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ASX ANNOUNCEMENT, 17 OCTOBER 2011

Renounceable Rights Issue Update

Phoenix Copper Limited (ASX code: PNX) refers to its announcement on 4 October 2011 of 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**), and its Rights Issue Prospectus dated 4 October 2011 lodged with ASX on that same date.

Phoenix Copper advises that two of the 'Company Sub-Underwriters', being two of Phoenix Copper's substantial shareholders who have agreed to sub-underwrite part of the Rights Issue (refer section 5.1 of the Rights Issue Prospectus), have tendered payment of their respective sub-underwriting subscription moneys to the satisfaction of the underwriter, Patersons Securities Limited.

Accordingly, the underwriter has now waived (and will not seek to rely upon) the termination clause of the underwriting agreement relating to the Company Sub-Underwriters' compliance with their sub-underwriting obligations, as described in paragraph (p) of Section 5.1 of Phoenix Copper's Rights Issue Prospectus.

The Board is particularly pleased with these votes of confidence in the Rights Issue by two of its largest shareholders.

The Rights Issue timetable is proceeding as previously advised to ASX, with despatch of the Prospectus to be completed on 18 October 2011.

Engagement of VTEM Survey Contractor

Phoenix Copper is also pleased to announce that it has signed a conditional Services Agreement with Geotech Airborne Pty Ltd for the much anticipated helicopter-borne Versatile Time Domain Electromagnetic (VTEM) Geophysical Survey on Phoenix Copper's Yorke Peninsula project. Subject to satisfactory completion of the Rights Issue, the survey will commence in mid-November.

The survey will be conducted over Phoenix Copper's Yorke Peninsula tenements EL4031 and EL4312, which abut Rex Minerals Ltd's tenement holding that is host to the recently discovered Hillside deposit containing 1.5 million tonnes of copper and 1.4 million ounces of gold (RXM; ASX release 27th July 2011, 217 Mt at 0.7% CU and 0.2g/t AU).

The survey will test and provide necessary detail to determine drilling locations to drill-test for copper-gold mineralisation in Hiltaba suite rocks (host to the Olympic Dam, Prominent Hill and Carapateena deposits), cut by structures interpreted to be splays off the Pine Point fault (host to the Hillside Deposit) in the Mid-Western Yorke Peninsula.

Landholder, council and PIRSA notifications have commenced.

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