

17 August 2021

Phoenix Copper Limited

(“Phoenix” or the “Company”, together with subsidiaries the “Group”)

Interim Results

Phoenix Copper Limited (AIM: PXC; OTCQX: PXCLF), the AIM quoted USA focused base and precious metals emerging producer and exploration company, is pleased to announce its unaudited interim results for the six months ended 30 June 2021 (the “period”).

Year to date highlights

Corporate & Financial

- \$26.75 million raised during the period
- The Company reports a profit for the period of \$235,467 (2020: loss of \$265,976), and a consolidated Group loss of \$199,481 (2020: loss of \$569,759)
- Net assets increased to \$37.70 million (2020: \$13.51 million), including cash of \$22.88 million (2020: \$2.05 million)
- Investment in Empire Mine increased to \$18.61 million (2020: \$12.82 million)
- 65% decrease in administrative expenses to \$295,368 (2020: \$540,391), including non-cash share based payments charge of \$90,953 (2020: 139,221)
- Company loan to Empire Mine operating subsidiary increased to \$15.33 million (2020: \$9.65 million)
- \$1.36 million of unsecured loan notes repaid during the period, and \$2.72 million repaid since the period end. Outstanding loan notes now total \$187,500
- Catherine Evans appointed as an Independent Non-Executive Director, and as Chairman of newly created ESG & Sustainability Committee
- Harry Kenyon-Slaney appointed to the Advisory Board
- BNY Mellon mandated to establish and maintain an American Depositary Receipt Program, trading on New York’s OTCQX Market

Operational

- Empire Mine open pit feasibility model completed: pre-production capital expenditure of \$52 million, payback less than two years; gross revenue of \$836 million over 10 years, \$43 million post-tax cash flow in year 1 (at \$3.60 / lb copper price)
- Plan of Operations filed with the regulatory authorities for review and approval for construction and operation of the Empire Mine open pit
- Empire land holdings increased by 2,317 acres to 8,034 acres (32.51 square kilometres), including an additional 1,157 acres at the Navarre Creek gold zone
- Electro-magnetic surveys completed on Red Star silver-lead deposit and Navarre Creek gold zone. Final geophysicist report awaited
- Drilling programmes underway at Red Star, Navarre Creek and the historically mined high grade Empire underground sulphide copper deposit
- Earn-In Agreement signed with First Cobalt Corporation on Redcastle Idaho Cobalt Belt project

Chairman's Statement

Dear Shareholders

I am delighted to announce our first ever Company profit since Phoenix was formed.

Since I last reported to you on 4 May 2021 there have been a number of positive developments on the various projects which your funds have enabled us to embark upon. Our £18.4 million (\$25.4 million) fundraise in March this year, which was significantly larger than we had hoped for, has enabled us to move ahead with our flagship project, the Empire heap leach SX-EW copper cathode oxide open pit, and to accelerate the exploration of the historically mined deeper high grade sulphides below the oxides at Empire. Exploration programmes on the silver-rich Red Star property and adjacent Horseshoe block, and the Carlin style gold project at Navarre Creek, are also underway.

Thanks to your support we are now able to develop these projects simultaneously, having been able to attract high-calibre technical experts to the team in Idaho, and despite Covid-related delays to the supply chain, particularly of spare parts for the drill rigs and lead times for the return of assays, we are still on track to add significant value to your assets in the coming months.

A case in point is our joint venture with TSX-listed First Cobalt Corporation at our Redcastle cobalt property on the Idaho Cobalt Belt, announced on 24 May 2021. We will most likely get to production a lot sooner than if we had developed Redcastle ourselves, but in keeping hold of Bighorn, our other property on the Idaho Cobalt Belt, we retain optionality in the event of a rising cobalt price, considered likely given the demand for metals necessary to drive the global transition to clean energy.

At Empire, we have commenced a fresh drilling programme on the underground sulphides, and eagerly await assay results from the first drill core sent to the laboratory in late July. In our announcement on 14 July 2021 we referred to a 12.6 metre section of intense sulphide mineralisation, and we hope the next holes we plan to drill there this summer give similar grounds for optimism. In addition, we filed our Plan of Operations for the permitting of the starter open pit mine, which should generate early cashflow to fund the development of the sulphides and our other projects within our Empire claim block, which now comprises over 8,000 acres or 32.5 square kilometres. Please see the CEO's report for more details on this and the expansion of our claims at Navarre Creek.

