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ASX ANNOUNCEMENT, 5 OCTOBER 2011

LETTERS TO SHAREHOLDERS

Please find attached copies of the following two letters which are being sent today in relation to the rights issue announced by Phoenix Copper Limited (**Company**) yesterday (**Rights Issue**):

- (1) Letter to shareholders of the Company who have registered addresses in Australia and New Zealand and, provided this remains the case as at the record date on 13 October 2011, will be entitled to participate in the Rights Issue; and
- (2) Letter to shareholders who currently have a registered address outside Australia or New Zealand and, provided this remains the case as at the record date on 13 October 2011, will not be entitled to participate in the Rights Issue.

For further information, please contact:

Peta Marshman
Company Secretary

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For personal use only



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5 October 2011

Dear Shareholder

Renounceable Rights Issue

On 4 October 2011, Phoenix Copper Limited (ASX: "PNX") (**Phoenix Copper**) announced a fully underwritten 3 for 5 renounceable pro rata rights issue at 6.5 cents per share subscribed for and with 1 free attaching option for every 2 shares subscribed for (**Rights Issue**).

As the Rights Issue is fully underwritten, the Rights Issue will raise approximately A\$3.9 million (before costs and expenses of the offer). The net funds raised by the Rights Issue will be applied towards Phoenix Copper's current commitments and working capital requirements and then to an aggressive exploration program on the Company's two most prospective projects:

- Yorke Peninsula – exploration for Moonta – IOCGU style deposits in the Company's tenements in the Olympic Domain, which are adjacent or otherwise nearby to those held by Rex Minerals Limited, hosting the recently discovered Hillside Deposit; and
- Burra North – exploration to target the potential for repetition of copper mineralization immediately to the north west of the historic Monster Mine.

Proceeds will also be applied towards completing test work and field trials aimed at recommencing operations at Phoenix Copper's Mountain of Light project at Leigh Creek, South Australia.

The Directors are pleased that you will be offered the opportunity to participate in this capital raising to fund Phoenix Copper's exciting exploration programs and to enable it to prove the feasibility of the Mountain of Light operations and recommence operations at that project. We are hopeful that you will continue your loyal support of Phoenix Copper and help us overcome the disappointment of the uneconomic initial operations at Mountain of Light.

Key Terms of Rights Issue

In accordance with the requirements of the ASX Listing Rules, the following information on the Rights Issue and Phoenix Copper is provided.

Terms of issue of securities	<ul style="list-style-type: none"> • New shares will rank equally in all respects with the existing class of quoted fully paid ordinary shares on issue. • Each new free attaching option will be exercisable 10 cents per share, will expire on 30 June 2012 and subject to satisfying the conditions to quotation, will be listed on ASX. On exercise of a new free attaching option, the holder will receive one new share and one secondary option. • Each secondary option will be exercisable at 15 cents per share, will expire on 30 June 2013 and subject to satisfying the conditions to quotation, will be listed on ASX.
Record Date	The record date for determining entitlements is 6:30pm Adelaide time on 13 October 2011.
Fractional entitlements	Any fractional entitlements will be rounded up to the nearest whole number.
Renounceable	The Rights Issue is renounceable. This means that if you do not wish to accept all or part of your entitlement under the Rights Issue you may sell that part of your entitlement that you do not wish to accept either on ASX or off-market during the rights trading period to a third party who need not be another Shareholder of Phoenix Copper.
Eligibility	Only shareholders with registered addresses in Australia or New Zealand as at the record date will be eligible to participate in the Rights Issue.
Underwriting	Patersons Securities Limited (Underwriter) has agreed to fully underwrite the Rights Issue. Accordingly, the Rights Issue will raise gross proceeds of approximately A\$3.9 million (before costs and expenses of the Rights Issue), subject to the terms of the Underwriting Agreement.
Fees	<ul style="list-style-type: none"> • The Underwriter will receive a fee for providing the underwriting service of a cash amount equal to 5.0% of the total amount underwritten, a management fee of 1.0% of the total amount raised by the Rights Issue and a corporate advisory fee of \$30,000. • As an incentive to sub-underwriters, each sub-underwriter will, subject to obtaining shareholder approval, receive bonus options (issued on the same terms and conditions as the new free attaching options under the Rights Issue) on the basis of one free option for every three shares underwritten. If shareholder approval is not obtained, the sub-underwriters will be paid a cash amount equivalent to the value of the bonus options. • No handling fees will be paid to brokers who lodge acceptances on behalf of security holders.
Maximum number of securities to be issued	The maximum number of new shares to be issued under the Rights Issue is 60,905,523 and the maximum number of new options to be issued under the Rights Issue is 30,452,762 ¹ . This means that following the Rights Issue, the maximum number of listed shares on issue will be 162,414,728 and the maximum number of listed options on issue will be 30,452,762 ² .
Dividend Policy	Phoenix Copper does not have a dividend policy and does not intend to declare a dividend in the near future.
Shareholder approval	No shareholder approval will be required for the Rights Issue, except in respect of sub-underwriter bonus options as discussed above.

