



PHOENIX COPPER LIMITED
ACN 127 446 271

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Phoenix Copper Limited will be held:

- on **Friday, 26 November 2010**
- at **10:30am (Adelaide time)**
- at the Boardroom, Unit 5, **Ground Floor, 60 Hindmarsh Square, Adelaide**

for the purpose of transacting the business set out in the following agenda.

Please note that the Company's Annual Report 2010 can be viewed at the Company's website at <http://www.phoenixcopper.com.au/>

This is an important document. Please read it carefully.

If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed with this document in accordance with the instructions set out on it.

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AGENDA

CONSIDER ACCOUNTS AND REPORTS

To receive and consider the Company's Directors' Report, Financial Report and Auditor's Report for the financial year ended 30 June 2010.

RESOLUTION 1 Adoption of Remuneration Report

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That the Company adopts the Remuneration Report for the financial year ended 30 June 2010."

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 Re-election of Mr Peter James Watson as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Peter James Watson, who voluntarily retires to enable the Company to comply with ASX Listing Rule 14.5 and, being eligible, has offered himself for re-election in accordance with clause 2.5 of the Company's constitution, is re-elected as a director of the Company".

RESOLUTION 3 Re-election of Mr David Hillier as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr David Hillier, being a director of the Company appointed in accordance with clause 2.4(1) of the Company's Constitution and offering himself for re-election in accordance with clause 2.4(2) of the Company's Constitution and being eligible, is re-elected as a director of the Company."

RESOLUTION 4 Approval of Employee Performance Rights Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.2 Exception 9 and for all other purposes, any issue of Shares made within the three year period ending 25 November 2013 upon the vesting of Performance Rights granted under the Company's Employee Performance Rights Plan as set out in Annexure A to the Explanatory Notes accompanying this Notice of Meeting (and as amended from time to time) is approved as an exception to ASX Listing Rule 7.1."

RESOLUTION 5 Issue of 1 million Shares to Paul Dowd on vesting of 1 million Performance Rights

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 1 million Shares upon the vesting of 1 million Performance Rights granted to Mr Paul Dowd (or his nominee) under the Company's Employee Performance Rights Plan as set out in Annexure A to the Explanatory Notes accompanying this Notice of Meeting and on the vesting terms set out in those Explanatory Notes, is approved."

Voting Exclusions

There are no voting exclusions in relation to Resolution 1, 2 and 3.

The Company will disregard any votes cast on Resolution 4 and Resolution 5 by Mr Paul Dowd or any of his associates.

However the Company need not, in either case, disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

Proxies

In accordance with section 249L of the Corporations Act and clause 16.2(3)(d) of the Company's constitution, members are advised that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The **enclosed** Proxy Form provides further details on appointing proxies and lodging proxy forms. Please note that your Proxy Form must be received by **10:30am Adelaide time on Wednesday, 24 November 2010** to be effective.

Voting Entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that the Shareholding of each Shareholder for the purposes of ascertaining voting entitlements for the Meeting will be as it appears in the share register of the Company at 5:00pm Adelaide time on Wednesday, 24 November 2010.

Corporate Representative


Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's representative. A form of certificate of appointment can be obtained from the Company's share registry, Computershare Investor Services Pty Limited, by phoning 1300 305 232 (within Australia) or +61 3 9415 4657. The certificate or letter may be sent to the Company or the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 in advance of the Meeting or handed in at the Meeting when the appointed representative registers as a corporate representative.

Explanatory Notes

The Explanatory Notes accompanying this Notice of Meeting are incorporated in, comprise part of and should be read in conjunction with this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes, which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Notes.

By order of the Board



Peta Marshman
Company Secretary
Dated: 27 September 2010

EXPLANATORY NOTES

Important Notice

These Explanatory Notes contain an explanation of, and information about, the resolutions to be considered at the Annual General Meeting of Shareholders proposed to be held at the Boardroom, Unit 5, Ground Floor, 60 Hindmarsh Square, Adelaide on Friday, 26 November 2010 at 10:30am. They are given to Shareholders to help them determine how to vote on the resolutions set out in the Notice of Meeting.