ESG (Environmental, Social and Governance) is of ever increasing importance, particularly in the mining sector. As announced, we have a newly-formed ESG & Sustainability Committee, chaired by Non-Executive Director Catherine Evans. I draw your attention to her maiden report below.

We are also delighted to be working with The Bank of New York Mellon who are mandated to establish and maintain an American Depositary Receipt Program (the "Program") for us, trading on New York's OTCQX Market. The Program will be non-dilutive, with the ADRs being created from the acquisition and deposit of existing ordinary shares trading on AIM. We hope that the Program will be operational by the end of September 2021 and will significantly increase our exposure to potential new US investors.

As a result of the March financing, your Company has a strong balance sheet with sufficient cash to cover ambitious exploration programmes for this year and next, as well as anticipated operational and corporate costs into 2023, by which time we expect to be in production from the initial open pit mine. As a result we are not planning any new equity issues for cash as we look to finance the construction of the mine from debt or debt-related instruments.

I look forward to keeping you all abreast of the exciting progress taking place in Idaho this summer. Thank you all for your ongoing support.

Marcus Edwards-Jones

Chairman

Chief Executive Officer's Report

Principal activities and review of the business

The Company came into 2021 with sights fixed on the much-improved metal prices, particularly copper, which reached all-time highs in May. In the first six months of the year the Company completed an over-subscribed \$25.4 million financing. This financing allowed the Company to begin executing the development plans for the Empire Open-Pit Mine, as well as to continue exploration at Red Star, Navarre Creek, the Empire Deep Sulphides, and the Horseshoe-White Knob-Bluebird prospects. The timing of the financing was ideal as it coincided with a new U.S. Administration advocating for “clean energy” alternatives in electrification, transportation, and manufacturing, and for large-scale infrastructure projects nationwide, allowing the Company the means with which to move closer to metal production on multiple projects.

Konnex Resources Inc (the Company's 80% owned US subsidiary) formally submitted a Plan of Operations to the U.S. Bureau of Land Management (“BLM”), initiating the regulatory review process for operational permitting at the Empire Open-Pit Mine. The copper-oxide open-pit feasibility model shows pre-production capital of \$52 million with payback in less than two years; gross revenue of \$836 million over 10 years of mine life, and \$43 million post-tax cash flow in year 1 at \$3.60/lb copper price.

The submission of the Plan of Operations was spearheaded by the new Konnex General Manager of Operations, Zach Black. Zach helped to build and direct the team on the ground in Idaho that was responsible for preparing and submitting the Plan of Operations, as well as directing the substantial exploration efforts at Red Star, Horseshoe, and the Navarre Creek gold project, where assay results from surface samples collected in 2020 showed gold values above detection limits in 53 of 90 samples collected and a high of 0.569 grams/tonne (“g/t”) gold, and the Empire Deep Sulphide program, which recently intercepted intense sulphide mineralization in the first completed drill hole of the exploration program.

The Navarre Creek, Red Star, and Horseshoe area exploration programs began in earnest in early summer with the completion of an electromagnetic (“EM”) survey designed to look for magnetite and other iron-rich bodies below the cover of the volcanic flows at Navarre Creek and the overburden at Red Star and Horseshoe. The field surveys were completed and drill targeting of any recognised magnetic anomalies will occur after receiving the final geophysicist report later this month.

The Company's cobalt holdings at the Redcastle Idaho Cobalt Belt property in Lemhi County, Idaho were signed to an earn-in agreement with First Cobalt Corporation (“FCC”), the Toronto-based owner of the Iron Creek Cobalt Mine, which shares a common border with the Redcastle property. The earn-in agreement includes an initial payment of cash and FCC shares to Phoenix, followed by two work commitments of \$1.5 million in years 1 -3, and in years 4 – 5, with a joint venture agreement to follow, 25% to Phoenix and 75% to FCC.

The variety and grade of mineralization encountered thus far on the many claim blocks that make up the Empire group, as well as the cobalt potential of our Redcastle and Bighorn properties in Lemhi County, is providing Phoenix with the unique opportunity to exploit a variety of metals at a time when all metal prices are performing well and “green metals” like copper are exceeding market expectations.

