in Item

10 of section 611 if they would otherwise breach section 606 by virtue of accepting their Entitlements. This exemption will *not* apply in respect to:

- (a) any New Shares acquired by Shareholders as part of the Shortfall (other than by the Underwriter and sub-underwriters); or
- (b) the acquisition of Shares on exercise of the New Options, Underwriter Options or Secondary Options.

The Company reserves the right to reject or scale back any application for Shortfall Securities which it considers may result in breach of section 606. The Company expressly disclaims any responsibility for monitoring such applications or ensuring that individual Shareholders and sub-underwriters to the Rights Issue do not breach section 606 as a result of participation in the Offers or exercise of New Options, Underwriter Options or Secondary Options.

Any investor that may be at risk of breaching section 606 as a result of the exercise of New Options, Underwriter Options or Secondary Options has the following choices available to them:

- (2) sell their Options, either on market (if the Options are admitted to quotation) or off market;
- (3) sell some or all of their Shares prior to exercising any Options held by them; or
- (4) rely on another exemption from the takeovers prohibition in section 611 (such as the 3% creep exemption).

Investors that may be at risk of exceeding the 20% voting power threshold in section 606 or increasing their voting power from a position above 20% as a result of application for Shortfall Shares or the acquisition of Shares following exercise of New Options, Underwriter Options or Secondary Options should seek professional advice before applying for Shortfall Shares or exercising New Options, Underwriter Options or Secondary Options (as applicable).

2.5 Underwriting

The Rights Issue Offer is fully underwritten by Patersons Securities Limited. Accordingly, the Rights Issue Offer will raise approximately \$3.9 million (before costs and expenses of the Offers), subject to the terms of the Underwriting Agreement.

Further details of the underwriting, including a summary of the material terms of the Underwriting Agreement, are set out in section 5.

2.6 Secondary Options

Any Secondary Options issued upon exercise of the New Options or Underwriter Options will not be issued to holders of such Options until such time as the Company has prepared and lodged with ASIC in or about July 2012 a disclosure document for the purpose of complying with the technical requirements of the Corporations Act in respect of the tradability of those subsequent Secondary Options.

3. HOW TO ACCEPT THE OFFERS

3.1 How to accept the Rights Issue Offer

(1) How to take up all or part of your Entitlement

To subscribe for all or part of your Entitlement, please:

- (a) complete the accompanying Acceptance Form in respect of that part of your Entitlement you wish to accept according to the instructions on that form; and
- (b) forward the completed form together with payment of the appropriate application monies (at 6.5 cents per New Share subscribed for) to the Company's Share Registry in the manner provided in section 3.1(6) **by no later than 5.00pm Adelaide time on 2 November 2011** (or such later date as the Directors advise).

Alternatively, if you wish to apply via BPay, you do not need to return the Acceptance Form, you simply need to make payment in accordance with the instructions on the accompanying Acceptance Form, for the number of New Shares you wish to apply for, multiplied by the issue price of 6.5 cents.

Acceptances will not be valid if they are received after the Closing Date.

Refer to section 1.1(2) for details of how to apply for Shortfall Shares in addition to your Entitlement.

(2) How to sell all or part of your Entitlement on ASX

You may sell all or part of your Entitlement on ASX.

If you decide to sell all or part of your Entitlement on ASX you will need to instruct your stockbroker as soon as possible and follow their instructions.

If you sell **all** your Entitlement on ASX do not return the accompanying Acceptance Form to the Company's Share Registry.

Rights trading will commence on ASX at 9.30am Adelaide time on 7 October 2011 and will cease at 3.30pm Adelaide time on 25 October 2011.

(3) How to sell all or part of your Entitlement other than on ASX

You may elect to sell all or part of your Entitlement to another person other than on ASX. You may only sell all or part of your Entitlement during the Rights Trading Period.

If you choose to sell all or part of your Entitlement to another person other than on ASX, then you must forward a completed standard renunciation and transfer form (obtainable from your stockbroker or the Company's Share Registry) to the Company's Share Registry at one of the addresses set out in section 3.1(6) **by no later than 5.00pm Adelaide time on 25 October 2011**.

(4) **How to sell part of your Entitlement and accept for the balance**

If you decide to sell part of your Entitlement and accept the balance of your Entitlement you will need to:

- (a) if selling part of your Entitlement on ASX, instruct your stockbroker as soon as possible and follow their instructions; or
- (b) if selling part of your Entitlement other than on ASX, follow the instructions set out in section 3.1(3); and
- (c) complete the accompanying Acceptance Form in respect of that part of your Entitlement you wish to accept and forward the completed form together with payment of the appropriate application monies (at 6.5 cents per New Share subscribed for) to the Company's Share Registry in the manner provided in section 3.1(6), by **no later than 5.00pm Adelaide time on 2 November 2011** (or such later date as the Directors advise).

Acceptances will not be valid if they are received after the Closing Date.

(5) **Lapse of Rights**

You should be aware that your Rights may have value. Rights are renounceable, which enables you, if you decide not take up part or all of your Entitlement, to seek to sell or trade all or some of your Rights on ASX or off-market (for details see paragraphs (2), (3) and (4) above).

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse and will form part of the Shortfall.

(6) **Payment**

Payment must be made with your acceptance **by 5.00pm Adelaide time on 2 November 2011**, or such later date as the Directors advise, and must be in Australian currency and made by:

- (a) cheque drawn on and payable at any Australian bank;
- (b) bank draft drawn on and payable at any Australian bank;
- (c) money order drawn in Australian currency; or
- (d) BPay.