These Explanatory Notes form part of the Notice of Meeting and should be read in conjunction with the Notice of Meeting. Shareholders should read these Explanatory Notes in full, because individual sections may not give a comprehensive review of the proposals contemplated in them.

Capitalised terms in these Explanatory Notes are defined in the Glossary at the end of these Explanatory Notes.

If you are in doubt about what to do in relation to the resolutions set out in the Notice of Meeting you should consult your financial or other professional adviser.

RESOLUTION 1 Adoption of Remuneration Report

The Remuneration Report for the financial year ended 30 June 2010 is set out in the Directors' Report section of the Annual Report. The Remuneration Report outlines the remuneration arrangements in place for directors and senior managers of the Company.

Section 250R(2) of the Corporations Act requires listed companies to put to the vote a resolution that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 Re-election of Mr Peter James Watson as a Director

ASX Listing Rule 14.5 requires the Company to hold an election of Directors each year. In the circumstances that prevail, the Company's constitution does not require any of the Directors to retire at the close of the Meeting. To enable compliance with ASX Listing Rule 14.5, Mr Watson voluntarily retires at the close of the Meeting. Being eligible, Mr Watson has offered himself for re-election in accordance with clause 2.5(5) of the Company's constitution.

Mr Watson studied Law at Melbourne University and graduated with honours. He has practised law for 40 years, specialising in commercial, corporate, resources and trade practices law. He is admitted to practice in South Australia, New South Wales, Victoria and Western Australia as well as the High Court of Australia. For over 20 years Peter Watson was a partner in the national law firm now known as Norton Rose. During that time he established, and for 4 years managed, its Perth office. He also managed its Melbourne office for 2 years. In 1996 Mr Watson joined Andersen Legal as its first Melbourne partner and in 1999 was recruited by Normandy Mining Limited as its group legal counsel and a group executive. Following the takeover of Normandy by Newmont Mining Corporation Mr Watson returned to private practice and founded the successful boutique law firm Watsons Lawyers. Mr Watson is a member of the board of trustees of the Bethlehem Griffiths Research Foundation (a medical research charitable foundation), a non-executive director of Lawson Gold Limited (an ASX listed gold exploration company) and Felton Grimwade and Bosisto's Pty Ltd (a manufacturer and supplier of eucalyptus products and over the counter therapeutic products).

Mr Watson has brought to his role as non-executive Director a wealth of corporate and legal knowledge and experience which has been of great value to the Company. The remainder of the Board recommend that Shareholders re-elect Mr Watson. The Chairman intends to vote undirected proxies in favour of Resolution 2.

Watsons Lawyers, of which Mr Watson remains a partner, is the Company's legal services provider. Mr Watson has a relevant interest in 4,623,750 Shares.

RESOLUTION 3 Re-election of Mr David Hillier as a Director

Mr David Hillier was appointed a non-executive Director by the Board on 17 September 2010 in accordance with clause 2.4(1) of the Company's constitution. Clause 2.4(1) relates to the appointment of directors between annual general meetings and states that the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. According to clause 2.4(2) of the Company's constitution unless the Director is an Executive Director and the ASX Listing Rules do not require that Director to be subject to retirement, a Director appointed under clause 2.4(1) will hold office until the end of the next annual general meeting of the Company, at which the Director may be re-elected.

Being eligible for re-election, Mr Hillier offers himself for re-election as a director of the Company. Mr Hillier is a chartered accountant and has more than 30 years experience in commercial aspects of the resources industry. Until recently Mr Hillier was Chairman of Buka Gold Limited which successfully identified a number of gold anomalies in the Maryborough Basin in Queensland, an area not previously considered prospective for gold. In addition, throughout 2008 he worked as Chief Financial Officer and subsequently as an executive director of Buka Gold's major shareholder based in London. Between 1989 and 2002, Mr Hillier held a range of senior executive positions in the Normandy Mining Limited Group of companies and was Chief Financial Officer of Normandy for six of these years. He has served as Chairman and as a director of a number of public companies in the mining and exploration field. He is currently non-executive Chairman of Lawson Gold Limited.