The Phoenix team accomplished the goals outlined for the first half of 2021. We have recognised some interruptions to the supply chain, particularly with parts and materials used in field operations, and with laboratory supplies and laboratory turnaround times. Additionally, the availability of some staff positions is low. These shortages are not unique to our operations and are causing delays industry wide. However, the Company has built solid working relationships with our contractors, consultants, and the local

community and will continue to keep projects running smoothly whilst accommodating for occasional business slowdowns and interruptions as we bounce out of the global pandemic and return to business as usual.

Empire Mine – Polymetallic Open Pit Oxide Deposit

An updated NI 43-101 compliant resource was completed by Hardrock Consulting (“HRC”) in October 2020, following the 2020 drilling program, and reported for the Empire Mine open pit oxide deposit. The updated resource showed a 51% increase in the Measured and Indicated category from the previous year’s resource. Including the Inferred resources, the Empire open-pit oxide deposit now contains 129,641 tonnes of copper, 58,440 tonnes of zinc, 10,133,772 ounces of silver and 355,523 ounces of gold.

Mineral Resource Statement for Empire Mine, after Hard Rock Consulting October 2020

CLASS	Tonnes	Cu Equiv %	Average Grade				Metal Content				
			Cu %	Zn %	Ag g/t	Au g/t	Cu tonnes	Zn tonnes	Ag ozs	Au ozs	Cu Equiv Tonnes
Measured	8,289,719	0.81	0.42	0.22	11.4	0.327	34,655	18,160	3,031,791	87,036	67,013
Indicated	14,619,340	0.72	0.36	0.18	9.7	0.322	52,888	25,711	4,563,407	151,370	105,899
M+I	22,909,059	0.75	0.38	0.19	10.3	0.324	87,543	43,871	7,595,198	238,406	172,912
Inferred	10,612,556	0.75	0.4	0.14	7.4	0.343	42,098	14,569	2,538,574	117,117	79,296

Phoenix is continuing down the feasibility and permitting pathways with the polymetallic resource, most recently completing two years of environmental studies directly applicable to the permitting and mine planning, with no critical issues identified. Discussions are underway with potential debt financiers to construct the project, and production is targeted for late 2022.

Empire Deep Sulphides

In July 2021, a core drilling program designed to target the historically mined high grade sulphide vein system below the open-pit copper oxide resource was initiated. The first drill hole of the program that reached the design depth intercepted a 12.6-metre zone of strong to intense sulphide mineralization. Some of the sulphide minerals identified by our geologists included bornite, chalcocite, chalcopyrite, pyrite, galena, and pyrrhotite. The assays for this intersection are pending. Additional drilling is ongoing.

The 2021 deep sulphide drilling program is a carry-on from previous work, including two deep diamond drill holes completed in late 2017 that confirmed the presence of higher-grade sulphide mineralization in the skarn structures at depth. Both of the core holes intersected mineralized skarn over much of their length and the analytical data from both drill holes intersected numerous significant intervals of copper, gold, silver, zinc, lead, and tungsten throughout their depths. The tungsten values were particularly interesting as they positively reinforced the Company’s consulting geologist’s predictions of the Empire system being the uppermost horizon of a larger molybdenum-tungsten porphyry. In 2018 five drill holes intercepted copper sulphide mineralization. One hole returned 5.53% copper, 7.67 g/t gold, and 120 g/t silver, and was further north of any historical underground mining, whilst another returned 5.19% copper adjacent to historical underground workings. The gold and silver grades generally are major considerations, ranging up to 7.93 g/t gold and 256 g/t silver. Further drilling into the underground sulphides is underway this year.

Red Star – High-grade Silver

Red Star is a high-angle silver-lead vein system hosted in andradite-magnetite and located 330-metres north-northwest of the Empire oxide open pit. Red Star was identified from a 20-metre wide surface outcrop across a skarn structure. Surface mineralization is a mix of copper and iron oxides and sulphides, with strong chrysocolla and bornite showings, exposed in a heavily timbered canyon. In 2018, three reverse circulation (“RC”) drill holes were drilled on the target and assay results reported the presence of high-grade lead and silver sulphides including intercepts of 20% lead and 1,111 g/t silver. In early May 2019, the Company announced a small maiden Inferred sulphide resource of 103,500 tonnes, containing 577,000 ounces of silver, 3,988 tonnes of lead, 957 tonnes of zinc, 338 tonnes of copper and 2,800 ounces of gold.

