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ASX ANNOUNCEMENT, 21st JANUARY 2010

SIGNIFICANT UPGRADE IN COPPER REPORTED FROM LABORATORY ASSAYING COMPARED TO PRELIMINARY FIELD PORTABLE X RAY FLUORESENCE (XRF) ASSAYING AT PRINCESS ROYAL PROSPECT.

Introduction

On the 19th January, 2010 Phoenix Copper Limited, (PNX), announced in the December Quarterly Activities Report initial results from a major drilling programme, being conducted over a period of approximately six months and covering four of its primary Projects – Princess Royal, Mongalata, Spalding and Burra Central.

As noted in the above report a RAB Drilling Program was undertaken at the Princess Royal project over a two week period from the end of November 2009. The program aimed at testing the grade, strike continuation and depth of the mineralisation. A total of 37 holes were completed for 1139m. This is the first phase of a drilling programme designed to produce a resource estimate over the Princess Royal prospect. Previous explorers had produced a non-JORC-code compliant statement, one of which predated the JORC code.

Highlights

The copper assays, from Princess Royal, reported in the results, referenced above, were predominantly from Phoenix Copper's FPXRF. All results have now returned from the Laboratory causing a significant revision of previous conclusions.

- Copper assays obtained from Laboratory analysis are, on average, **20% higher than assays obtained from FPXRF.**
- Importantly, the increased laboratory assay results have:-
  - **highlighted 4 additional holes** with intercepts greater than 1%; and
  - **widened the >1% mineralised zone** in a further **9 holes.**
- PCPRRB018 returned the **highest grade 1m interval** with**:-**
  - **5.08% Cu at a depth of 5metres.**
- PCPRRB037 returned the **most encouraging result** with:-
  - **33m @ 1.19% from 4metres down hole.**

Geology

Copper mineralisation at Princess Royal occurs in two north-north-west trending zones:

- an eastern side quartz veined silicified dolomite breccia zone; and
- a western side quartz veined haematitic gossanous zone,

both hosted in silty dolomites in a scallop-shaped anticlinal core of Skillogallee formation, amongst overlying siltstones of the Saddleworth formation. Malachite, Azurite and Chalcocite occur in both zones in gossanous/Quartz/Breccia hydrothermal veins (varying from 1 to 8m in thickness) and on joint surfaces and fracture planes in and between the veins and the host dolomite.

Results

Results previously reported were predominantly FPXRF assays.

Summary of laboratory assay results with intervals greater than 1% Copper:

Hole	From	To	> 1% Cu	Best 1m interval Cu%		
				From	To	% Cu
PCPRRB006	**39**	**43**	**4m @ 1.5%**	39	40	**3.03%**
PCPRRB007	**4**	**5**	**1m @ 1.29%**	4	5	**1.29%**
PCPRRB011	33	38	**5m @ 1.01%**	34	35	**1.26%**
PCPRRB013	4	5	**1m @ 1.02%**			
	8	9	**1m @ 1.25%**	8	9	**1.25**
PCPRRB014	21	22	**1m @ 1.12%**	21	22	**1.12**
PCPRRB018	2	9	**7m @ 1.85%**	5	6	**5.08**
PCPRRB021	6	7	**1m @ 1.33%**	6	7	**1.33**
PCPRRB022	1	5	**4m @ 1.18%**	2	3	**2.59**
PCPRRB024	4	14	**10m @ 1.22%**	9	10	**2.68**
PCPRRB027	0	14	**14m @ 1.18%**	11	12	**1.88**
PCPRRB028	13	15	**2m @ 1.21%**	14	15	**1.44**
PCPRRB029	7	11	**4m @ 1.02%**	8	9	**1.95**
PCPRRB032	14	17	**3m @ 1.31%**	14	15	**1.96**
PCPRRB035	8	14	**6m @ 1.66%**	11	12	**3.55**
PCPRRB036	8	10	**2m @ 1.57%**	8	9	**2.32**
PCPRRB037	4	37	**33m @ 1.19%**	22	23	**3.02**

Laboratory results **greater than 1% copper** are shown below with the corresponding comparative FPXRF results.

