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Assay Results Returned for first 2 Black Hill Diamond Drill Holes

Diamond Drilling Commences at Princess Royal

Black Hill

On the 18th of January, 2010 Phoenix Copper Limited, (the Company), started Phase 1 of a diamond drilling program at its Black Hill prospect on EL3716. Five holes have been completed for a total of 414m and assays from the first 2 diamond holes (PCD004 and PCD005) have now been returned.

This first phase of diamond drilling has provided valuable understanding of the stratigraphy and structural controls on gold mineralisation at Black Hill.

Holes PCD004 and PCD005 were designed to test the prospective sheared footwall contact of the Watervale Sandstone and underlying Saddleworth Siltstones, both above and below Rotary Air Blast hole PCRB0014 that had intersected 6m @ 23.34 g/t Au from 66m. Although the collar position of PCD005 is yet to be surveyed, initial indications are that both holes deviated and the prospective contact zone was intersected approximately 10m north and 3m above the intercept in PCRB0014 in PCD005 and 5m north and 14m below the intercept in PCRB0014 in PCD004 (Figure 1).

- PCD004 returned **4m@0.02g/t** Au from 81.4m and
- PCD005 returned **7m@0.05g/t Au** from 61m**.**

In previous releases it was noted that "Historical experience is that gold in the Mongolata area appears to be "nuggetty", which can be very difficult to define from drilling." As stated above, the holes deviated from the precise target zone but intercepted the expected host rocks. The results indicate an orientation of mineralisation, different to that previously interpreted and are further indication of the "nuggetty" nature of the gold mineralisation in this area. In other known "nuggety" gold ore bodies it is not unusual for adjacent drill holes to show extreme variation of grades.

These results also suggest that the previous RAB hole intercepts with only slightly elevated gold grades, south along strike in the targeted host rocks, may not necessarily exclude those sections from hosting significant gold values.

Geological logging of the core indicates that fault breccia zones identified in PCD004 and PCD005 may structurally control the orientation of the gold mineralisation, producing steeply east dipping lenses of high grade gold mineralisation as seen in PCRB0014. These zones host elevated values of Ni (100ppm), Fe (>7%), Mn (up to 1.1%, Zn (>300ppm) and Pb (>10ppm) and Zinc and Lead appear as a "halo" in the sediments occurring within 2-3 meters of the breccia zones.

A more informed interpretation will ensue once results are returned from holes PCD006 (on the cross section 6287680N with PCRB0014, PCD004 and PCD005, see Figure 1) and PCD007 and PCD008, both on the cross section 6287550N with PCRB0009 which returned 3m @ 20.84g/t Au from 47m.

These results indicate that gold mineralisation in this previously unexplored region is complex and the structural controls remain to be fully identified. A denser pattern of drilling, now possibly over

the entire strike length, is required to test the potential of the prospect. Accordingly Phoenix Copper has applied for PACE funding to undertake a substantial portion of the work.

The Black Hill prospect has produced two of the most significant gold intersections found in the Adelaide Geosyncline in recent years. Phoenix Copper remains confident that further exploration will unlock the full potential of the mineralisation in this area and now await a decision on the PACE funding application before proceeding with a denser spaced drilling program, which may include both diamond and reverse circulation drilling.