Class	Tons	Ag	Ag	Au	Au	Pb	Pb	Zn	Zn	Cu	Cu
	(x1000)	g/t	Oz	g/t	oz	%	lb	%	lb	%	lb
	(x1000)		(x1000)		(x1000)		(x1000)		(x1000)	%	(x1000)
Inferred	114.13	173.4	577.3	0.851	2.8	3.85	8,791.20	0.92	2,108.80	0.33	745

Following the estimation of the Inferred resource, a second 10-hole diamond drilling program was completed in 2020. The assay results from that program confirmed the presence of the high-grade silver and lead veins drilled in 2018, but also confirmed the need for greater understanding of the structural geology in order to direct further exploration. An extensive review of the structural geology of Red Star was conducted in 2020 and in Q2 2021 a ground-based magnetics survey was completed, following which the final geophysicist’s report is due for completion in the coming weeks. A diamond drilling program is scheduled to commence in Q3 2021.

Navarre Creek – Volcanic-Hosted Gold Project

The Navarre Creek claim block is located to the northwest of the Empire Mine and was acquired in 2019 as a gold exploration project with geology similar to the volcanic-hosted gold fields on the Carlin Trend in Nevada, home to several multimillion-ounce gold deposits.

During the summer of 2020, the Phoenix exploration team mapped and sampled the Navarre Creek property, which is located approximately 8 kilometres west-northwest of Empire. 90 rock chip and grab samples were collected in the hydrothermally altered volcanic rocks that make up the Navarre Creek claims and sent to ALS Laboratories in Reno, Nevada for geochemical analysis.

Of the 90 samples, 53 were above the detection limit for gold with a high of 0.569 g/t, and 25 above the detection limit for silver. There was also a strong correlation between elevated gold values and elevated antimony values, typical in Carlin-type epithermal gold systems. With the exception of one sample, all samples with a gold value greater than 0.1 g/t occur within the same alteration type, that being predominantly a jasperoid-hosted quartz stockwork and micro-veining system. This provides valuable information for future sampling and drill targeting. The quartz stockworking and micro-veining appear to occur predominantly in felsic volcanic tuff units in the Navarre Creek area. One anomalous sample registered a gold value of 0.387 g/t in a magnetite skarn sample. Additionally, the presence of limestone in surface float near the skarn sample location is evidence that the Paleozoic sedimentary rocks that occur at the Empire Mine may be near the surface. The Empire orebody is partly comprised of a magnetite skarn body hosted in Paleozoic limestone.

In June 2021 an electromagnetic survey was completed on the Navarre Creek claim block. While the Company waits for a final interpretive report an internal review of the EM data was completed and determined the need for a claim block expansion. 56 unpatented claims, staked contiguously on the northeast end of the Navarre Creek claim block, were filed and added to the existing 121 unpatented claims making up the now 3,577-acre Navarre Creek holding. An RC drilling program at Navarre Creek is planned for Q3/Q4 2021.

Outlook

It has been an exciting and successful 2021 so far. The copper and zinc markets continue to perform well, helped along by a Washington D.C. Administration clearly pushing for a global “clean energy” revolution of electric vehicles and alternative power generation requiring the same copper metal in the resource at Empire. Gold and silver have seen some ups and downs, but prices are holding their own and certainly remain respectable. The cobalt price also remains respectable in the mid-\$30/lb range, helping support exploration planning for our new earn-in partners at Redcastle.

I expect to see the metals markets, particularly copper, continue to perform well as the manufacturing and fabricating sectors increase production on new and high demand. The recently approved \$1 trillion U.S. infrastructure bill, which includes projects requiring significant quantities of metal, should also keep prices on an upward trend as the projects are engineered and get underway.

As I have mentioned many times before, the unique and positive attribute at Empire is the polymetallic nature of the mineralized systems. In other words, we have a variety of metal resources that provide us significant optionality as metal prices fluctuate on supply and demand. In addition to our open-pit copper oxide resource, which is now officially moving through the permitting process, we also have the high-grade silver and lead system of Red Star and adjacent Horseshoe block, the deep sulphide system at Empire, the very prospective volcanic-hosted gold system at Navarre Creek, and two strategically located cobalt properties, one of which, Redcastle, is located adjacent to the existing Iron Creek cobalt mine and is being explored by the owner of Iron Creek, FCC. The projects are all located in historically mined districts in Idaho, USA, a geopolitically stable, pro-mining jurisdiction.

