

Phoenix Copper

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Phoenix Global Mining debuts as London's second biggest mining raise of the year

What is it about the Empire Mine in Idaho that's allowed Phoenix Global Mining Ltd (LON:PGM) to debut on Aim this morning in the second largest new mining listing of the year?

There's two points really, as outlined by chief executive and seasoned mine-builder Dennis Thomas.

The first is that Empire is an old mine and as such is something of a known quantity. A pre-feasibility on a low-cost open pit copper mine with a ten year life is already underway. The idea is to be in production by 2020, delivering 7,000 tonnes of copper cathode to market per annum.

WATCH: The Empire mine 'ticks all the boxes', says CEO as Phoenix Global Mining kicks off trading on AIM

That's nice enough with grades running at 0.53% and a copper resource that currently stands at 68,200 tonnes

But there's more to it than that.

"Amazingly, no-one's considered the sulphides," says Thomas.

"No work's been done on the sulphides. For a start, there's a transition zone 100 metres down where SRK says there's several dozen metres of a supergene enrichment. And we have the core."

There's also 11.7 miles of underground tunnelling from which the company can get to work establishing just what exactly the potential of all the unmined ore is.

The ballpark number is that to date only 5% of the ore system has been properly explored, which, given that this is a mine which operated for nigh on 40 years, is a mouth-watering prospect.

Could be a highly profitable mine with a long and fruitful life

Times were different before Empire closed of course, back in 1942.

"There doesn't seem to have been any geological control at all," says Thomas. "They were just mining visible copper at an average grade of between 6% and 8%. The average recovered grade was 3.64%."

So the highest paying rock is probably gone. But what's left, in sufficient quantity, could make for a highly profitable mine with a long and fruitful life.

Already Phoenix has a short-term exploration target of between 3.5 mln and 6.7mln tonnes of ore grading 0.5%, for an additional 11,560 to 33,500 tonnes of contained copper.

Price: 45

Market Cap: £28.43 m

1 Year Share Price Graph



February 2016 September 2016 February 2017

Share Information

Code: PXC

Listing: LSE

52 week	High	Low
	64.7	4.5

Sector: Mining

Website: www.pgmining.com

Company Synopsis:

Phoenix Copper Limited is a base and precious metals explorer and developer in Idaho, USA, focused on the Empire Mine district, a polymetallic system over a 5.4km strike, which contains the Empire copper oxide project and the Red Star silver and lead complex.

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With the new money now in that exploration can begin to step up a gear as the company begins to drive towards new resource and a plan for mining the existing oxides.

It's all made for quite a compelling story, with demand for the shares coming in from both institutional and sophisticated high net worth investors.

Behind it all there's the copper price

Behind it all there's the copper price, which Thomas reckons is now well underpinned by a market that's likely to turn to deficit shortly.

In response, the copper price has risen by around 25% over the past 12 months, but that's in the context of the much bigger fall that's taken place over the past five years. How much further it has to bounce back remains to be seen, but the signs are good.

Unlike some commodities that look likely to be superseded by technological progress, demand for copper is set to hold up and grow even stronger.

"Every time I see a new wind turbine going up I give thanks," says Thomas, "because of all the copper that goes into it."

The same sentiment could be applied to the likely rise of the electric vehicle, and more broadly to the growing prosperity of the middle classes in the Far East and India, all of whom will be buying increasing numbers of goods containing copper.

How much of that newly required supply will come from the Empire mine has yet to be decided.

But the plan is clear: prefeasibility study completed by the first quarter of next year, bankable feasibility by the first quarter of 2019, and then finance for production.

At that stage the oxide production will come into its own as providing cashflow to support even bigger ambitions

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