

27 October 2021

**Phoenix Copper Limited
("Phoenix" or the "Company")**

Acquisition of Empire Mine royalty and mining claims

Phoenix Copper Ltd (AIM: PXC; OTCQX: PXCLF), the AIM quoted USA focused base and precious metals emerging producer and exploration company, is pleased to announce that it has entered into agreements with Honolulu Copper Corporation ("Honolulu") and Mackay LLC ("Mackay") to acquire part of the 2.5% royalty payable to each of them, and the Honolulu mining claims, pursuant to the Mining Leases on the Empire Mine in Idaho, USA (the "Agreements").

Pursuant to the terms of the Agreements, Phoenix has acquired 1.25% of the royalty payable to Honolulu, including Honolulu's underlying patented and unpatented mining claims, and 1% of the royalty payable to Mackay, for a total consideration of \$1.3 million payable in cash, \$550,000 of which has been paid, and \$750,000 of which is payable in three instalments of \$250,000 each, due on 31 December 2021, 2022, and 2023.

Following the acquisition of the royalty, Konnex Resources Inc, the Company's 80% owned Idaho registered subsidiary and operator of the Empire Mine ("Konnex"), will pay a 1.25% royalty to Honolulu plus a 1.25% royalty to Phoenix, or a 1.5% royalty to Mackay plus a 1% royalty to Phoenix, based on the order in which the respective claim blocks are mined.

The underlying patented and unpatented mining claims acquired from Honolulu will be owned by Phoenix's 100% owned Idaho registered subsidiary, Lost River Resources Inc ("Lost River"). As a result, the Mining Lease with Honolulu has been terminated and will be replaced by a new mining agreement between Konnex and Lost River with substantially the same terms as the prior Mining Lease with Honolulu. Konnex's existing rights and obligations with regard to the Empire Mine will therefore remain unchanged. The terms of the Mining Lease with Mackay will also remain unchanged.

Richard Wilkins, CFO of Phoenix Copper, commented: "Our preliminary economic model for the Empire open pit mine, which is based on a \$3.60 copper price, forecasts gross revenue of \$836 million over an initial 10-year project life. The royalty now payable to Phoenix should therefore represent significant additional revenue to Phoenix over the same period and is intended to contribute additional funds to the corporate dividend policy which we plan to adopt for the benefit of our shareholders.

"As some of the mining claims cover portions of the potential Red Star silver - lead deposit, Phoenix will also benefit from the royalty otherwise payable to Honolulu or Mackay on Red Star, as well as on the deeper underground sulphide copper deposit, as and when those projects start to generate revenue. The patented mining claims now owned by Phoenix's 100% owned Idaho registered subsidiary, Lost River, are considered fee simple (private land) and the ownership includes both surface and mineral rights."

Environmental, Social and Corporate Governance

Phoenix is committed to meeting and exceeding the environmental standards required by law as a core value of the Company. The baseline environmental data collected to date will be used for furthering the permitting process, but as importantly, will be used as the building blocks for the Company's ongoing Environmental, Social, and Corporate Governance ("ESG") platform, overseen by the Company's ESG & Sustainability Committee.

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Contacts

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Notes

Phoenix Copper Limited is a USA focused, base and precious metals emerging producer and exploration company, initially targeting copper and zinc production from an open pit mine from late 2022.

Phoenix's primary operations are focused near Mackay, Idaho in the Alder Creek mining district, at the 80% owned Empire Mine property, which historically produced copper at grades of up to 8%, as well as gold, silver, zinc and tungsten, from an underground mine.

Since 2017, Phoenix has carried out extensive drill programmes which have defined a NI 43-101 compliant PEA (preliminary economic assessment) for an open pit heap leach solvent extraction and electrowinning ("SX-EW") mine, which was updated in October 2020. The contained metal in all NI 43-101 compliant categories of resources, measured, indicated and inferred, stand at 129,641 tonnes of copper, 355,523 ounces of gold, 10,133,772 ounces of silver and 58,440 tonnes of zinc. Phoenix updated its economic model in February 2021 to include the processing of all contained metals through a two phased approach.

In addition to Empire, the district includes the historic Horseshoe, White Knob and Blue Bird Mines, past producers of copper, gold, silver, zinc, lead and tungsten from underground mines. A new discovery at Red Star, 330 metres northwest of the Empire Mine proposed open pit, has revealed high grade silver / lead sulphide ore and from three shallow exploration drill holes a NI 43-101 compliant maiden resource of 1.6 million silver equivalent ounces was reported. Additionally, the district includes Navarre Creek, a volcanic hosted, Carlin-type gold discovery which hosts a 6.1 km gold strike length within a 14.48 km² area. The Company's total land package at Empire comprises 8,034 acres (32.51 sq kms).

At Empire, it is estimated that less than 1% of the potential ore system has been explored to date and, accordingly, there is significant opportunity to increase the resource through phased exploration. The stated aim of the Company is to fund this phased exploration through free cashflow generated by its initial mine. A Plan of Operations in respect of the initial open pit mine was filed with the relevant regulatory authorities in June 2021.

Phoenix also has two wholly owned cobalt properties on the Idaho Cobalt Belt to the north of Empire. An Earn-In Agreement has been signed with First Cobalt Corporation, Toronto, in respect of one of those properties.

More details on the Company, its assets and its objectives can be found on PXC's website at <https://phoenixcopperlimited.com>.