Mr Hillier's accounting and finance background and experience will be of great value now that Phoenix Copper has commenced copper production. The remainder of the Board recommend that Shareholders re-elect Mr Hillier. The Chairman intends to vote undirected proxies in favour of Resolution 3.

Mr Hillier has an indirect interest in 100,000 Shares.

RESOLUTION 4 Approval of Employee Performance Rights Plan

The Company currently has in place the Phoenix Copper Employee Share Option Plan adopted by the Board on 12 November 2007 and summarised in the Company's prospectus dated 20 November 2007. Due to the recent changes to the tax laws for employee share schemes the Company has created the Phoenix Copper Employee Performance Rights Plan (**Plan**).

The Plan relates to the grant of Performance Rights. The Board may offer to grant Performance Rights to eligible persons under the Plan in accordance with the terms and conditions set out in Annexure A. Each Performance Right is a right to acquire one Share, subject to satisfaction of the terms and performance conditions set out in the Plan and the employee or contractor's invitation to participate in the Plan. The Performance Rights will be granted for no consideration and no consideration will be payable for Shares issued on the vesting of Performance Rights granted under it.

The Plan is designed to:

- provide eligible participants with an ownership interest in the Company; and
- provide additional incentives for eligible participants

in such a way that allows employees and contractors to benefit from the new tax laws for employee share schemes. In particular, the Plan has been drafted so that, provided the necessary conditions are met, the income year in which Performance Rights granted under the Plan are taxed will be deferred until the earlier of the following times:

- the date when there is no longer a real risk that, under the conditions of the Plan, the employee or contractor will forfeit or lose the Performance Rights (other than by disposing of them or letting them lapse) even though their Performance Rights have not vested;

- the date their Performance Rights vest or, if the terms and conditions of the Performance Rights prohibit them selling their shares upon their Performance Rights vesting, the earliest date when they are permitted to sell; and
- the time they cease being employed by or contracted to Phoenix Copper.

ASX Listing Rule 7.1 restricts the number of securities a listed entity can issue without Shareholder approval. ASX Listing Rule 7.2 provides a number of exceptions to ASX Listing Rule 7.1. Exception 9(b) of ASX Listing Rule 7.2 provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if within three years before the date of issue holders of ordinary securities have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. The Company is seeking Shareholder approval for future issues of Shares made within the next three years on the vesting of Performance Rights granted under the Plan so that such issues will come within Exception 9(b) of ASX Listing Rule 7.2.

No Performance Rights have yet been granted under the Plan other than to Mr Paul Dowd as discussed in relation to Resolution 5 below.

The non-executive Directors, who do not have an interest in the outcome of the proposed resolution because they are not eligible to participate in the Plan, recommend that Shareholders vote in favour of this resolution. Mr Dowd does not make a recommendation about the proposed resolution because he is eligible to participate under the Plan. The Chairman intends to vote undirected proxies in favour of Resolution 4.

RESOLUTION 5 Issue of 1 million Shares to Paul Dowd on vesting of 1 million Performance Rights

Mr Paul J Dowd is the Managing Director and Chief Executive Officer of the Company.

Mr Dowd joined the Company in 2007 as its inaugural Managing Director. He was originally employed on a part-time basis. Throughout his employment with the Company Mr Dowd has contributed substantially more of his working time to the Company than his contractually committed initial 2.5 days (recently increased to 3.5 days) per week. Indeed Mr Dowd has for some time, without additional remuneration, worked more than 5 days a week on the Company's business. There is no doubt that with the Company's transition to producer and explorer, with the acquisition of Leigh Creek Copper Mine Pty Ltd (**LCCM**), the Company needs the full time services of its Managing Director and Chief Executive Officer. As a result the Board engaged Mr Dowd on a full time basis, with effect from 1 September 2010 (**Commencement Date**).

In the course of discussions with Mr Dowd regarding his full time employment he advised the Board that he envisages continuing in his current role for 18 months to two years. With this in mind his duties as Managing Director and Chief Executive Officer have been expanded to now include a specific responsibility to find an acceptable replacement for himself, with a view to that person commencing employment by 31 March 2012 and allowing for a three month hand over period. Further details in respect of Mr Dowd's new terms of employment were announced to the ASX on 17 September 2010.

