

Phoenix Copper Limited  
ABN 67 127 446 271

Level 1, 135 Fullarton Road  
Rose Park, SA 5067

Australia

Telephone +61 (0)8 8364 3188  
Facsimile +61 (0)8 8364 4288  
info@phoenixcopper.com.au  
www.phoenixcopper.com.au



31 July 2009

Dear Shareholder,

Phoenix Copper recognizes that we are a junior exploration company, but we are significantly different from others. We are unique in that we have invested in established geological fields where our tenement holdings and areas under application have increased from 1,573 square kilometres to 2,450 square kilometres since listing, in highly prospective areas in the Burra – Spalding and Yorke Peninsula regions of South Australia.

Since my last letter we have concentrated our research in the Burra Monster Mine with a view to establishing the economic prospectivity for Copper within, below and adjacent the existing pit.

As was highlighted in the original prospectus, we still do not have the right to mine in the old Burra pit. We have therefore prepared a detailed report on all our research entitled “Burra Copper Mine –The Third Phase of Production”. This report has been presented to The Minister for Mineral Resources Development with a request that the current government imposed “reserve” be partially lifted to permit drilling and thorough testing of the site and environs to validate our research findings.

Phoenix Copper anticipates, with some quiet confidence, that we will subsequently be allocated the full mineral rights to this area.

At the same time we have been studying and surface exploring the Princess Royal tenement which also indicates very positive signs of copper in several locations.

At Mongalata we have identified another gold prospect which we will drill as soon as an appropriate drill rig can be identified and committed.

Our cash remains in a good position and we will maintain our frugality. We can clearly support our plans for at least the next 12 months.

Sincerely,

Graham Spurling  
Chairman

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