

PHOENIX COPPER LIMITED

ABN 67 127 446 271



FINANCIAL REPORT For the Half-Year Ended 31 December 2010

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DIRECTORS' REPORT

The directors of Phoenix Copper Limited (Phoenix Copper) are pleased to present the financial report for the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the consolidated entity currently in office are:

Graham Spurling
Paul Dowd
Peter Watson
David Hillier (appointed 17 September 2010)

The above named directors held office during and since the end of the half-year, except as noted.

REVIEW OF OPERATIONS

The net result of operations for the half year was a loss of \$1,700,134 (2009: loss of \$405,519). Liquidity at 31 December 2010 was \$2.225 million comprising cash and term deposits.

REVIEW OF MINING OPERATIONS

Phoenix Copper is transitioning to a producing mining company, and continues to explore several significant tenements prospective for gold and copper.

At the end of July, 2010, Phoenix Copper completed the purchase of Leigh Creek Copper Mine Pty Ltd (LCCM) – a company that owned a copper heap leach project at Leigh Creek, South Australia. Before production commenced, Phoenix Copper invested significantly to redesign much of the copper cement production process to allow production to be expanded, eventually to 5 tonnes per day of contained copper in copper cement product. Much of that work was concluded and modest production began in early September, 2010.

Acquisition of LCCM included 3 granted Mining Leases being ML5467 the copper-producing Mountain of Light mine, 3km east of Copley, ML5498 the Lorna Doone mining lease near Lyndhurst and ML5741 Mt Coffin mining lease 15km northeast of Copley. Indicated mineral resources estimated for LCCM's mining leases include >20,000t of contained copper in almost 3mt ore @ 0.9% Copper at a cut-off grade of >0.4% (See Table 1).

Revenue from LCCM operations is expected to fund extensive ongoing exploration programmes on existing tenements in Burra, Spalding and the Yorke Peninsula, as well as new tenements in the Leigh Creek region acquired as part of the purchase of LCCM.

The ramp up of production was significantly delayed due to several rain events, late delivery of equipment for on-site assaying and initial production of copper cement containing an unintended by-product, harmful to further reprocessing, resulting in delayed implementation of process efficiencies. Despite the disruptive record rainfalls at site, all drainage management systems have operated effectively and all compliance conditions have been met.

In December 2010 an experienced metallurgist was engaged to audit the operation and his report identified several significant areas for improvements. Implementation of changes recommended by the expert has resulted in process improvements.

Despite the improvements in process, a cumulative deficit of mining and stacking of ore on heaps led to a paucity of copper in the circuit and limited the ability to sustain the ramp-up of production. This has now been addressed, with a revised mining schedule planning to access ore from several different sources to allow blending, and a new mining contractor, who commenced in February 2011, with the resources to eliminate the deficit by efficiently mining from those sources.

An additional leach cell was completed in February 2011 and two additional cells are planned for construction to improve total leach capacity and provide greater flexibility of grade and tonnage control onto the heaps, as well as improved leach kinetics. Additional leach pad capacity is a pre-requisite to achieving an eventual rate of 5 tonnes of contained copper in copper cement product per day.

The recently completed new heap leach pad will be partially irrigated in March and this will provide additional copper into the circuit, ahead of an existing cell that is being prepared to receive fresh ore from recently developed new mining sources.

REVIEW OF EXPLORATION ACTIVITIES

The principal exploration activities of Phoenix Copper during the half-year were conducted in its wholly-owned exploration license areas of Burra, Spalding, Mongolata, Princess Royal and Minlaton. The prospectivity of all five projects has been significantly promoted by the work undertaken during the half-year.