The Board is very pleased with Mr Dowd's success in developing and expanding the Company's projects and, in particular with his vision for and, with the acquisition of LCCM, successful creation of, a unique corporate model for the Company – that of a self funding explorer. The Board considers it vital that Mr Dowd remain Managing Director and Chief Executive Officer of the Company for a period that the Board considers sufficient to consolidate the LCCM acquisition, expand the LCCM operations and bring the Company to a sustainable level of profitability sufficient to ensure its capacity to self fund exploration for a reasonable time in addition to net surplus cash flows to further create value for Shareholders.

The Board has resolved that there are two factors, in relation to Mr Dowd, that are essential. They are:

- his retention in office as Managing Director and Chief Executive Officer until 30 June 2012; and
- the achievement of sustainable profit from the Company's operations sufficient to fund ongoing exploration programs, or the discovery of a significant mineral deposit.

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Having regard to a benchmarking report commissioned by the Non-Executive Directors from an independent remuneration consultant and the advice of that consultant the Board has set Mr Dowd's remuneration package to include the grant to him of 1 million Performance Rights under the Plan (which is described in the section of these Explanatory Notes that deal with Resolution 4). The issue of Shares on the vesting of those Performance Rights is subject to Shareholders approving Resolution 5.

To achieve the objectives of retention and sustainable profitability or significant discovery the 1 million Performance Rights will vest, and the underlying Shares will be issued, subject to Shareholders approving Resolution 5, as follows:

- (a) 500,000 of the Performance Rights (**T1 Rights**) on 31 July 2012; and
- (b) the remaining 500,000 Performance Rights (**T2 Rights**) within 30 days of the earlier of:
 - (i) the 2011/2012 Profit (as defined below) being determined; and
 - (ii) the Company having made a discovery or discoveries of mineralisation internally estimated, to the satisfaction of the Board, to contain, or to contain in the aggregate, 125,000 tonnes of contained copper or equivalent in other metals determined in the usual way (in addition to the resources announced by Phoenix Copper prior to the Commencement Date).

The T1 Rights will lapse if Mr Dowd ceases to be the Managing Director of the Company before 30 June 2012 (unless the Board agrees otherwise as a result of Mr Dowd's replacement being appointed before 31 March 2012).

The T2 Rights will lapse if the 2011/2012 Profit is not more than \$4.5 million or the Board (acting reasonably) believes that a profit of at least that amount is not sustainable for at least the following 2 years; unless in the meantime Phoenix Copper has made a discovery or discoveries of mineralisation internally estimated, to the satisfaction of the Board, to contain, or contain in the aggregate, 125,000 tonnes of contained copper or equivalent in other metals determined in the usual way (in addition to the resources announced by Phoenix Copper prior to the Commencement Date).

The 2011/2012 Profit and profit for the following two years refer to:

- (a) the actual consolidated net profit before interest and tax of Phoenix Copper for the financial year commencing 1 July 2011 determined after adding back all exploration expenditure (other than in mine geology for grade control purposes) and 40% of all administration expenses taken into account in determining that consolidated net profit; and
- (b) the Board's reasonable estimate of that net profit for the two following financial years.

The Board considers that, given the Company's circumstances, the grant of 1 million Performance Rights to Mr Dowd on these vesting terms is, in the Company's circumstances and having regard to the particular objectives stated above, appropriate to incentivise Mr Dowd and is more appropriate than a share price based performance incentive.

At the date of these Explanatory Notes Mr Dowd holds 543,750 Shares, 1,500,000 Performance Shares issued to him on the listing of Phoenix Copper on ASX and 500,000 Options. 500,000 of the Performance Shares will automatically convert into one (1) Share each on each of the following events occurring:

- (a) Shares trading for 5 consecutive ASX trading days at \$0.40 or greater;
- (b) Shares trading for 5 consecutive ASX trading days at \$0.60 or greater;
- (c) Shares trading for 5 consecutive ASX trading days at \$0.80 or greater.

The 500,000 Options have an exercise price of 25 cents and an expiry date of 11 February 2013. Assuming all of the Performance Shares convert, all of the Options held by Mr Dowd are exercised

and the vesting conditions of the proposed Performance Rights are satisfied Mr Dowd would hold 3,543,750 Shares.