Since the beginning of the year, and having made it through the challenges of 2020, our team successfully completed a \$25.4 million equity raise, and successfully compiled three years of environmental data and pre-permitting studies into a Plan of Operations, moving us into the final stages of the permitting process for the open-pit copper mine. Our team also used the geological knowledge and understanding of the mineralized systems at Empire gained over the past four years to target and intersect the deep sulphide vein system below the oxide open-pit resource. In addition, we negotiated and signed the earn-in agreement with FCC on our Redcastle cobalt project.

We have a very talented team, both at the operational and the corporate level, from shareholders to dozer operators to mining engineers, and everyone in between. My outlook for the Company is quite simple, it is for continued success.

Conclusion

We are pleased to see the continued, global push for electric vehicles, large-scale electrification projects, and infrastructure projects requiring substantial quantities of metal, specifically copper. We continue to be well positioned in terms of timing to transition seamlessly into development, particularly with the recent submittal of the Plan of Operations for the Empire Open Pit mine.

In conclusion I would like to thank the dedicated and highly motivated team of professional staff, consultants and advisers, community liaisons, shareholders, and Directors who continue to put forth considerable effort, and provide considerable support, to ensure the Company's success. I look forward to reporting further positive news as we continue our exploration and development programs during 2021.

Ryan McDermott

Chief Executive Officer

ESG & Sustainability Committee Chairman's Report

It is my pleasure to report for the first time as Chair of the Environmental, Social & Governance (“ESG”) & Sustainability Committee, an area of such key importance to the Company that we ratified this Committee in July 2021, in anticipation of our transition from exploration to production. Working with me on the Committee are Roger Turner, Harry Kenyon-Slaney and Dennis Thomas. We plan to meet a minimum of three times a year and will work closely with Lenie Wilkie, our ESG Programme Coordinator, based in Mackay, Idaho.

One of the Company's core values is the commitment to meeting and exceeding the environmental, health and safety, and governance standards required by law. We are extremely fortunate to have a highly supportive local community, many of whom are descended from the miners that previously worked in the area. The re-opening of the Empire Mine will provide significant investment and employment to Mackay and the surrounding towns in Custer County. Our procurement and supply chain policies will further benefit our neighbours as we buy and hire locally wherever possible and provide supplier assurances.

We do not underestimate our extreme good fortune in our location, where the rules of law and taxation are stable, fair and clear. We are committed to contributing fully to the socio-economic success of Custer County and are exploring ways to emulate Good Neighbour Agreements which are in place elsewhere.

Since assuming operational control of the Empire Mine, we have completed baseline environmental studies for both the Empire Mine and Red Star, with no critical issues identified. This data is required for the permitting process, as well as contributing to the building blocks of our ESG and sustainability platform. This includes protection of the environment, wildlife and water management. Also included in our remit is the management of legacy issues relating to historic activities and long-term plans for mine closure liabilities. Our objective is to maintain, improve and have a net positive impact upon the biodiversity of the land on which we operate.

One of our top priorities is employee, contractor, and community health and safety. We will continue to adhere to all of the required health and safety procedures mandated by Federal and State law. In addition to following these mandates, once in operation we will go a step further by adopting and tracking performance standards and best operating practices developed in-house that further address the health, wellbeing, safety, hygiene and energy management of our estimated initial team of 140 staff, plus contractors, stakeholders and the local community. This will improve our performance and ensure a safe, enjoyable, and financially rewarding workplace. Since 2017, I am delighted that we have maintained a record of zero recordable accidents and injuries.

There are many other areas that fall within our range of responsibility, including the monitoring and reporting of all metrics mentioned above. As a Company, our culture is one of openness to all stakeholders, and the Committee will continue in this tradition. I am looking forward to providing further updates on our ESG and sustainability activities as the Company progresses ever closer to production.

Catherine Evans

Non-Executive Director

Financial Overview

The Company reports a profit for the six months ended 30 June 2021 of \$235,467 (2020: loss of \$265,976), and a consolidated Group loss of \$199,481 (2020: loss of \$569,759). This includes a charge of \$90,953 (2020: \$139,221) relating to non-cash share based payments attributable to warrants and options granted during the period, and which amount is simultaneously credited back to the retained deficit.

Net assets at 30 June 2021 totalled \$37.70 million (2020: \$13.51 million), including cash of \$22.88 million (2020: \$2.05 million).