Summary of exploration undertaken on Phoenix Copper tenements during the half-year:

- 969m Reverse Circulation Drilling
- 17,710 Field portable X Ray Fluorescence Analyses (FPXRF) taken in the field
- Two tonnes of rock screened to determine grade / size distribution of uncrushed ore from Paltridge South

During the half-year, the key areas of achievement included:-

Burra Project

Forty four reverse circulation (RC) drill holes, (PCRC001 – 044), were completed on seventeen cross sections for a total of 969m. Results from this near-surface RC programme were favourable providing grade and tonnage continuity at Princess Royal through sections of the mineralised zone previously thought to be depleted. Included in the **excellent copper and significant gold** assay results returned were:

Copper	PCRC007 - 6.8m @ 2.7%Cu from 0.84m and PCRC028 - 12.0m @ 2.1%Cu from 12.0m, and
Gold	PCRC021 - 7.0m @ 2.5g/t Au from 4.0m, and PCRC043 - 24.0m @ 1.4g/t Au from 0.0m.

FPXRF analysis was undertaken on a broad grid of approximately 3km by 20m on roadside verges on five tenements covering approximately 700 sq km from Kapunda to Princess Royal. Zones of particular interest were found around Tarnma in the south west of EL3972 and in the north west of EL4626 (old EL3451).

Yorke Peninsula Project

Air-borne electro-magnetic and gravity surveys have been planned and quotations for those surveys have been received. Stakeholder meetings have taken place and work is ready to commence on the northern block and northern portion of the southern block of the tenement holdings.

Spalding Project

A Rotary Air Blast (RAB) drilling program is due to commence in April 2011 to test the many gossanous outcrops and seven significant copper trends identified by FPXRF analysis in the Spalding Inlier in 2010. The drilling will be around east and north of the old Wheal Sarah copper mine which produced 6,500kg of copper metal from 24 tons of ore at 27% between 1858 and 1918

Leigh Creek

ML5498 Lynda Lorna Doone:

Phoenix Copper co-funded an exploration program undertaken by Zurich Resources Pty Ltd (**Zurich**) from September to December 2010 over ML5498 and the surrounding tenement EL3522 owned by Syrah Resources Ltd (where Zurich is earning an interest). Zurich undertook geophysical surveys to explore for copper sulphide mineralisation at depth and surface geochemical sampling to explore the oxide copper occurrences. Most of the work undertaken focused on 2 main target areas, the White Lead Mine area (EL3522) and Lorna Doone Mine area (ML5498). The results of this exploration program are encouraging and support a model for intrusion of copper rich mafic-intermediate magmas into the sedimentary package causing localised brecciation, silicification, creation of quartz - sulphide stock work veins and widespread sericite alteration. Drilling to test the deep anomalies generated is planned for early 2012 following shallow copper oxide resource drilling around the Lynda and Lorna Doone indicated resources.

RESOURCES

Table 1: Indicated Resources - ML5467 and ML5498

Indicated Mineral Resources				
	Cut-off Grade	Tonnage	Grade % Copper	Tonnes Copper Contained
ML5467 - MOUNTAIN OF LIGHT				
<i>Paltridge North</i>	>0.3%	890,000	0.83%	7,400
	>0.4%	710,000	0.96%	6,800
	>0.5%	570,000	1.10%	6,200
<i>Rosmann East</i>	>0.3%	163,000	0.78%	1,271
	>0.4%	128,000	0.88%	1,126
	>0.5%	98,000	1.00%	980
ML5498 - LYNDHURST				
<i>Lorna Doone</i>	>0.3%	840,000	0.75%	6,300
	>0.4%	620,000	0.90%	5,600
	>0.5%	460,000	1.00%	4,600
<i>Lynda</i>	>0.3%	1,000,000	0.72%	7,200
	>0.4%	750,000	0.84%	6,300
	>0.5%	580,000	0.96%	5,600
TOTALS				
	>0.3%	2,900,000	0.77%	22,171
	>0.4%	2,200,000	0.90%	19,826
	>0.5%	1,700,000	1.02%	17,380

Phoenix Copper's wholly owned subsidiary, Wellington Exploration Pty Ltd, did not perform any operations or activities during the half-year.

SUBSEQUENT EVENTS

Since the end of the half-year total funds of \$1,974,930 before expenses were raised through the issue of 7,053,320 ordinary shares at 28c each to sophisticated investors. As part of the placement, each investor was granted one free option for every three shares subscribed for, rounded down (2,351,102 total options), with an exercise price of 35c and an expiry date of 11 March 2013.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to Section 306 (3) of the Corporations Act 2001.