ASX Listing Rule 10.14 requires that an entity must not permit a director or an associate of a director to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition.

The following information is provided to Shareholders for the purposes of Listing Rule 10.15A:

- (i) upon vesting of the Performance Rights, the underlying Shares will be issued to Mr Dowd or an Associate of Mr Dowd nominated by him;
- (ii) the maximum number of Shares to be issued to Mr Dowd upon vesting of the Performance Rights is 1 million;
- (iii) the Performance Rights will be granted for no consideration and the Shares to be issued upon vesting of the Performance Rights will be issued for no consideration;
- (iv) no persons (other than Mr Dowd in respect of the 1 million Performance Rights) have received any Performance Rights under the Plan to date;
- (v) only Directors employed in an executive capacity are entitled to participate in the Plan;
- (vi) there is no loan applicable to the grant of the Performance Rights or the issue of the Shares upon vesting of the Performance Rights;
- (vii) details of any securities issued under the Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14;
- (viii) any additional persons specified in Listing Rule 10.14 who become entitled to participate in the Plan after Resolution 4 is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and
- (ix) the Shares to be issued upon the vesting of the Performance Rights will be issued not later than 3 years after the date of the Meeting.

The Directors (other than Mr Dowd) recommend that Shareholders vote in favour of Resolution 5. The Chairman intends to vote undirected proxies in favour of Resolution 5.

Glossary

"**Associate**" has the meaning given to that term in the *Income Tax Assessment Act 1997* (Cth);

"**ASX**" means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context requires;

"**ASX Listing Rules**" means the official listing rules of ASX;

"**Board**" means the board of Directors;

"**Company**" or "**Phoenix Copper**" means Phoenix Copper Limited (ACN 127 446 271);

"**Corporations Act**" means *Corporations Act 2001* (Cth);

"**Director**" means a director of the Company;

"**Meeting**" means the Annual General Meeting of the Company to be held on Friday, 26 November 2010 at 10:30am;

"**Notice of Meeting**" means the notice convening the annual general meeting of Phoenix Copper to be held on 26 November 2010 and which these Explanatory Notes accompany.

"**Option**" means an option to subscribe for one Share;

"**Performance Right**" has the meaning given in the Plan;

"**Plan**" means the Phoenix Copper Limited Employee Performance Rights Plan;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means a holder of a Share; and

"**Shareholding**" means a holding of one or more Share(s).

ANNEXURE A

PHOENIX COPPER LIMITED EMPLOYEE PERFORMANCE RIGHTS PLAN

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PHOENIX COPPER LIMITED
ACN 127 446 271

**RULES OF THE PHOENIX COPPER LIMITED
EMPLOYEE PERFORMANCE RIGHTS PLAN**

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2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, unless the contrary intention appears:

“**Associate**” has the meaning given in section 995.1 of the *Income Tax Assessment Act 1997* (Cth);

“**ASX**” means ASX Limited ACN 008 624 691 and includes any body corporate which may succeed to the powers, functions and duties of ASX Limited or the securities exchange operated by ASX Limited (as the context requires);

“**Board**” means the Directors acting as the board of directors of the Company;

“**Business Day**” means a day on which the ASX is open for trading in securities;

“**Company**” means Phoenix Copper Limited (ACN 127 446 271);

“**Corporations Act**” means *Corporation Act 2001* (Cth);

“**Director**” means a director of the Company from time to time;

“**Eligible Person**” means at any time a person who is an employee (whether full-time or part-time) of, or a contractor or employee of a contractor to, a Group Company or a Director employed in an executive capacity at that time;

“**Grant Date**” means, in relation to a Performance Right, the date from which the Performance Right is granted in accordance with clause 6;

“**Group**” means collectively the Company and each of the Company’s Subsidiaries;

“**Group Company**” means the Company or any of the Company’s Subsidiaries;

“**Invitation**” has the meaning given to it in clause 4.2;

“**Listing Rules**” means the Listing Rules of ASX and any other rules of ASX which are applicable while an entity is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;

“**Official List**” means the official list of entities that ASX has admitted to quotation and not removed;