During the period the Company raised a further \$25.39 million (before expenses) through the issue of 52,567,518 new shares at 35 pence per share by way of a subscription, placing and open offer to existing and new shareholders, and a further \$2.72 million from the issue of unsecured loan notes, which amount has been repaid since the period end. The Company also repaid \$1.36 million of existing unsecured loan notes. Outstanding loan notes currently total \$187,500. The Company also issued a further 453,837 new shares during the period, and 226,234 shares since the period end, pursuant to the exercise of warrants. The outstanding share capital of the Company is currently 116,554,336 shares.

During the period the Company charged its subsidiary entities \$405,000 (2020: \$270,000) in respect of management services provided, and \$361,678 (2020: \$262,074) in respect of interest at 6% per annum on the Company's inter-company loan to Konnex Resources Inc, owner of the Empire Mine, the latter eliminating on consolidation. At 30 June 2021 the Company's loan to Konnex Resources stood at \$15.33 million (2020: \$9.65 million). This loan will be repaid from Konnex's operating cash flow in due course, and is intended to form a platform to return money to shareholders by way of a dividend.

During the period the Company also received an initial \$106,340 from First Cobalt Corporation in cash and shares as a signature fee in respect of the Earn-In Agreement relating to the Redcastle Idaho Cobalt Belt project.

The Directors recognise the importance of sound corporate governance and have applied the Quoted Companies Alliance's Corporate Governance Code 2018. The Company's Corporate Governance Statement dated 6 July 2021 can be viewed on the Company's website at <https://phoenixcopperlimited.com>.

Richard Wilkins

Chief Financial Officer

Condensed consolidated income statement	Unaudited 6 months to 30 June 2021	Unaudited 6 months to 30 June 2020	Audited 12 months to 31 December 2020
Note	\$	\$	\$
Continuing operations			
Revenue	3	-	-
Exploration and evaluation expenditure		-	-
Gross loss		-	-
Administrative expenses		(295,368)	(540,391)
Other income	7	106,340	-
Loss from operations		(189,028)	(540,391)
Finance expenses		(10,453)	(29,368)
Loss before taxation		(199,481)	(569,759)
Taxation		-	-
Loss for the period		(199,481)	(569,759)
<i>Loss attributable to:</i>			
- Owners of the parent company		(185,550)	(561,040)
- Non-controlling interests		(13,931)	(8,719)
		(199,481)	(569,759)
Basic and diluted loss per share – cents	5	(0.20)	(1.08)
			(1.66)

The revenue, expenditures and operating result for each period is derived from acquired and continuing operations in North America and the United Kingdom.

Condensed consolidated statement of comprehensive income

	Unaudited 6 months to 30 June 2021 \$	Unaudited 6 months to 30 June 2020 \$	Audited 12 months to 31 December 2020 \$
Loss for the period and total comprehensive income for the period	(199,481)	(569,759)	(971,850)
<i>Total comprehensive income for the period attributable to:</i>			
Owners of the parent company	(185,550)	(561,040)	(956,656)
Non-controlling interests	(13,931)	(8,719)	(15,194)
	<u>(199,481)</u>	<u>(569,759)</u>	<u>(971,850)</u>

**Condensed consolidated statement of
financial position**

		Unaudited 30 June 2021 \$	Unaudited 30 June 2020 \$	Audited 31 December 2020 \$
Non-current assets				
Property, plant and equipment – mining property	6	18,606,061	12,824,188	14,789,004
Intangible assets	7	310,665	261,895	276,895
Available-for-sale financial assets	8	56,340	-	-
Total non-current assets		<u>18,973,066</u>	<u>13,086,083</u>	<u>15,065,899</u>
Current assets				
Trade and other receivables	9	140,721	172,866	122,300
Cash and cash equivalents		22,875,013	2,052,544	1,146,490
Total current assets		<u>23,015,734</u>	<u>2,225,410</u>	<u>1,268,790</u>
Total assets		<u>41,988,800</u>	<u>15,311,493</u>	<u>16,334,689</u>
Current liabilities				
Trade and other payables	10	619,099	119,096	193,937
Borrowings	11	2,907,500	486,000	1,549,000
Total current liabilities		<u>3,526,599</u>	<u>605,096</u>	<u>1,742,937</u>
Non-current liabilities				
Borrowings	11	-	443,000	-
Provisions	12	757,702	757,702	757,702
Total non-current liabilities		<u>757,702</u>	<u>1,200,702</u>	<u>752,702</u>
Total liabilities		<u>4,284,301</u>	<u>1,805,798</u>	<u>2,500,639</u>
Net assets		<u>37,704,499</u>	<u>13,505,695</u>	<u>13,834,050</u>
Equity				
Share capital	13	-	-	-
Share premium account		42,981,253	19,007,487	19,251,964
Retained deficit		(5,362,458)	(5,607,902)	(5,517,549)
Translation reserve		(18,588)	(18,588)	(18,588)
Capital and reserves attributable to the owners of the parent company		<u>37,600,207</u>	<u>13,380,997</u>	<u>13,715,827</u>
Non-controlling interests		104,292	124,698	118,223
Total equity		<u>37,704,499</u>	<u>13,505,695</u>	<u>13,834,050</u>