On behalf of the directors



Paul J Dowd
Managing Director

Adelaide, 16 March 2011

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Mineral Resources (except for that relating to Rosmann East) is based on and accurately reflects information compiled by Mr Ken Bampton of Ore Reserve Evaluation Services, who is a consultant and advisor to Phoenix Copper Limited. Mr Bampton is a member of the Australasian Institute of Mining and Metallurgy and 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 Bampton consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results and the information in this report that relates to Mineral Resources at Rosmann East is based on and accurately reflects information compiled by Mr Mark Manly, who is a fulltime employee of Phoenix Copper Limited and a Member of the Australasian Institute of Mining and Metallurgy. 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 announcement of the matters based on his information in the form and content in which it appears.

The Board of Directors
Phoenix Copper Limited
135 Fullarton Road
Rose Park SA 5067

16 March 2011

Dear Board Members

Phoenix Copper Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Phoenix Copper Limited.

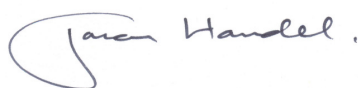
As lead audit partner for the review of the financial statements of Phoenix Copper Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants

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PHOENIX COPPER LIMITED
ABN 67 127 446 271
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated	
		Half year ended 31 Dec 2010	Half year ended 31 Dec 2009
Revenue		510,450	85,481
Other Income		3,238	200
Amortisation expense		(6,478)	-
Employee benefits expense		(298,753)	(149,645)
Depreciation expense		(218,708)	(46,993)
Royalties		(15,960)	-
Secretarial, professional and consultancy		(195,369)	(169,230)
Occupancy costs		(27,967)	(27,297)
Insurance costs		(38,093)	(20,214)
Mining and Exploration		(533,083)	-
Share option expense		(713,874)	(21,142)
Communication costs		(22,600)	(14,005)
Promotion and advertising		(13,912)	(4,878)
Audit fees		(18,560)	(9,273)
Other expenses		(87,761)	(28,523)
Loss before income tax expense		(1,677,430)	(405,519)
Income tax expense		(22,704)	-
Loss for the period		(1,700,134)	(405,519)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,700,134)	(405,519)
Total comprehensive income attributable to:			
Owners of the parent		(1,700,134)	(405,519)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings cents per share		(2.16)	(0.73)
Diluted earnings cents per share		(2.16)	(0.73)

Notes to the condensed consolidated financial statements are included on pages 11 to 14.

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PHOENIX COPPER LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents		2,225,248	1,871,127
Trade and other receivables		202,418	108,892
Inventory		225,729	-
Other current assets		178,323	22,229
TOTAL CURRENT ASSETS		2,831,718	2,002,248
NON-CURRENT ASSETS			
Mineral rights		1,800,590	-
Property, plant and equipment		3,426,263	292,968
Exploration and evaluation assets		5,293,692	4,861,838
TOTAL NON-CURRENT ASSETS		10,520,545	5,154,806
TOTAL ASSETS		13,352,263	7,157,054
CURRENT LIABILITIES			
Trade and other payables		660,626	494,086
Short-term provisions		142,612	58,487
TOTAL CURRENT LIABILITIES		803,238	552,573
NON-CURRENT LIABILITIES			
Long-term provisions		489,800	7,063
TOTAL NON-CURRENT LIABILITIES		489,800	7,063
TOTAL LIABILITIES		1,293,038	559,636
NET ASSETS		12,059,225	6,597,418
EQUITY			
Issued capital		14,242,313	7,941,788
Reserves		1,404,466	543,480
Accumulated losses		(3,587,554)	(1,887,850)
TOTAL EQUITY		12,059,225	6,597,418

