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ASX ANNOUNCEMENT – 31 AUGUST 2010

COPPER PRODUCTION COMMENCED – MOUNTAIN OF LIGHT

APPOINTMENT OF CHIEF FINANCIAL OFFICER

Mountain of Light Project Recommissioned

Phoenix Copper Limited (**Phoenix Copper** or **Company**) has produced its first copper product – ahead of schedule, from the refurbished and redesigned Mountain of Light copper project near Leigh Creek in South Australia.

Significant process and heap leach re-design has been completed and a high grade copper concentrate – “copper cement” – has been produced from remnant ores in reconstructed stockpiles.

The copper cement is subject to an off-take agreement with Adchem (Australia) Pty Ltd; a company based in Burra and adjacent to Phoenix Copper’s exploration base for its Spalding/Burra tenements. The off-take agreement is for up to 300 tonnes per month of copper contained in product. Executive management from Adchem recently inspected the refurbished site and discussed the proposed production/revenue schedule and future expansion plans.

The initial output is the beginning of a rapid ramp up of production, during September and October, which is forecast to consolidate an initial objective of 4 tonnes of contained copper per day by end-December. Once achieved, further development is planned to determine the optimised capacity of the project. Previous studies had indicated an optimum output of approximately 5 tonnes per day.

Reinstatement of grade controls within the Rossman pit and pit optimisation has been completed with a resumption in mining planned for September. Meanwhile, copper continues to be recovered from the reconstructed low grade heaps that were excluded from consideration in the original feasibility study. Once copper leaching from these heaps has been exhausted, fresh higher grade ores will be placed on top of the piles and will contribute to the ramp up of production in late-September and October achieving “steady-state” performance of the processing plant.

Recruiting has also commenced for a small but experienced workforce to ensure consistent quality and quantities of product from a continuous process.

The process to obtain a MARP for development of another two deposits on a second mining lease is also under way. This is an important step towards bringing these resources on stream to concurrently supply the Company’s heap leach operation at Mountain of Light, thereby maximising cashflow for the project and, in turn, providing funds for continued exploration.

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Appointment of Chief Financial Officer

Phoenix Copper is pleased to announce the appointment of Nick Harding as the Company's Chief Financial Officer (CFO). The Board of Phoenix Copper view Nick's appointment as a vital step to ensuring the success of the Company following completion of its purchase of all of the shares in the capital of Leigh Creek Copper Mine Pty Ltd.

The appointment of a CFO will assist the Company's transition from being solely a Minerals Exploration Company, to a copper-producing Mining and Exploration Company, with the additional obligations and opportunities that this transformation presents. Nick has previously been involved with Phoenix Copper for twelve months as an external contractor.

Nick is a qualified Accountant with a BA and Graduate Diploma in this field. He is a fellow of both the CPA and Finsia and has a Graduate Diploma in both Applied Finance and Investment and Corporate Governance. Nick has 25 years experience within the Resources Industry, including 14 years at WMC Resources, 5 spent as Chief Finance Manager for Olympic Dam Operations. Nick also spent 8 years at Normandy Mining (now Newmont Australia) where he worked as the General Manager Operations Finance and also as the General Manager Planning and Analysis. During this time Nick was responsible for the accounting and finance needs of up to 14 operating Mine sites within Australia and off-shore. Nick is currently the Principal of Twentyfour Carat Pty Ltd, a company that provides financial, company secretarial and administrative services. Since 2008 he has also, on a part-time basis, been CFO and Company Secretary for Southern Gold Limited.

Nick joins the team at Phoenix Copper as a proven performer with all the supporting attributes required to build and maintain the Company's profile as a successful copper producer and explorer.

For further information, please contact:

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