¹ based on the undiluted share capital of Phoenix Copper as at the close of trade on 30 September 2011, without taking into account the impact of rounding and without taking into account bonus options to be issued to the sub-underwriters.

² As above.

Full details of the Rights Issue, including details of the underwriting, are set out in the Prospectus and Appendix 3B lodged with ASIC and ASX on 4 October 2011. The Prospectus is available to download from both the ASX website (at www.asx.com.au) and Phoenix Copper's website (at www.phoenixcopper.com.au) and is expected to be sent out to shareholders on 18 October 2011.

You are encouraged to read the Prospectus in full before making a decision in respect of the Rights Issue. To accept all or part of your entitlement under the Rights Issue you will need to complete the acceptance form that will accompany the Prospectus to be sent to shareholders.

Phoenix Copper will not be sending an offer under the Rights Issue to any shareholder who does not have a registered address in Australia or New Zealand as at the record date.

Indicative Timetable

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of Rights Issue and Lodgement of Prospectus – announcement of Rights Issue lodged with ASX and Prospectus lodged with ASIC and ASX	Tuesday 4 October 2011
Notice to Shareholders – notice sent to Shareholders containing information required by Appendix 3B	Wednesday 5 October 2011
Ex date and Rights trading commences – the date on which Shares commence trading without the entitlement to participate in the Rights Issue and Rights trading commences	Friday 7 October 2011
Record date – the date for determining entitlements of Shareholders to participate in the Rights Issue	Thursday 13 October 2011
Prospectus sent to Shareholders – despatch of Prospectus and Entitlement and Acceptance Forms– Rights Issue opens for acceptances	Tuesday 18 October 2011
Last day of Rights trading	Tuesday 25 October 2011
Closing Date – The last day for receipt of acceptance forms (5.00pm Adelaide time)	Wednesday 2 November 2011
Shortfall notification date	Monday 7 November 2011
Despatch date – Allotment of New Shares.	Thursday 10 November 2011
Expected commencement of normal trading in New Shares (and New Options, if admitted to quotation) on ASX	Friday 11 November 2011

Phoenix Copper reserves the right to amend this timetable subject to the ASX Listing Rules and the terms of the Underwriting Agreement.

If you have any queries about the Rights Issue, you should consult your stockbroker or other professional adviser or Phoenix Copper's Share Registry – Computershare Investor Services Pty Ltd on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours sincerely



Peta Marshman
Company Secretary



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5 October 2011

Dear Overseas Shareholder

Renounceable Rights Issue

On 4 October 2011 Phoenix Copper Limited (ASX: "PNX") (**Phoenix Copper**) announced a fully underwritten 3 for 5 renounceable pro rata entitlement issue at 6.5 cents per new Phoenix Copper share, together with one (1) free attaching option for every 2 shares subscribed for (**Rights Issue**).

The Prospectus for the Rights Issue was lodged with ASIC and ASX on 4 October 2011 and is available to download at both www.asx.com.au using ASX code "PNX" and at Phoenix Copper's website www.phoenixcopper.com.au.

Phoenix Copper has determined, pursuant to the *Corporations Act 2001* (Cth) and Listing Rule 7.7.1(a) of the Listing Rules of the Australian Securities Exchange (**ASX Listing Rules**) that it would be unreasonable to make offers under the Rights Issue to shareholders with a registered address outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and the Corporations Act, Phoenix Copper wishes to advise that it will not be extending the Rights Issue to shareholders with registered addresses outside of Australia or New Zealand as at the record date, being 13 October 2011 (**Record Date**).

Phoenix Copper has appointed Patersons Securities Limited (**Nominee**) on normal commercial terms, as nominee for foreign shareholders to sell the entitlements they would have been offered under the Rights Issue had they been eligible to participate in the Rights Issue (**Entitlements**). The Nominee will have the absolute and sole discretion to determine the timing, price and manner of sale of the Entitlements. The net proceeds (in Australian dollars), if any, of the sale (in Australian dollars) of the Entitlements will be distributed to foreign shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting the costs of the sale and the costs of distributing the proceeds). There is no guarantee that the Nominee will be able to sell the Entitlements and foreign shareholders may receive no value for the Entitlements. Neither Phoenix Copper nor the Nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price.

If you have any queries about the Rights Issue please contact Phoenix Copper's Share Registry, Computershare Investor Services, on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours sincerely

Peta Marshman
Company Secretary
Phoenix Copper Limited