Your Acceptance Forms, together with your cheque or a bank draft or money order for the appropriate application monies (at 6.5 cents per New Share subscribed for) must be sent to Phoenix Copper's Share Registry, Computershare Investor Services Pty Ltd, at:

By Post:

Phoenix Copper Limited
Computershare Investor Services Pty
Limited

By Delivery:

Phoenix Copper Limited
Computershare Investor Services Pty
Limited

GPO Box 2987
Adelaide SA 5000

Level 5, 115 Grenfell Street
Adelaide SA 5000

so that they reach the registry **by no later than 5.00pm Adelaide time on 2 November 2011**, or such later date as the Directors advise.

Alternatively if you wish to pay by BPay, you do not need to return the Acceptance Form accompanying this Prospectus, you simply need to follow the instructions on the Acceptance Form. Different financial institutions may implement earlier cut off times with regards to electronic payment, so please take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPay are received by the Closing Date.

Acceptances will not be valid if they are received after the Closing Date.

Your Cheque, money order or bank draft must be made payable to 'Phoenix Copper Limited Rights Issue' and crossed 'Not Negotiable'. Cash payments will not be accepted and receipts for payment will not be provided.

3.2 How to accept the Underwriter Offer (sub-underwriters only)

Acceptance by sub-underwriters of the Underwriter Offer must be made on the Underwriter Offer Acceptance Form accompanying this Prospectus. Only those persons directed by the Underwriter should complete the accompanying Underwriter Offer Acceptance Form. Applicants will be granted an allocated number of Underwriter Options under the Underwriter Offer as shown on that form. Applicants may not apply for additional Underwriter Options.

All Underwriter Offer Acceptance Forms must be completed in accordance with the instructions set out on the Underwriter Offer Acceptance Form.

Completed Underwriter Offer Acceptance Forms must be received by Patersons Securities Limited by no later than 5.00pm Adelaide time on the Shortfall Settlement Date.

If the Underwriting Agreement is terminated no Underwriter Options will be issued.

4. SHORTFALL SHARES

Shortfall Shares will only be issued if the Rights Issue Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

If there is any Shortfall, the Shortfall Shares will be allocated to persons who have applied for Shortfall Shares and to the Underwriter and/or sub-underwriters in accordance with the provisions of the Underwriting Agreement.

If the Underwriting Agreement is, for whatever reason, terminated, the Directors reserve the right to issue the Shortfall Shares in their absolute and sole discretion. Any Shortfall Shares so issued will, in accordance with the ASX Listing Rules, be issued within 3 months after the Closing Date and will be issued at a price that is not less than the issue price of the New Shares under the Rights Issue Offer.

Phoenix Copper will not issue Shortfall Shares where Phoenix Copper is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules or any other relevant legislation or law.

5. UNDERWRITING

5.1 Underwriting Agreement

Pursuant to an Underwriting Agreement dated 3 October 2011 between the Company and the Underwriter, the Underwriter has agreed to fully underwrite the Rights Issue Offer, thereby guaranteeing (unless the Underwriting Agreement is terminated) that the Rights Issue Offer will raise approximately A\$3.9 million in total (before costs and expenses of the Offers and subject to the terms and conditions of the Underwriting Agreement).

The Underwriter has procured sub-underwriting commitments for the full underwritten amount.

Under the terms of the Underwriting Agreement, the Underwriter will receive a fee for providing the underwriting service along with a management fee and corporate advisory fee. As discussed in section 1.2, the Company has also agreed to grant the Underwriter Options to parties who have participated as sub-underwriters of the Rights Issue Offer, as part consideration for the Underwriter underwriting the Rights Issue Offer. Details of the fees payable to the Underwriter and Underwriter Options to be granted to sub-underwriters are set out in section 9.5.

The Company has given warranties, covenants and indemnities in favour of the Underwriter which are usual for agreements of this kind.

The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of the following events occur before the date on which allotment of the last of the New Shares and New Options occurs:

- (a) **(Indices fall)**: the S&P/ASX 200 (IRESS:XJO.ASX) or the S&P/ASX 300 Metals and Mining Index (IRESS:XMM.ASX) as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Share Price)**: the Shares of the Company finish trading on the ASX under the ASX code of "PNX" on 2 consecutive trading days with a closing price that is less than the Rights Issue Offer price of 6.5 cents per Share; or
- (c) **(Rights Issue Offer Withdrawn)**: the Rights Issue Offer is withdrawn by the Company; or
- (d) **(No Official Quotation)**: Official Quotation has not been granted for all the New Shares and the New Options (other than if the non-grant of official quotation of the New Options is due only to the failure to satisfy condition 6 of ASX Listing Rule 2.5) within 2 Business Days after the Closing Date (or such later date agreed by the Underwriter) or, having been granted, is subsequently withdrawn, withheld or qualified; or

- For personal use only
- (e) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 5.1(q)(vi) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
 - (f) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
 - (g) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
 - (h) **(Restriction on allotment):** the Company is prevented from allotting the New Securities within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
 - (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
 - (j) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, and that application has not been dismissed or withdrawn by the date that is 2 Business Days before the Closing Date;
 - (k) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
 - (l) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not dismissed or withdrawn or dealt with in a
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manner favourable to the Company within 7 days of the application being made;

- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving Australia or one or more of New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world, which has or is reasonably likely to have a Material Adverse Effect, provided that such circumstance is not existing at the date of the Underwriting Agreement;
- (n) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter (acting reasonably);
- (o) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (p) **(Sub-underwriters)**: any of the Company Sub-Underwriters do not comply with their respective obligations under the sub-underwriting agreement with the Underwriter or threaten to not comply with all of its respective obligations under the sub-underwriting agreements with the Underwriter;
- (q) **(Termination Events)**: subject to below, any of the following events occurs:
- (i) **(Default)**: breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking (other than a breach that is capable of remedy and which is remedied by the Company promptly following request by the Underwriter to the Underwriter's reasonable satisfaction);
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change which is reasonably likely to occur after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met;

- (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the verification material for the Prospectus was false, misleading or deceptive or that there was an omission from them;
- (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offers or the Prospectus;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offers or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the Official Quotation of New Securities is qualified or conditional (other than a condition that relates to the issue and allotment of the securities or the satisfaction of ASX's spread requirements for the New Options and Underwriter Options);
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs and is not otherwise permitted under the Underwriting Agreement;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally, except as disclosed to the Underwriter prior to the date of the Underwriting Agreement or in the Prospectus;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of the Company or any of its subsidiaries;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board of the Company or a change in the senior

management of the Company before the date of allotment of the last of the New Shares and New Options without the prior written consent of the Underwriter;

- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries;
- (xviii) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 3 Business Days and the Underwriter has not given its prior written consent to that delay;
- (xix) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus or permitted by the Underwriting Agreement;
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any of its subsidiaries;
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxiv) **(Material Breach)**: if the Company fails to rectify any material breach of the Mandate letter agreement dated 29 September 2011 between the Company and the Underwriter, having been given 10 business days notice in writing by the Underwriter of such breach having occurred,

provided that the Underwriter may not exercise its rights under paragraph (q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are reasonably likely to have, a Material Adverse Effect or could reasonably be expected to give rise to a liability of the Underwriter under the Corporations Act or otherwise.

6. EFFECT OF THE OFFERS ON THE COMPANY

6.1 Effect on financial position

A principal effect of the Offers on the Company, assuming that the Rights Issue Offer is fully subscribed and/or underwritten and no existing Options are exercised and no Performance Shares or Performance Rights convert prior to the Record Date, and without taking into account the impact of rounding, will be that cash reserves will increase from \$324,294 as at 31 August 2011 to \$4,183,153 (based on the pro forma Balance Sheet as at 31 August 2011 set out below which takes into account deductions for the expenses of the Offers as set out in section 9.8).

A pro-forma Balance Sheet as at 31 August 2011 has been prepared and is set out below for illustrative purposes, but it has not been audited or reviewed. The pro-forma Balance Sheet has been prepared on the same basis and using the same accounting policies as the Company's audited accounts for the year ended 30 June 2011. The pro-forma Balance Sheet has been prepared on the basis that the Rights Issue Offer is fully subscribed and there have been no material movements in assets and liabilities of the Company between 31 August 2011 and the date of this Prospectus other than:

- (a) a reduction in the current liabilities of the Company at 31 August 2011 by \$509,733 and recognition that on 7 September 2011 the Company issued a further \$250,000 of convertible notes and that on 23 September 2011 convertible notes with a face value of \$750,000 (and accrued interest of \$9,733) were converted to 8,392,693 Shares in total resulting in an increase in equity which is reflected in the pro forma Balance Sheet; and
- (b) expenses of the Offers (not including nominee fees) of approximately \$350,000.

PHOENIX COPPER BALANCE SHEET

	As at 31 Aug 2011 (management accounts)	As at 31 Aug 2011 (pro forma)
<u>Current Assets</u>		
Cash and cash equivalents	324,294	4,183,153
Trade and other receivables	20,000	20,000
Other current assets	161,168	161,168
Inventory	249,404	249,404
Total Current Assets	754,866	4,613,725
<u>Non-current Assets</u>		
Exploration and evaluation expenditure	5,508,933	5,508,933
Plant and equipment	2,377,429	2,377,429
Mineral rights	1,256,714	1,256,714
Total Non-current Assets	9,143,076	9,143,076
Total Assets	9,897,942	13,756,801
<u>Current Liabilities</u>		
Trade and other payables	734,700	724,967
Provisions	653,081	653,081
Other financial liabilities	500,000	0
Total Current Liabilities	1,887,781	1,378,048
<u>Non-current Liabilities</u>		
Provisions	15,361	15,361
Total Non-current Liabilities	15,361	15,361
Total Liabilities	1,903,142	1,393,409
Net Assets	7,994,800	12,363,392
<u>Equity</u>		
Issued capital	16,227,893	20,596,485
Reserves	993,247	993,247
Accumulated losses	(9,226,340)	(9,226,340)
Total Equity	7,994,800	12,363,392

6.2 Effect of the Offers on the Capital Structure of the Company

The capital structure of the Company as at the date of this Prospectus is summarised below:

	Number	Expiry Date	Exercise Price
Listed securities			
Shares	101,509,205	n/a	n/a
Options	Nil	n/a	n/a
Unlisted securities			
Existing Performance Shares	1,500,000	n/a	n/a
Existing Performance Rights	1,100,000	n/a	n/a
Existing Options	1,500,000	11 February 2013	\$0.25
	5,500,000	25 January 2013	\$0.25
	250,000	18 June 2013	\$0.25
	500,000	11 September 2013	\$0.25
	750,000	15 March 2014	\$0.10
	23,000	10 June 2014	\$0.086
	62,000	21 June 2014	\$0.073
	1,250,000	29 July 2015	\$0.275
	2,873,563	15 April 2012	\$0.35
	750,000	31 October 2011	\$0.28
	2,351,102	11 March 2013	\$0.35

Assuming that the Rights Issue Offer is fully subscribed and/or underwritten, no existing Options are exercised and no Performance Shares or Performance Rights convert, and without taking into account the impact of rounding, the capital structure following completion of the Offers will be as above, however:

- (1) the number of Shares on issue will increase from 101,509,205 to 162,414,728; and

- (2) the number of listed Options (subject to the quotation requirements in respect of the New Options and the Underwriter Options being met) will increase from nil to 50,754,603; or
- (3) if the quotation requirements are not met in respect of the New Options and the Underwriter Options, the number of unlisted Options will increase from 15,809,665 to 66,564,268.