Condensed consolidated statement of changes in equity

	Share premium	Retained deficit	Translation reserve	Total	Non-controlling interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	15,627,730	(5,186,083)	(18,588)	10,423,059	133,417	10,556,476
Loss for the period	-	(561,040)	-	(561,040)	(8,719)	(569,759)
Total comprehensive income for the period	-	(561,040)	-	(561,040)	(8,719)	(569,759)
Shares issued in the period	3,664,000	-	-	3,664,000	-	3,664,000
Share issue expenses	(284,243)	-	-	(284,243)	-	(284,243)
Share-based payments	-	139,221	-	139,221	-	139,221
Total contribution by owners	3,379,757	139,221	-	3,518,978	-	3,518,978
Balance at 30 June 2020	19,007,487	(5,607,902)	(18,588)	13,380,997	124,698	13,505,695
Loss for the period	-	(395,616)	-	(395,616)	(6,475)	(402,091)
Total comprehensive income for the period	-	(395,616)	-	(395,616)	(6,475)	(402,091)
Shares issued in the period	244,477	-	-	244,477	-	244,477
Share issue expenses	-	-	-	-	-	-
Share-based payments	-	485,969	-	485,969	-	485,969
Total contribution by owners	244,477	485,969	-	730,446	-	730,446
Balance at 31 December 2020	19,251,964	(5,517,549)	(18,588)	13,715,827	118,223	13,834,050
Loss for the period	-	(185,550)	-	(185,550)	(13,931)	(199,481)
Total comprehensive income for the period	-	(185,550)	-	(185,550)	(13,931)	(199,481)
Shares issued in the period	25,539,057	-	-	25,539,057	-	25,539,057
Share issue expenses	(1,809,768)	-	-	(1,809,768)	-	(1,809,768)
Share-based payments	-	340,641	-	340,641	-	340,641
Total contribution by owners	23,729,289	340,641	-	24,069,930	-	24,069,930
Balance at 30 June 2021	42,981,253	(5,362,458)	(18,588)	37,600,207	104,292	37,704,499

Condensed consolidated statement of cash flows

	Unaudited 6 months to 30 June 2021 \$	Unaudited 6 months to 30 June 2020 \$	Audited 12 months to 31 December 2020 \$
Loss before taxation	(199,481)	(569,759)	(971,850)
<i>Adjustments for:</i>			
Share-based payments	90,953	139,221	229,904
Consideration shares in First Cobalt	(56,340)	-	-
	<u>(164,868)</u>	<u>(430,538)</u>	<u>(741,946)</u>
Changes in working capital			
(Increase)/decrease in trade and other receivables	(18,421)	95,066	145,632
Increase/(Decrease) in trade and other payables	425,162	(163,804)	(88,963)
Cash (used in)/generated from operating activities	<u>241,873</u>	<u>(499,276)</u>	<u>(685,277)</u>
Investing activities			
Purchase of intangible assets	(33,770)	(15,000)	(30,000)
Purchase of property, plant and equipment	(3,567,369)	(1,152,528)	(2,722,058)
Net cash outflow from investing activities	<u>(3,601,139)</u>	<u>(1,167,528)</u>	<u>(2,752,058)</u>
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	25,539,057	3,664,000	3,908,477
Share-issue expenses	(1,809,768)	(284,243)	(284,243)
Proceeds from the issue of loan notes	2,100,000	129,000	879,000
Repayment of loan notes-	(741,500)	-	(130,000)
Net cash inflow from financing activities	<u>25,087,789</u>	<u>3,508,757</u>	<u>4,373,234</u>
Net increase in cash and cash equivalents	21,728,523	1,841,953	935,899
Cash and cash equivalents at beginning of period	1,146,490	210,591	210,591
Cash and cash equivalents at end of period	<u>22,875,013</u>	<u>2,052,544</u>	<u>1,146,490</u>

Amounts of \$249,688, 30 June 2020 \$nil and 31 December 2020 \$395,286 in respect of the charge for share-based payments were capitalised into mining property.