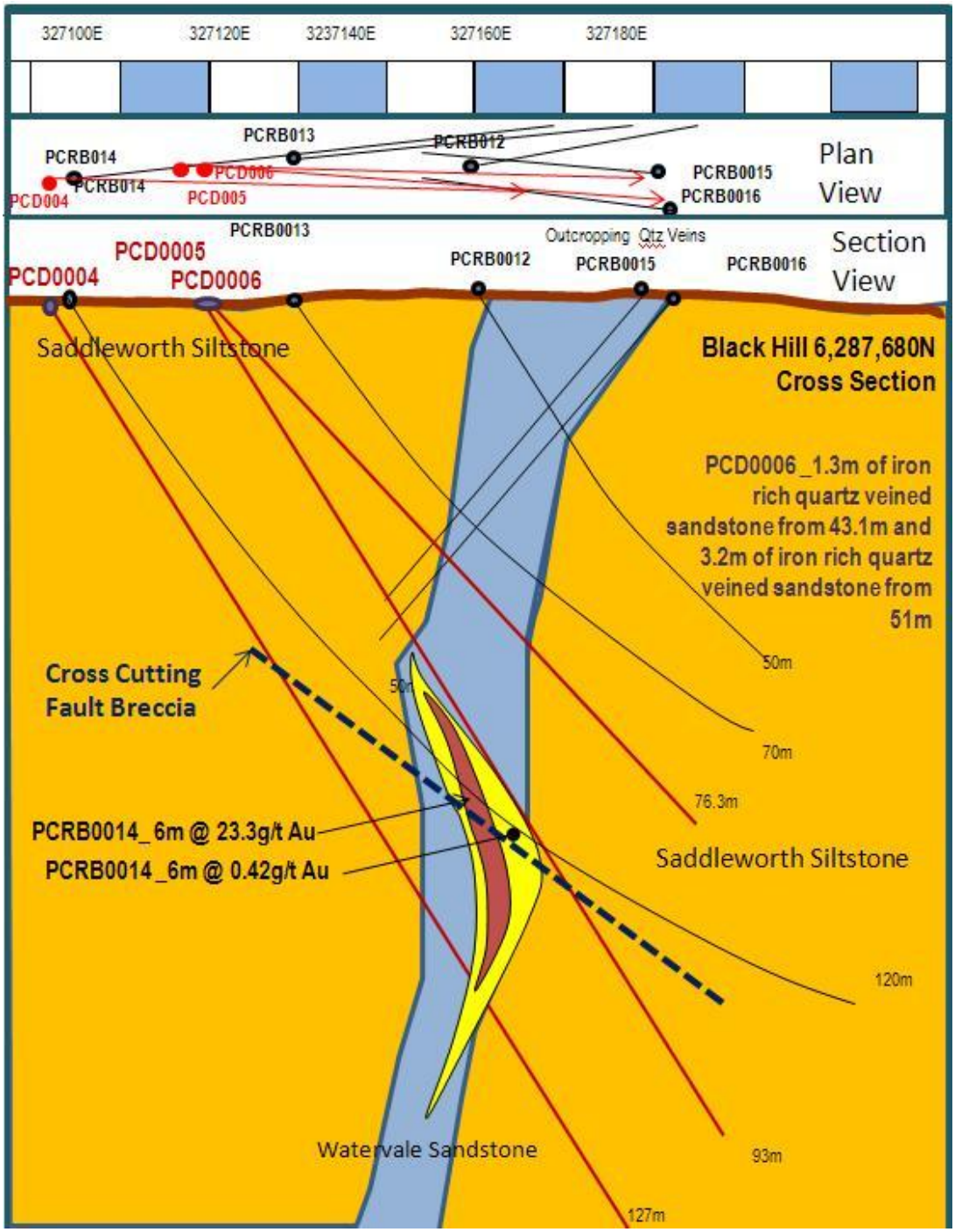

Figure 1. Cross Section 6287680N

The diamond rig is now drilling at Princess Royal where it has commenced a 20 hole program designed to test the strike and continuity of copper mineralisation.

Princess Royal

Two holes have been completed to date PCD009 and PCD010 on section 6261647N (Historic Section 570N) however no assays have been returned as yet. Assays from RAB holes PCPRRB0024 and PCPRRB0027, geological logging and the presence of visible malachite have been used to interpret the schematic section shown below in Figure 2.

The diamond holes are designed to provide geological data, metallurgical samples and to confirm the size and shape of the mineralisation on section as a prerequisite to a broader reverse circulation drilling program that will confirm the strike extent and continuity of mineralisation and provide a basis for a future resource statement. The results to date are extremely encouraging with visible malachite seen in both holes see Figure 3.