If all New Options and Underwriter Options are exercised such that Secondary Options are issued, then the total number of Options on issue will remain the same, however the number of Shares on issue will increase from 101,509,205 to 213,169,331 assuming no further Shares and no further Options are issued between the date of this Prospectus and the expiry date of the New Options and Underwriter Options.

Of the 1,500,000 Performance Shares on issue, it is noted that they will automatically convert in tranches of 500,000 when Shares trade for 5 consecutive ASX trading days at or above 40 cents, 60 cents and 80 cents respectively.

Of the 1,100,000 Performance Rights on issue, 100,000 Performance Rights will vest on 31 October 2011 (subject to the holder remaining an employee of the Company at that time) and upon their vesting, the holder will become entitled to be issued 100,000 Shares not later than 21 days after 31 October 2011. The remaining Performance Rights are not capable of conversion during the Offer Period.

6.3 Potential effect on control

The potential effect the Rights Issue Offer will have on the control of Phoenix Copper's undiluted share capital will depend on the extent to which Shareholders take up their Entitlements under the Rights Issue Offer.

If all Shareholders take up their Entitlements in full the Rights Issue Offer will have no effect on the control of Phoenix Copper.

As at the date of this Prospectus, the Underwriter does not beneficially hold any Shares in the Company. The Underwriter has entered into various sub-underwriting agreements and the Rights Issue Offer is fully sub-underwritten. If Shareholders do not take up some or all of their Entitlements under the Rights Issue Offer, then a Shortfall will result and the sub-underwriters will be entitled to subscribe for that Shortfall in accordance with the provisions of the Underwriting Agreement.

As the Rights Issue Offer is fully sub-underwritten, the Underwriter will not acquire voting power in the Company as a result of the Shortfall (unless any sub-underwriter defaults in its sub-underwriting obligation, in which case, unless the sub-underwriter is a Company Sub-Underwriter and the Underwriter exercises its right to terminate the Underwriting Agreement as a result, the Underwriter would be obliged to apply for those Shortfall Shares that the defaulting sub-underwriter was required to subscribe for in accordance with the terms of the Underwriting Agreement). If there is a 100% Shortfall (ie, no Entitlements are applied for), then no sub-underwriter will acquire voting power in the Company of more than 20%.

The maximum effect the Rights Issue Offer could have on the control of Phoenix Copper is an increase in the percentage of the total issued share capital of Phoenix

Copper controlled by substantial shareholder, Asia Image Limited (**Asia Image**) or substantial shareholder Long Fortune Limited (**Long Fortune**) as follows:¹

- (a) Asia Image - from 17.06% to a maximum of 22.85%, or 28.94% if all New Options and Secondary Options held by Asia Image are exercised (without taking into account any existing Options held by it and assuming the Company does not issue any further Shares before exercise of those Options); or
- (b) Long Fortune - from 12.78% to a maximum of 17.49%, or 22.57% if all New Options and Secondary Options held by Long Fortune are exercised (without taking into account any existing Options held by it and assuming the Company does not issue any further Shares before exercise of those Options).

The abovementioned increases in voting power would only occur in the unlikely circumstances that either Asia Image Limited *or* Long Fortune Limited, as appropriate, (but not both) take up their full Entitlement, no other Shareholders take up their Entitlements and the Underwriting Agreement is terminated.

Similarly, in the unlikely event that both Asia Image *and* Long Fortune take up their full Entitlements, no other Shareholder takes up their Entitlements and the Underwriting Agreement is terminated, the maximum effect the Rights Issue Offer could have on the control of Phoenix Copper is an increase in the percentage of the total issued share capital of Phoenix Copper controlled by Asia Image and Long Fortune respectively as follows:²

- (a) Asia Image - from 17.06% to a maximum of 21.47%, or 25.88% if all New Options and Secondary Options held by Asia Image are exercised (without taking into account any existing Options held by it and assuming the Company does not issue any further Shares before exercise of those Options); and
- (b) Long Fortune – from 12.78% to a maximum of 16.08%, or 19.38% if all New Options and Secondary Options held by Long Fortune are exercised (without taking into account any existing Options held by it and assuming the Company does not issue any further Shares before exercise of those Options).

The consequences of the potential effect on control of Phoenix Copper referred to above will be an increase in the voting power of Asia Image and/or Long Fortune by an amount equal to the percentage increase in their respective control of Phoenix Copper's undiluted share capital.

It is noted that in the circumstances outlined above, Asia Image and Long Fortune could only take up additional Shortfall Shares and could only exercise the New Options, Secondary Options or any existing Options held by them if permitted under section 611 of the Corporations Act, which includes the 3% creep exemption.

¹ The figures below are based on the last substantial shareholder notices received from Asia Image Limited and Long Fortune Limited both dated 11 March 2011, and the issued share capital of the Company as at the date of this Prospectus.

² The figures below are based on the last substantial shareholder notices received from Asia Image Limited and Long Fortune Limited both dated 11 March 2011, and the issued share capital of the Company as at the date of this Prospectus.