Notes to the condensed consolidated financial statements are included on pages 11 to 14.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated				
	Issued	Performance	Accumulated	Reserves	Total
	Capital	Shares	Losses	\$	\$
Note	Ordinary	\$	\$	\$	\$
	\$	\$	\$	\$	\$
Balance at 1 July 2009	7,731,555	126,185	(1,304,055)	519,350	7,073,035
Loss attributable to members of the parent entity	-	-	(405,519)	-	(405,519)
Total comprehensive income for the period	-	-	(405,519)	-	(405,519)
Issued pursuant to sale and purchase agreement	95,000	-	-	-	95,000
Conversion of employee options	2,441	-	-	-	2,441
Share based payments - employees	-	-	-	27,730	27,730
Transfer from equity settled employee benefit reserve	3,600	-	-	(3,600)	-
Balance at 31 December 2009	7,832,596	126,185	(1,709,574)	543,480	6,792,687
Balance at 1 July 2010	7,815,603	126,185	(1,887,850)	543,480	6,597,418
Loss attributable to members of the parent entity	-	-	(1,700,134)	-	(1,700,134)
Total comprehensive income for the period	-	-	(1,700,134)	-	(1,700,134)
Issued pursuant to sale and purchase agreement	1,187,500	-	-	-	1,187,500
Shares issued	5,239,210	-	-	-	5,239,210
Share based payments - employees	-	-	-	860,986	860,986
Transfer from equity settled employee benefit reserve	-	-	-	-	-
Balance at 31 December 2010	14,242,313	126,185	(3,587,984)	1,404,466	12,184,980

Notes to the condensed consolidated financial statements are included on pages 11 to 14.

PHOENIX COPPER LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	Half year ended 31 Dec 2010	Half year ended 31 Dec 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	474,504	24,093
Payments to suppliers and employees	(2,063,525)	(275,004)
NET CASH USED IN OPERATING ACTIVITIES	(1,589,021)	(250,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration activities	(431,854)	(789,754)
Purchase of property, plant and equipment	(1,673,503)	(8,324)
Net cash outflow on acquisition of subsidiary	(1,762,086)	-
Interest received	45,256	69,688
NET CASH USED IN INVESTING ACTIVITIES	(3,822,187)	(728,390)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	5,765,329	2,441
NET CASH PROVIDED BY FINANCING ACTIVITIES	5,765,329	2,441
Net increase in cash and cash equivalents	354,121	(976,860)
Cash at the beginning of the reporting period	1,871,127	4,128,559
CASH AT THE END OF THE REPORTING PERIOD	2,225,248	3,151,699

Notes to the condensed consolidated financial statements are included on pages 11 to 14.

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1 SUMMARY OF ACCOUNTING POLICIES

This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the standards described below.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no effect on the amounts reported for the current or prior periods:

2 SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of good. The principal categories are exploration as well as mining of Copper. The Group's reportable segments under AASB 8 are therefore as follows:

- Exploration in Australia
- Mining of copper

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the

The Group acquired the Leigh Creek Copper Mine Pty Ltd during the period under review, copper is delivered out of this mine. Therefore the copper mining is to be shown as a separate operating segment.

Information regarding these segments is presented below. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment profit	
	Half-year ended		Half-year ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	\$	\$	\$	\$
Continuing operations				
Exploration in Australia	-	-	(812,068)	(469,858)
Mining	462,844	-	(199,094)	-
	462,844	-	(1,011,162)	(469,858)
Share based payments			(713,874)	(21,142)
Investment revenue			41,293	66,779
Rental income			6,313	18,702
Profit before tax			(1,677,430)	(405,519)
Income tax expense			(22,704)	-
Consolidated segment revenue and profit for the period			(1,700,134)	

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment revenue and finance costs, income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2010	30 June 2010
	\$	\$
Exploration in Australia	5,453,960	5,285,927
Mining	5,536,142	-
Total segment assets	10,990,102	5,285,927
Unallocated assets	2,362,161	1,871,127
Total assets	13,352,263	7,157,054

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3 ISSUE OF SECURITIES

During the half-year ended 31 December 2010:

