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ASX ANNOUNCEMENT – 6 OCTOBER 2010

STRATEGIC CAPITAL INJECTION BY NEW ZEALAND INVESTORS FACILITATES YORKE
PENINSULA EXPLORATION

Phoenix Copper Limited (**Phoenix Copper** or **Company**) has agreed to the following placement of shares and options to strategic New Zealand investors introduced to the Company by New Zealand broker Forsyth Barr to raise \$2,500,000:

Tranche #1 (not subject to shareholder approval)

Number of fully paid ordinary shares to be issued:	6,896,552
Issue price for shares:	\$0.290
Capital Raised	\$2,000,000
Number of options to be granted:	2,298,850
Option exercise price:	\$0.350
Option expiry date:	15 April 2012

Tranche #2 (subject to shareholder approval)

Number of fully paid ordinary shares to be issued:	1,724,138
Issue price for shares:	\$0.290
Capital Raised	\$500,000
Number of options to be granted:	574,713
Option exercise price:	\$0.350
Option expiry date:	15 April 2012

In order for the Company to comply with ASX Listing Rule 7.1, the placement will occur in two tranches, the second of which is subject to shareholder approval, which will be sought at the Company's upcoming Annual General Meeting on 26 November 2010. Securities in the first tranche will be issued by 15 October 2010. The share issue price is at a **premium of 3 cents (11.5%)** to the last sale price of Phoenix Copper shares before this announcement and the option exercise price is at a substantial premium to that.

The funds raised by the placement will be principally used to:

- expedite a programme of exploration at the Company's Exploration Licenses EL4031 and EL4312 located on the Yorke Peninsula of South Australia and adjacent to the tenements held by Rex Minerals Limited (**Rex**); and
- augment the working capital of the Company, allowing:
 - minor equipment purchases to improve production efficiencies; and
 - accelerated permitting and development of satellite ore bodies to increase production through put rates.

The cashflow from the recently recommissioned Leigh Creek copper project was intended to self-fund future exploration for the Company however sufficient cumulative cash to fund a significant programme on the Yorke Peninsula was unlikely to be available this calendar year and therefore commencement of this work had been deferred until mid-2011. Rex has announced very substantial

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resources of 700,000 tonnes of contained copper and 650,000 ounces of gold on its neighbouring tenements, and recent geophysical interpretations by Phoenix Copper based on the “Hillside model” have identified seven areas with similar anomalous zones that require detailed testing. The funds raised from the placement will allow this programme of work to be sensibly expedited within these two highly prospective tenements.

The strategic investors are highly regarded in New Zealand. The placement of shares at a premium is an indication of the level of confidence in the future of the Company, the production and cashflow generation potential of the Leigh Creek copper project and the prospectivity of the Burra and Yorke Peninsula areas.

For further information, please contact:

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