7. RISK FACTORS

7.1 General

The New Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. Whilst the Directors recommend that Shareholders take up their Entitlement under the Rights Issue Offer, there are numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which New Securities will trade. Similarly, no guarantee can be given as to the value of the New Options or the Underwriter Options, including if they are admitted to official quotation, the price at which they will trade. Also no guarantee can be given that Shareholders will, at the next Annual General Meeting of Phoenix Copper, approve the issue of those of the Underwriter Options that cannot be issued within the 15% limit permitted by ASX Listing Rule 7.1.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. The summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to take up New Securities under this Prospectus.

7.2 General Economic Climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and the market price for its listed securities may be affected by these factors, as well as by fluctuations in the price of copper or other minerals, which are beyond the Company's control.

7.3 Operational Risks

The business of mining and mineral exploration, development and production by its nature involves significant risks. The business depends on, amongst other things, successful exploration and identification of mineral reserves, security of tenure, the availability of adequate funding, satisfactory performance of mining operations, weather conditions, availability and cost of consumables and plant and equipment and skilled labour when required, good industrial relations and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances, mineral reserves and geotechnical considerations.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

In respect of the Company's Leigh Creek project, if the results of further test work and field trials to be funded by the proceeds of the Rights Issue Offer prove to be unfavourable and no other initiatives are identified at that project, the Company may be required to cease its Mountain of Light operations at Leigh Creek.

Sales of product to Adchem (Australia) Limited is in accordance with an "Off-take" Agreement and the agreement stipulates the quality of the product for sale. There have been occasions when the impurities within the produced product were sufficiently high to be of concern, but all product produced to date has been of sufficient quality to be accepted under the terms of the Off-take Agreement. There remains a risk that product quality may not be sufficient to be acceptable under the agreement, in which case the product would be rejected, until such time as it could be "cleaned" to meet specifications.

7.4 Requirements for Capital

The Company's capital requirements depend on numerous factors including the success of its planned exploration programs and the test work and field trials for its Mountain of Light operations at Leigh Creek, its ability to generate income from its operations and possible acquisitions or other corporate opportunities.

If the Mountain of Light test work and field trials and/or the Yorke Peninsula and Burra North exploration programs are successful, the Company will most likely require further funds in addition to amounts raised under this Prospectus to fund further exploration and finalise the test work and field trials and recommence mining operations at its Leigh Creek project.

If all the New Options and Underwriter Options are exercised, approximately \$5.1 million will be added to the Company's cash reserves by the end of June 2012. Depending on the actual number of New Options and Underwriter Options exercised, the Company may need to raise further funds shortly after the end of June 2012, if the test work and field trials indicate that recommencement of operations at the Leigh Creek operations are economic. In the event the test work and field trials indicate that operations at Leigh Creek are not economic, further funding of the operation would cease and the remaining available funds would be sufficient to complete the proposed exploration programmes and meet all other commitments until late 2012. Under these circumstances, a further requirement to raise funds for 2013 would be contemplated in late-2012. Capital raised by additional equity financing will dilute shareholdings, and debt financing may involve restrictions on financing and operating activities. If the Company is unable to obtain additional funds as needed, it may have to reduce the scope of its operations or scale back its exploration or other programs. Exercise of the New Options and Underwriter Options will be influenced by the price at which the Company's shares trade leading up to 30 June 2012 compared with an exercise price for those Options of 10 cents, which may result in none or few of the New Options or Underwriter Options being exercised.

7.5 Key Management

The Directors are primarily responsible for overseeing the operations and the strategic management of the Company. The day-to-day operations of the Company are the responsibility of the Managing Director, assisted by the Chief Geologist and General Manager – Mountain of Light Copper Mine. There can be no assurance that there will be no detrimental impact on the Company if one or more of the Directors, particularly the Managing Director, no longer act as Directors of the Company, or if the employment outlook for geologists and other mining industry specialists remains tight or further tightens for any reason.

7.6 Land Access

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both native title claimants and land owners/occupiers may be required before the Company can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

The Company's intended exploration programs for its Yorke Peninsula and Burra North projects are subject to the Company negotiating land access with landowners of those project areas. There is no guarantee access will be granted in a timely manner or at all or that the conditions of access will be satisfactory to the Company.

7.7 Share market Conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

7.8 Environmental Risks

The operations and proposed activities of the Company are subject to both Australian Federal and State laws and regulations concerning the environment. All exploration projects and mining operations have an impact on the environment, particularly advanced exploration and mine development.

The Company endeavours to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, as with all exploration and mining activities, the Company's operations are expected to have an impact on the environment. There are also risks inherent in the Company's activities including accidental leakages, spills, or other unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before undertaking activities that are likely to impact on the environment. If the Company fails to obtain such approvals it will be prevented from undertaking those activities. The Company cannot predict what future legislation and regulations may govern mining, and may impose significant environmental obligations on the Company.

7.9 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Securities offered under this Prospectus. Potential investors should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Securities.

8. TERMS AND CONDITIONS OF NEW SECURITIES

8.1 New Shares

The New Shares will rank equally in all respects with existing Shares.

The rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of holders of Shares.

(1) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of shareholders of Phoenix Copper:

- (a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held, or in respect of which that person is appointed a proxy, attorney or representative, have one vote, but in respect of partly paid Shares (at present there are none), shall have such number of votes as bears the same proportion which the amount paid, not credited, is of the total amounts paid, and payable, whether or not called (excluding amounts credited) on the partly paid Shares.