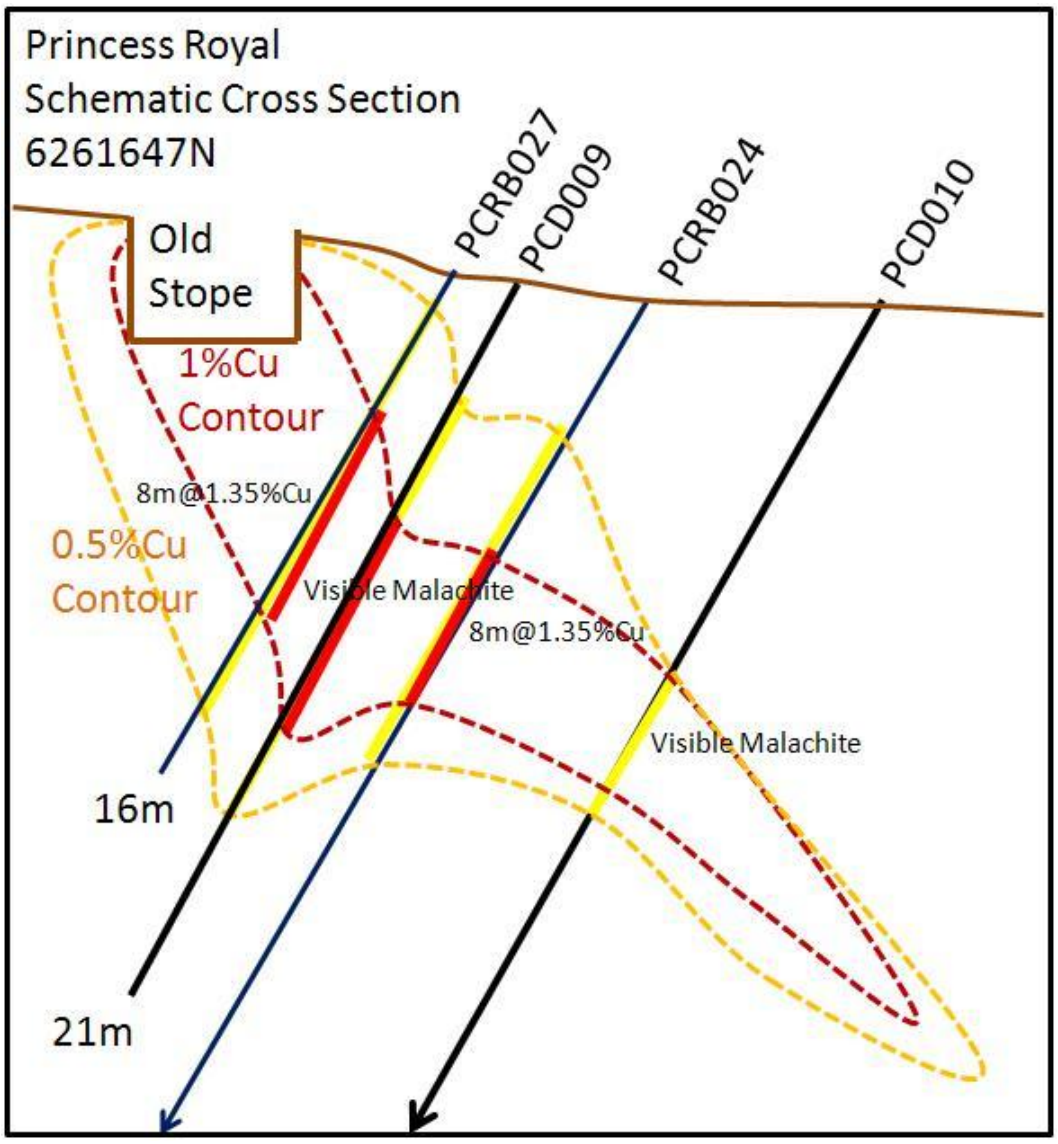

Figure 2. Princess Royal Cross Section 6261647N

Figure 3. Visible Malachite in PCD009 from 8.5 to 13.5m (Princess Royal).

Competent Person Statement

The information in this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mark Manly who is a member of the Australasian Institute of Mining and Metallurgy. Mark Manly is a full-time employee of Phoenix Copper. Mark Manly has sufficient experience which is relevant to the style of mineralisation and type of deposit 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'. Mark Manly consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

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