- 2,400,000 shares were issued under a non-renounceable share purchase plan to raise capital;
- 11,875,000 shares were placed to raise capital to fund, in part, the acquisition of all of the issued share capital of Leigh Creek Copper Mine Pty Ltd, recommencement of mining and production operations at the Mountain of Light Mine, working capital and ongoing exploration;
- 6,250,002 shares and 1,250,000 options with an exercise price of \$0.275 and an expiry date of 29 July 2015 were issued in connection with Phoenix Copper's acquisition of all the issued shares in the capital of Leigh Creek Copper Mine Pty Ltd. Phoenix Copper issued these shares to creditors of Leigh Creek Copper Mine Pty Ltd to settle and discharge debt owed to those creditors;
- 2,000,000 shares were placed to raise capital to fund recommencement of the mining and production operations at the Mountain of Light Mine;
- 200,000 shares were issued to one of Phoenix Copper's contractors as part consideration for their performance;
- 750,000 options with an exercise price of \$0.28 and an expiry date of 31 October 2011 were granted to another of Phoenix Copper's contractors as part consideration for their performance;
- 8,620,690 shares and 2,873,563 options with an exercise price of \$0.35 and an expiry date of 15 April 2012 were issued to raise capital with the intention that it be used principally to expedite a programme of exploration at the Company's Exploration Licenses and augment the working capital of the Company; and
- 1,000,000 performance rights were granted to Phoenix Copper's Managing Director, the terms of which were announced to the ASX on 24 September 2010.

During the half-year ended 31 December 2009, the following issues were made:

- 500,000 shares were issued as part consideration for the purchase of an exploration tenement;
- 40,000 shares were issued through the exercise of options; and
- 242,000 options were issued to employees in accordance with Phoenix Copper's Employee Share Option Plan.

4 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets from those disclosed in the annual report for the period ended 30 June 2010.

5 ACQUISITION OF SUBSIDIARY

On 23 July 2010 the Group acquired a 100% interest in Leigh Creek Copper Mine Pty Ltd (LCCM). LCCM is engaged in the mining of copper and was acquired with the objective of significantly improving the Group's revenue.

	\$
Cash	1,762,086
Shares	1,187,500
Share options	209,112
	3,158,698

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Assets acquired and liabilities assumed at the date of acquisition

	\$
Non-current assets	
Plant & Equipment	1,678,500
Mineral rights	1,807,068
Cash backed guarantees	150,000
Current liabilities	
Rehabilitation provision	(476,870)
	3,158,698

The initial accounting for the acquisition of Leigh Creek Copper Mine Pty Ltd has only been provisionally determined at the end of the interim reporting period. At the end of the interim period, the final valuation report in respect of the plant and equipment acquired had not yet been received. At the date of finalisation of this interim financial report, the necessary market valuations and other calculations had not been finalised and the fair value of the plant and equipment, associated deferred tax assets/liabilities and mineral rights noted above have therefore only been provisionally determined based on the director's best estimate of the likely fair value of the plant and equipment.

Net cash outflow arising on acquisition

	\$
Consideration paid in cash	1,762,086
	1,762,086

Impact of acquisition on the results of the Group

Included in the loss for the interim period is \$199,094 of loss attributable to Leigh Creek Copper Mine Pty Ltd. Revenue for the period includes \$462,844 in respect of Leigh Creek Copper Mine Pty Ltd.

6 SUBSEQUENT EVENTS

Since the end of the half-year total funds of \$1,974,930 before expenses were raised through the issue of 7,053,320 ordinary shares at 28c each to sophisticated investors. As part of this placement, each investor was granted one free option for every 3 shares subscribed for, rounded down (2,351,102 total options), with an exercise price of 35c and an expiry date of 11 March 2013.

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DIRECTORS DECLARATION

The Directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity

Signed in accordance with a resolution of the directors made pursuant to Section 303 (5) of the Corporations Act 2001.

On behalf of the Directors



Paul J Dowd
Managing Director

Adelaide, 16 March 2011

Independent Auditor's Review Report to the Members of Phoenix Copper Limited

We have reviewed the accompanying half-year financial report of Phoenix Copper Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising Phoenix Copper Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Phoenix Copper Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

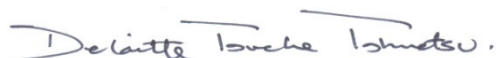
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Phoenix Copper Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Phoenix Copper Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants
Adelaide, 16 March 2011

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