(2) Rights on a winding up

On a winding up of Phoenix Copper, shareholders will have the right to participate equally in the distribution of its assets subject to any amounts unpaid on the Share.

(3) Transfer of Shares

Subject to the Constitution of Phoenix Copper, the Corporations Act, and any other laws and ASTC Settlement Rules and ASX Listing Rules, Shares are freely transferable.

(4) Future increases in capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares in the ASX Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(5) Variation of rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes of shares unless the terms of issue of the Shares of a class state otherwise, the rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a meeting of shareholders, together with the consent in writing of the holders of three quarters of the issued shares of that class, or a special resolution passed at a separate meeting of the holders of the shares of that class.

(6) Dividend rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of Shares in proportion to the number of Shares held by them.

8.2 New Options and Underwriter Options

Each of the New Options and Underwriter Options will be granted on the following terms and conditions:

- (1) Each of those Options 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.
- (2) Each of those Options will be exercisable during the period from the date it is granted until 5.00pm (Adelaide time) on 30 June 2012 (**Expiry Date**). Options not exercised before the Expiry Date will lapse.
- (3) The exercise price of each of those Options will be 10 cents (**Exercise Price**).
- (4) Those Options will be 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 those Options will be able to be exercised at any one time or times prior to the Expiry Date.
- (6) Shares issued pursuant to the exercise of any of those Options will rank in all respects on equal terms with the existing Shares. Secondary Options issued pursuant to the exercise of any Options will be issued on the terms and conditions set out in section 8.3 of this Prospectus.
- (7) The Company will make application for new Shares allotted on exercise of those Options to be admitted to the official list of ASX.
- (8) Those Options will be freely transferable.

- (9) Those Options will not entitle the Optionholder to participate in any new issue of securities by the Company unless the 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 each of those Options are exercisable will be increased by the number of Shares which the holder of the Option would have received if the 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 those Options may be varied to comply with the ASX Listing Rules which apply to the reorganisation.
- (12) If the Company makes a rights issue (other than a bonus issue), the Exercise Price of those Options will be reduced in accordance with the following formula:

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

Where:

- O = the old Exercise Price of the Option;
- E = the number of underlying Shares into which one 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 of the New Options and Underwriter Options on ASX, 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 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 New Options and Underwriter Options do not satisfy the quotation conditions, the New Options and Underwriter Options will be issued and allotted but will be unlisted Options that cannot be traded on ASX.

8.3 Secondary Options

Each Secondary Option will be granted on the following terms and conditions:

- (1) Each Secondary Option will entitle the holder to subscribe for one (1) Share in the Company at the 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 New Options and Underwriter Options set out in section 8.2 above (with all necessary changes made).

The Company will apply for quotation of the Secondary Options on ASX, but as with the New Options and Underwriter Options 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 Secondary Options on issue, with at least 50 holders with a Marketable Parcel. This will depend on the number of New Options and Underwriter Options exercised.

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.

9. ADDITIONAL INFORMATION

9.1 Continuous Disclosure and Documents available for inspection

This is a Prospectus for the offer of continuously quoted securities (within the meaning of the Corporations Act) and options to acquire such continuously quoted securities and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the ASX Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Copies of documents lodged with ASIC in relation to the Company may be obtained, or inspected at, an office of ASIC.

During the Offer Period, the Company will provide to any person, on request and free of charge, a copy of each of the following documents:

- (a) the annual financial report of the Company for the financial year ended 30 June 2011, being the annual report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to above until lodgement of the Prospectus with ASIC, in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporation Act.

The Company has not lodged any announcements with ASX between the lodgment of its 2011 Annual Report and the date of this Prospectus, other than Appendix 3B and announcement of the Rights Issue on 4 October.

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours, or is available on the ASX website at www.asx.com.au, using the Company's code PNX.

9.2 Information excluded from continuous disclosure notices

As at the date of this Prospectus, there is no information that has not been disclosed under the continuous disclosure requirements of the ASX Listing Rules because the ASX Listing Rules expressly or impliedly exclude the information from disclosure, and which, in the Board's opinion, Shareholders and their professional advisers would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to the New Securities.

9.3 Interests of Directors

Other than as set out below, in this section 9 or elsewhere in this Prospectus, no Director or any entity in which a Director is a partner or director, has or has had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or to any entity in which a Director is a partner or a director, either to induce him to become, or qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Offers.

Interests in Existing Securities

As at the date of this Prospectus the Directors have a direct or indirect interest in the following securities of the Company:

Director	Existing Shares	Existing Options	Existing Performance Securities
Mr Graham Spurling (Non Exec. Chairman)	710,084	500,000 unlisted Options exercisable at \$0.25 expiring 11 February 2013	Nil
Mr Paul J Dowd Managing Director	543,750	500,000 unlisted Options exercisable at \$0.25 expiring 11 February 2013	1,500,000 Performance Shares 1,000,000 Performance Rights
Mr David Hillier Non Exec. Director	150,000	Nil	Nil
Mr Peter Watson Non Exec. Director	4,623,750	500,000 unlisted Options exercisable at \$0.25 expiring 11 February 2013	Nil

Remuneration of Directors

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the non-executive Directors has been fixed at a maximum of \$500,000 per annum.

