

ASX ANNOUNCEMENT, 23 JANUARY 2012

BURRA NORTH DRILLING COMMENCES 800M FROM MONSTER MINE

Phoenix Copper Limited (**Phoenix Copper**) (ASX:PNX) is pleased to announce that exploration drilling has commenced on its wholly-owned Burra tenement EL4226.

The aim is to discover copper mineralisation similar to that seen 800m to the south east in the historic Monster Mine which produced 2.59 million tonnes of copper ore in two major mining phases, 1845 - 1877 and 1970 - 1981.¹

A program of diamond drilling is planned to test Induced Polarisation (IP) geophysical anomalies generated in the 1960s by the precursor to PIRSA's Geological Survey, (see Figure 1). These anomalies have never been drilled.

The historic geophysics surveying identified three broad north west trending IP anomalies each between 100 and 200m wide. Phoenix Copper recently had that historic IP data reprocessed to locate the position of, and depth to, the strongest IP responses in these broad anomalous zones.

Those peak responses, shown in Figure 1, will be tested in this drilling program.

Competent Person's Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on and accurately reflects information compiled by Mr Mark Manly. Mr Manly has sufficient experience relevant to the style of mineralisation and the type of deposits 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". Mr Manly consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

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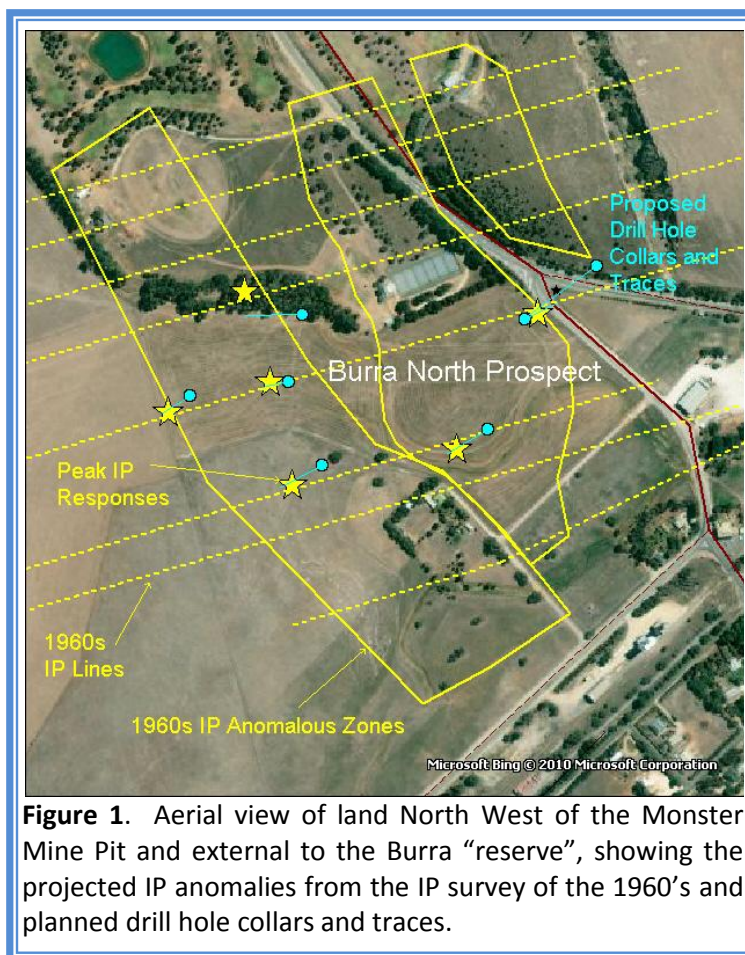


Figure 1. Aerial view of land North West of the Monster Mine Pit and external to the Burra "reserve", showing the projected IP anomalies from the IP survey of the 1960's and planned drill hole collars and traces.

¹ Review Of The Burra Mine Project, 1980-2008—A Progress Report J.F. Drexel, Geological Survey Branch, Minerals And Energy Resources, January 2009, Report Book 2008/16