“**Participant**” means a person who has been granted a Performance Right under the Plan;

“**Performance Condition**” means a condition which must be satisfied or circumstances which must exist before a Performance Right can vest, as specified in the Invitation for the Performance Right concerned;

“**Performance Right**” means a right to acquire one Share in the manner described in this Plan;

“**Permanent Disablement**” means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

“**Plan**” means the Phoenix Copper Limited Employee Performance Rights Plan established in accordance with these Rules;

“**Redundancy**” means, in relation to an Eligible Person, a determination by the Board that the relevant Group Company’s need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of any Group Company of his own accord);

“**Retirement**” means, in relation to an Eligible Person, retirement by that Eligible Person from any Group Company at age 60 or over or such earlier age as considered appropriate by the Board;

“**Rules**” means these rules, as amended from time to time;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means a holder of a Share;

“**Subsidiary**” has the meaning given in section 9 of the Corporations Act; and

“**Takeover Bid**” has the meaning given in section 9 of the Corporations Act.

2.2 Interpretation

In these Rules, unless the contrary intention appears:

- (1) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (2) the singular includes the plural and vice versa;
- (3) a reference to a gender includes all genders;
- (4) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day;
- (5) an expression defined in, or given a meaning for the purposes of, the Corporations Act or the Listing Rules has the same meaning where used in these Rules; and
- (6) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or substitution for, and any subordinate legislation under, that legislation or legislative provision.

3. MANAGEMENT OF THE PLAN

- (1) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate such authorities as may be necessary or desirable for the administration and management of the Plan.
- (2) Subject to the provisions of these Rules, the Board may administer the Plan and make such regulations and establish such procedures for the administration and management of the Plan as the Board considers appropriate.

- (3) Every decision or determination or exercise of discretion by the Board may be made by the Board in its absolute discretion and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive and binding.

4. ENTITLEMENT TO PARTICIPATION

4.1 Eligible Persons

All Eligible Persons with at least 12 months continuous employment with a Group Company or who have been a contractor to a Group Company for at least 12 continuous months or an employee of such a contractor for at least 12 continuous months (or in any case such lesser period as the Board may, in its absolute discretion, determine) are eligible to participate in the Plan.

4.2 Invitations

The Board may from time to time, in its absolute and uncontrolled discretion, issue a written invitation to an Eligible Person inviting him or her to apply for the grant of a certain number of Performance Rights on the terms and conditions set out in the Plan and on such additional terms and Performance Conditions as the Board determines (“**Invitation**”).

4.3 Number of Performance Rights

The number of Performance Rights specified in each Invitation will be determined by the Board in its absolute discretion.

4.4 Invitation

Each Invitation must include:

- (1) the number of Performance Rights which may be granted;
- (2) the date and time by which the application for Performance Rights must be received by the Company;
- (3) the date on which, subject to these Rules, the Performance Rights will vest in accordance with clause 9;
- (4) all Performance Conditions attaching to the Performance Rights;
- (5) a statement that the Performance Rights will be granted in accordance with the terms and conditions set out in the Plan;
- (6) a copy of the Rules;
- (7) an explanation as to how the Eligible Person can obtain the current market price and offer price of Shares; and
- (8) any other terms attaching to the Performance Rights or Shares that the Board, in its absolute discretion, considers appropriate

and must have attached to it an application form so that the Eligible Person can apply for Performance Rights in accordance with clause 5.

4.5 Discretion of Board

The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

5. APPLICATIONS FOR PERFORMANCE RIGHTS

- (1) Upon receipt of an Invitation, an Eligible Person may, within the period specified in the Invitation, apply for any number of Performance Rights up to the maximum number specified in the Invitation by sending to the person nominated by the Company an application in the form attached to the Invitation (“**Application**”) duly completed and signed.
- (2) Each Application must include an agreement by the Eligible Person to be bound by:
 - (a) these Rules; and
 - (b) the constitution of the Company when their Performance Rights vest and the relevant Shares are issued.

6. GRANT OF PERFORMANCE RIGHTS

- (1) On acceptance of a duly completed and signed Application the Company may grant Performance Rights to the Eligible Person, with effect from such date as the Board determines, on the terms set out in the relevant Invitation.
- (2) The Board retains the absolute discretion not to accept an Application by an Eligible Person if, for any reason, that Application is not acceptable to the Board.