Directors are also entitled to be paid reasonable travel, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

The Directors are currently entitled to the following remuneration or directors' fees:

Director	Remuneration
Mr Graham Spurling Non Exec. Chairman	Directors' fees of \$75,000 per annum (inclusive of superannuation) ³
Mr Paul J Dowd Managing Director	Remuneration \$275,000 per annum ⁴ (inclusive of superannuation)
Mr David Hillier	Directors' fees of \$40,000 per annum (inclusive of

³ Mr Graham Spurling waived his director's fees for the period 1 April 2011 to 30 September 2011 (totalling \$37,500). The Board has resolved, subject to shareholder approval at the upcoming Annual General Meeting, to issue to Mr Spurling a number of Shares calculated by reference to the waived director's fees and volume weighted average price of Shares for the 30 ASX trading days ending on the second business day before the date of the notice of meeting for the Annual General Meeting. If Shareholder approval is not obtained, Mr Spurling will not receive the waived fees.

⁴ With effect from 1 July 2011, Mr Paul Dowd's remuneration was reduced from \$550,000 to \$275,000, inclusive of superannuation. The Board of Directors has agreed that Mr Paul Dowd may work part-time commensurate with the Company's requirements.

Non Exec. Director	superannuation)
Mr Peter Watson Non Exec. Director	Directors' fees of \$40,000 per annum (inclusive of superannuation) ⁵

9.4 Watsons Lawyers

Peter Watson, Non Executive Director, is a Partner of Watsons Lawyers.

Watsons Lawyers will receive a time based fee of approximately \$35,000 (excluding GST and disbursements) in connection with legal advice provided to the Company in respect of the Offers and the preparation of documentation in connection with the Offers.

Watsons Lawyers has also accrued but not yet billed a total of approximately \$29,000 in fees (exclusive of the fees incurred in respect of the Offers and exclusive of GST) in respect of legal services provided to the Company during the period from 1 May 2011 to 31 August 2011. Watsons Lawyers has agreed not to bill the accrued fees until such time as the Company has sufficient cash reserves to be able to pay them. It is intended that funds raised from the rights issue will be used to pay the outstanding fees to Watsons Lawyers.

Watsons Lawyers has also acted as legal service provider to the Company in respect of its formation, listing on the ASX on 11 February 2008 and at all times since, and has received legal fees in respect of those services.

9.5 Underwriting fees

Under the terms of the Underwriting Agreement, the Underwriter will receive a fee for providing the underwriting service of a cash amount equal to 5.0% of the total amount underwritten, a management fee of 1.0% of the total amount raised by the Rights Issue Offer and a corporate advisory fee of \$30,000.

As an incentive for sub-underwriters, each sub-underwriter will also receive, subject to the Company obtaining shareholder approval at its forthcoming Annual General Meeting (to the extent that shareholder approval is required pursuant to ASX Listing Rule 7.1), bonus Underwriter Options on the basis of one free Option for every three Shares underwritten by the Underwriter as part consideration for the Underwriter underwriting the Rights Issue Offer. If shareholder approval to the issue of the relevant number of Underwriter Options is not obtained, the Company must pay the sub-underwriters a cash amount equal to the value of the Options that would have been issued to them had approval been obtained, calculated on (at the Company's option) a Black Scholes valuation of the 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).

If an Underwriter Option is exercised before it expires on 30 June 2012, the holder will be entitled to receive one Share and one Secondary Option exercisable at 15 cents per Share and expiring 30 June 2013.

⁵ With effect from 1 April 2011, Mr Peter Watson waived payment of his director fees until such time as the Company has sufficient funds to re-commence payment of his director's fees. Mr Watson will not be paid fees for at least the period to 30 September 2011.

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In addition, the Company must pay and indemnify the Underwriter for all costs and expenses incurred by the Underwriter in connection with the Offers, including legal fees and disbursements. See section 5.1 for further details on the Underwriting Agreement.

9.6 Nominee

The Company has appointed Patersons Securities Limited, on normal commercial terms, as nominee for the purposes of section 615 of the Corporations Act to sell the Rights of Excluded Shareholders had they been eligible to participate in the Rights Issue Offer. For providing the services, the nominee will receive a brokerage fee of 2% of the total gross dollar value of the Excluded Shareholder Rights sold, subject to a minimum brokerage of \$80 per contract note (exclusive of any applicable GST), plus any applicable statutory charges and other imposts.

9.7 Broker handling fees

No handling fees are payable in connection with the Offers.

9.8 Expenses of the Offers

In the event that the Rights Issue Offer is fully subscribed, the estimated expenses of the Offers, including ASX Listing Fees, legal fees, Underwriting fees, share registry expenses, printing and postage costs, (but excluding nominee fees) are \$350,000.

9.9 Consents and disclaimer

Each of the parties referred to in this section 9.9:

- (a) has not authorized or caused the issue of this Prospectus;
- (b) has not made, or purported to make any statement in this Prospectus, or on which any statement made in this Prospectus is based, other than the statements referred in this section 9.9;
- (c) does not assume responsibility for any part of this Prospectus except for the statements referred to in this section 9.9; and
- (d) to the maximum extent permitted by law, disclaim any responsibility or liability for any part of this Prospectus, other than a reference to it or a statement to be included in this Prospectus with their consent as specified in this section 9.9.

Each of the following has consented in writing to being named in the Prospectus in the capacity noted below and in the form and context in which they have been named, and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (a) Watsons Lawyers as legal advisor to the Company;
- (b) Patersons Securities Limited as Lead Manager and Underwriter of the Rights Issue Offer and as nominee for Excluded Shareholders for the purposes of section 615 of the Corporations Act; and

- (c) Computershare Investor Services Pty Ltd as the Company's share registry.

9.10 Liability Statement

Neither Patersons Securities Limited nor Computershare Investor Services Pty Limited were involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Neither Patersons Securities Limited nor Computershare Investor Services Pty Limited makes any express or implied representation or warranty in relation to Phoenix Copper, this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited or Computershare Investor Services Pty Limited. To the maximum extent permitted by law, Patersons Securities Limited and Computershare Investor Services Pty Limited expressly disclaim and take no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

9.11 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened.