Hole	From	To	Cu % Lab[i]	Cu % FPXRF	Hole	From	To	Cu % Lab[1]	Cu % FPXRF
PCPRRB006	39	40	3.03	1.74	**PCPRRB029**	7	8	1.06	1.13
	40	41	1.46	1.2		8	9	1.95	1.56
PCPRRB007	4	5	1.29	0.54	**PCPRRB032**	15	16	1.96	1.75
PCPRRB011	33	34	1.2	0.46		16	17	1.31	0.67
	34	35	1.26	0.72	**PCPRRB035**	10	11	0.99	0.99
PCPRRB013	4	5	1.02	1.14		11	12	3.55	3.24
	8	9	1.25	0.81		12	13	2.63	2.02
PCPRRB014	21	22	1.12	0.78		13	14	1.35	0.58
PCPRRB018	4	5	3.57	2.71	**PCPRRB036**	8	9	2.32	3.28
	5	6	5.08	4.65	**PCPRRB037**	4	5	1.61	1.35
	6	7	1.4	1.41		5	6	2.61	1.61
PCPRRB021	6	7	1.33	1.01		6	7	2.55	2.33
PCPRRB022	2	3	2.59	1.99		12	13	1.34	2.03
PCPRRB024	0	1	0.09	1.05		13	14	2.54	2.45
	8	9	1.36	0.94		14	15	1.65	1.16
	9	10	2.68	2.55		16	17	1.68	1.44
	10	11	2.23	1.51		17	18	1.12	1.06
	11	12	1.62	1.43		18	19	1.18	1.14
	12	13	1.32	0.97		19	20	1.63	1.36
PCPRRB027	1	2	1.04	0.86		20	21	1.76	1.46
	2	3	0.96	1.02		21	22	1.75	1.58
	4	5	1.06	0.81		22	23	3.02	2.74
	6	7	1.76	1.07		23	24	1.49	0.71
	7	8	1.7	1.14		24	25	1	0.71
	8	9	1.14	0.72		25	26	0.95	1.03
	9	10	1.66	2.18		26	27	1.22	1.18
	10	11	1.7	1.27		27	28	1.16	1.12
	11	12	1.88	1.42		28	29	1.26	1.01
PCPRRB028	14	15	1.44	0.63		29	30	1.32	1.11
						30	31	1.03	0.77

Discussion

The results returned from the Laboratory for copper assays:-

- Produced 17 high grade intercepts (greater than 1%) with widths ranging between 1 and 33 metres.
- Produced a further 9 intercepts with grades between 0.5% - 0.99% with widths ranging between 1 and 10 metres.
- Of the 37 holes drilled, only 5 holes did not intercept mineralisation and of these, 3 holes failed to provide a sample return, prior to the mineralised zone, due to loss of air.
- Averaged 20% higher than the corresponding average results recorded by the FPXRF unit – in the entire range of grades (where both results were above the detection limits of both styles of analysis).

This reinforces confidence in the utilisation of the FPXRF unit for preliminary assays on RAB and potentially RC drilling programs. All elevated copper intervals were identified using the FPXRF. The average 20% increase of copper grades indicates that preliminary FPXRF results have a tendency to understate the Laboratory assay results and the reasons for the understatement are now understood.

This first phase of Rotary Air Blast (RAB) drilling was carried out over a strike length of 900 metres incorporating the most southern workings (Utica) through to the central zone of workings on the eastern side at Princess Royal. Phase 2 and 3 (Diamond and Reverse Circulation) of the drilling program will test the western workings through the central zone, the known outcropping mineralisation immediately north and the old workings a further 500 metres to the north.

These assay results and the general results of the initial drilling programme are highly favourable and will assist in achieving the objective of producing a resource statement within 2010, a prerequisite to achieving the prospect of an early cash flow.

Competent Person Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mark Manly who is a member of the Australasian Institute of Mining and Metallurgy. Mark Manly is a full-time employee of Phoenix Copper. Mark Manly has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Manly consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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[i] **ICP-OES** Inductively Coupled Plasma Spectroscopy