7. TERMS OF PERFORMANCE RIGHTS

7.1 Granted for no consideration

Performance Rights granted under the Plan will be granted for no consideration.

7.2 Quotation

The Company will not apply for official quotation by ASX of any Performance Rights.

7.3 Not transferable

- (1) Subject to clause 7.3(2) Performance Rights granted under the Plan are not transferable and will lapse immediately if transferred.
- (2) Clause 7.3(1) will not apply to the transfer of Performance Rights to a legal personal representative of a Participant following the Participant’s death.

7.4 No voting rights

A Performance Right does not confer on the Participant a right to vote on any resolution proposed at a general meeting of Shareholders.

7.5 No Dividend Rights

The holder of a Performance Right is not entitled to any dividends.

7.6 No Rights on Winding Up

A Performance Right does not confer on the Participant any right to participate in the surplus profits or assets of the Company upon winding up of the Company.

7.7 Reorganisation of Capital

If at any time the issued capital of the Company is reorganised, a Performance Right may be treated in accordance with the Listing Rules at the time of reorganisation.

7.8 No Other Rights

A Performance Right gives the holder no rights other than those expressly provided by these Rules and those provided at law where such rights at law cannot be excluded by these Rules.

8. LAPSING OF PERFORMANCE RIGHTS

8.1 Performance Rights to lapse

Unless the Board in its absolute discretion determines otherwise, an unvested Performance Right shall automatically lapse upon the earlier of:

- (1) a determination by the Board that the Participant has acted fraudulently, dishonestly or is in breach of their obligations to a Group Company;
- (2) the Participant ceasing to be an Eligible Person for any reason other than Retirement, Permanent Disability, Redundancy or death;
- (3) a resolution being passed to wind up the Company;
- (4) a Takeover Bid occurring, unless the Board has in its absolute discretion determined that the Performance Conditions attaching to the Performance Rights have been satisfied on a pro rata basis over the period of time from the Grant Date to the date of the Takeover Bid and therefore a proportion (as determined by the Board) of the Performance Rights will vest;
- (5) the Performance Conditions attaching to the Performance Right not being met within the prescribed period; and
- (6) any date set out in the relevant Invitation by which the Performance Right will automatically lapse.

8.2 Retirement, Permanent Disability, Retrenchment or Death

If a Participant ceases to be an Eligible Person by reason of Retirement, Permanent Disability, Retrenchment or death, the Board may determine that some or all of a Participant's Performance Rights will vest even if a Performance Condition has not been satisfied. If no such determination is made by the Board within 3 months after the Participant ceases to be an Eligible Person, all Performance Rights held by that Participant will automatically lapse.

9. VESTING OF PERFORMANCE RIGHTS

- (1) Subject to the Rules, each Performance Right granted to a Participant will vest on the date specified in the relevant Invitation.
- (2) The vesting of a Performance Right under clause 9(1) is conditional on the satisfaction of the Performance Conditions attaching to the Performance Right.