9.12 Further information

If you have any questions about the Offers, please contact either:

- (a) Phoenix Copper's share registry, Computershare Investor Services Pty Ltd, on 1300 556 161 (within Australia) or + 61 3 9415 4000 (outside Australia); or
- (b) your stockbroker or professional adviser.

DIRECTORS STATEMENT

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of
Phoenix Copper Limited
On 4 October 2011



Paul Dowd
Managing Director

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10. DEFINED TERMS

In this Prospectus, the following words have the following meanings unless the context requires otherwise:

Acceptance Form	the personalised form accompanying this Prospectus.
Applicants	parties that have participated as sub-underwriters to the Rights Issue Offer that apply for Underwriter Options pursuant to the Underwriter Offer.
ASX	ASX Limited or the securities exchange operated by ASX Limited (as the context requires).
ASX Listing Rules	the official listing rules of ASX.
Business Day	has the same meaning as in the ASX Listing Rules.
Closing Date	the last date for accepting the Rights Issue Offer, being 5.00pm Adelaide time on 2 November 2011, or such later date as the Directors advise.
Company or Phoenix Copper	Phoenix Copper Limited (ACN 127 446 271)
Company Sub-Underwriter	sub-underwriters to the Offer introduced by the Company
Corporations Act	Corporations Act 2001 (Cth).
Directors	the directors of Phoenix Copper.
Entitlement	is defined in section 1.1(1).
Excluded Shareholder	a registered holder of Shares on the Record Date with a registered address in a country outside of either Australia or New Zealand.
Force Majeure	any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the reasonable control of the parties to the Underwriting Agreement, other than an insufficiency of funds.
Marketable Parcel	a parcel of New Options, 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 New Options, Underwriter Options or Secondary Options (as appropriate).
Material Adverse Effect	(a) a material adverse effect on the outcome of the Rights

Issue Offer or on the subsequent market for the New Shares (including, without limitation, matters reasonably likely to have a material adverse effect on a decision of an investor to invest in New Shares); or

- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations or tax position of the Company and its subsidiaries either individually or taken as a whole; or
- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement.

New Share	a Share to be issued pursuant to this Prospectus at 6.5 cents per Share.
New Security or New Securities	a New Share, New Option and/or Underwriting Option (as appropriate).
New Option	an Option to be issued under the Rights Issue Offer pursuant to this Prospectus on the terms and conditions set out in section 8.2.
Offers	the Rights Issue Offer and the Underwriter Offer made pursuant to this Prospectus.
Offer Period	the period during which the Rights Issue Offer will remain open for acceptance in accordance with the terms of the Rights Issue Offer.
Option	an option to subscribe for a Share.
Performance Right	a Performance Right granted under the Phoenix Copper Employee Performance Rights Plan.
Performance Share	a performance share which automatically converts to a Share upon the satisfaction of certain conditions.
Prospectus	this prospectus dated 4 October 2011 under which the Offers are being made.
Prescribed Occurrence	<ul style="list-style-type: none"> (a) Phoenix Copper or a subsidiary (together a Relevant Company) converting all or any of its shares into a larger or smaller number of shares; (b) a Relevant Company resolving to reduce its share capital in any way;

- (c) a Relevant Company:
 - (i) entering into a buy-back agreement or;
 - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act.
- (d) a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Rights Issue Offer or the terms of the Underwriting Agreement or an issue as a result of the exercise of Options on issue at the date of the Underwriting Agreement or New Options on issue at the date of the Underwriting Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Phoenix Copper or Company

Phoenix Copper Limited (ACN 127 446 271).

Record Date

6.30pm Adelaide time on Thursday 13 October 2011.

Rights	the right to subscribe for New Shares pursuant to the Rights Issue Offer, with one free attaching New Option for every two New Shares subscribed.
Rights Issue Offer	the offer made under this Prospectus of three New Shares for every five Shares held by a Shareholder on the Record Date, with one free attaching New Option for every two New Shares subscribed for.
Rights Trading Period	the period during which Rights may be traded, being 9.30am Adelaide time on 7 October 2011 to 3.30pm Adelaide time on 25 October 2011.
Secondary Option	an Option, issued on exercise of a New Option or an Underwriting Option offered pursuant to this Prospectus on the terms and conditions set out in section 8.3.
Share	a fully paid ordinary share in the capital of Phoenix Copper.
Shareholder	a registered holder of Shares with a registered address in either Australia or New Zealand as at the Record Date.
Shortfall or Shortfall Shares	those New Shares forming Entitlements or part of Entitlements not accepted under the Rights Issue Offer, including the right to be issued one free attaching New Option for every two New Shares subscribed for.
Shortfall Settlement Date	9 November 2011.
Underwriter or Patersons	Patersons Securities Limited (ABN 69 008 896 311)
Underwriting Agreement	the agreement of that name made between the Company and the Underwriter dated 3 October 2011.
Underwriter Offer	the offer of Underwriter Options made under this Prospectus as part consideration for the underwriting of the Rights Issue Offer, on the basis of 1 free Underwriter Option for every 3 New Shares agreed to be underwritten by the Underwriter.
Underwriter Options	20,301,841 Options to be issued to parties that have participated as sub-underwriters to the Rights Issue Offer and generally in accordance with the discretion and instruction of the Underwriter, pursuant to the Underwriter Offer on the same terms and conditions as the New Options.

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