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- (3) Notwithstanding clause 9(2) and subject to the Listing Rules:
 - (a) the vesting of a Participant's Performance Rights may be subject to such further conditions as determined by the Board; and
 - (b) the Board may determine that some or all of a Participant's Performance Rights will vest even if a Performance Condition has not been satisfied.
 - (4) Each Performance Right entitles the Participant to one Share upon vesting.
 - (5) Subject to any restriction requirements set out in the relevant Invitation and Application, the Shares into which Performance Rights convert will rank equally in all respects with existing Shares and the Company will apply to ASX for their quotation within the time prescribed by the Listing Rules.
 - (6) Subject to any necessary Shareholder approval being obtained under the Listing Rules:
 - (a) upon vesting of Performance Rights, the Participant becomes entitled to be issued the relevant Shares not later than 21 days after the date of vesting;
 - (b) within 7 days after Performance Rights of a Participant have vested, the Company must advise the Participant in writing:
 - (i) that the Participant's Performance Rights under the Plan have vested;
 - (ii) that the relevant Shares will be issued to the Participant personally unless the Participant, within 7 days of the date of the Company's notice under this clause:
 - (A) advises the Board in writing that the Participant wishes the relevant Shares to be issued to an Associate of the Participant, and provides the full name of that Associate; and
 - (B) provides the Board with a signed application by the Associate for the relevant Shares, which must include an agreement by the Associate to be bound by these Rules and the constitution of the Company in respect of those Shares;
 - (iii) the date by which the relevant Shares will be issued; and
 - (iv) details of any restrictions on disposing of or otherwise dealing with the relevant Shares; and
 - (c) within 21 days after the date of vesting the Company must issue to the Participant or, subject to clause 9(6)(b), his or her Associate (as the case may be) one Share in respect of each of the Participant's Performance Rights that have vested.
 - (7) Where the Listing Rules require Shareholder approval to be obtained before the issue of Shares to a Participant whose Performance Rights have vested, the Company must:
 - (a) so advise the Participant within 7 days after a Performance Right under the Plan has vested; and
 - (b) comply with the Listing Rule requirements in relation to the issue of those Shares.
-

10. CONNECTION WITH OTHER PLANS

- (1) The Company is not restricted to using this Plan as the only method of providing incentive rewards to Eligible Persons. The Board may approve other incentive schemes.
- (2) Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Group unless the terms of that other plan provide otherwise.

11. AMENDMENT AND TERMINATION OF PLAN

11.1 Amendment

- (1) Subject to clause 11.1(2) and the Listing Rules, the Board may alter, delete or add to these Rules at any time.
- (2) An amendment to these Rules which in the opinion of the Board materially affects the accrued rights or entitlements of a Participant is not to be made without the written consent of the Participant unless the amendment is made primarily to:
 - (a) correct a manifest error;
 - (b) enable a Group Company to comply with applicable laws; or
 - (c) take into consideration possible adverse tax implications in respect of the Plan.
- (3) The Board must give written notice of any amendment to the Rules to each affected Participant as soon as reasonably practicable after the amendment is made.
- (4) The Board may determine that any amendment to the Rules be given retrospective effect.

11.2 Termination

The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

12. NOTICES

- (1) Notices may be given by the Company to any Eligible Person either personally or by sending by post to the address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by the Eligible Person to the Company for the giving of notices.
- (2) Notices of any overseas Eligible Person shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company.
- (3) A Withdrawal Notice shall not be deemed to be served on the Company until actually received.

13. RIGHTS OF ELIGIBLE PERSONS

Nothing in these Rules:

- (1) confers on any Eligible Person the right to receive any Performance Rights until an Invitation is issued under clause 4.1;

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- (2) confers on any Eligible Person the right to continue as an employee of or contractor to the Group;
 - (3) forms part of any contract of employment or engagement between any Group Company and any of their respective employees or contractors;
 - (4) affects any rights which any Group Company may have to terminate the employment or engagement of any Eligible Person; or
 - (5) may be used to increase damages in any action brought against any Group Company in respect of the termination of the employment or engagement of any Eligible Person by any Group Company.


14. GENERAL

- (1) The entitlement of Eligible Persons and Participants under the Plan and these Rules are subject to the Company's constitution, the Listing Rules and the Corporations Act.
- (2) Notwithstanding any provisions of these Rules no Shares may be acquired, allocated, assigned, or dealt with if to do so would contravene the Corporations Act, the Listing Rules or any other applicable laws.

15. GOVERNING LAW

This Plan, and the rights of an Eligible Person under the terms and conditions of this Plan are governed by the laws of the state of South Australia.

Lodge your vote:

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 305 232
(outside Australia) +61 3 9415 4657

000001 000 PNX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

 **For your vote to be effective it must be received by 10:30am (Adelaide time) Wednesday 24th November 2010**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Phoenix Copper Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Phoenix Copper Limited to be held at the Boardroom Unit 5, Ground Floor, 60 Hindmarsh Square, Adelaide on Friday, 26 November 2010 at 10:30am and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

General Business

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Peter James Watson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr David Hillier as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of 1 million Shares to Paul Dowd on vesting of 1 million Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /

PNX

999999A

Computershare +

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