1. Basis of preparation and principal accounting policies

This condensed consolidated interim financial information was approved for issue by the Board on 16 August 2021.

This condensed consolidated interim financial information has not been audited and does not include all of the information required for full annual financial statements. While the financial figures included within this interim report have been computed in accordance with IFRS applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as set out in International Accounting Standard 34: Interim Financial Reporting.

Basis of consolidation

Basis of consolidation

This condensed consolidated financial information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) (together the "Group") for each period. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra group transactions, balances, income and expenses are eliminated on consolidation.

2. Information on the Group

Phoenix Copper Limited is engaged in exploration and mining activities, primarily precious and base metals, primarily in the United States of America.

The Company is incorporated in the British Virgin Islands (registered number 1791533), and is domiciled in the British Virgin Islands. The address of its registered office is OMC Chambers, Wickhams Cay 1, Road Town, Tortola VG1110, British Virgin Islands.

3. Revenue

The Group is not yet producing revenues from its mineral exploration and mining activities. During the period the Company charged its subsidiary entities \$405,000 (30 June 2020: \$270,000); (31 December 2020: \$535,000) in respect of management services provided.

4. Share-based payments

Total administrative expenses include share-based payments of \$90,953 (30 June 2020: \$139,221; 31 December 2020: \$229,904). The related credits to equity are taken to the retained deficit.

5. Loss per share

	Unaudited 6 months to 30 June 2021 \$	Unaudited 6 months to 30 June 2020 \$	Audited 12 months to 31 December 2020 \$
Loss for the period attributable to equity holders of the parent company	(185,550)	(561,040)	(956,656)
	Number	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	91,856,320	51,993,891	57,527,529
Loss per share – basic and diluted (cents)	(0.20)	(1.08)	(1.66)

Non-current assets

6. Property, plant and equipment – mining property

	Mining Property \$	Total \$
Cost or valuation		
<i>At 1 January 2020</i>	11,671,660	11,671,660
Additions	1,152,528	1,152,528
<i>At 30 June 2020</i>	12,824,188	12,824,188
Additions	1,964,816	1,964,816
<i>At 31 December 2020</i>	14,789,004	14,789,004
Additions	3,817,057	3,817,057
<i>At 30 June 2021</i>	18,606,061	18,606,061
Depreciation		
At 30 June 2020, 31 December 2020 and 30 June 2021	-	-
Net book value:		
30 June 2020	12,824,188	12,824,188
31 December 2020	14,789,004	14,789,004
30 June 2021	18,606,061	18,606,061

Mining property relates to the past producing Empire Mine copper – gold – silver – zinc - tungsten project in Idaho, USA. The Empire Mine has not yet recommenced production and no depreciation has accordingly been charged in the statement of comprehensive income. There has been no impairment charged in any period due to the current stage in the Company's project to reactivate the mine.

The property is owned by Konnex Resources Inc, an 80% owned subsidiary of the parent company, registered and domiciled in Idaho.

7. Intangible assets

	Exploration and evaluation expenditure	Total
	\$	\$
Cost or valuation		
<i>At 1 January 2020</i>	246,895	246,895
Additions	15,000	15,000
<i>At 30 June 2020</i>	261,895	261,895
Additions	15,000	15,000
<i>At 31 December 2020</i>	276,895	276,895
Additions	33,770	33,770
<i>At 30 June 2021</i>	310,665	310,665

Exploration and evaluation expenditure in the period relates to the Bighorn and Redcastle cobalt properties on the Idaho Cobalt Belt in the USA. The properties are owned by Borah Resources Inc (\$148,373) and Salmon Canyon Resources Inc (\$162,292), both of which are wholly owned subsidiaries of the parent company, registered and domiciled in Idaho.

The Group has entered into an investment agreement with First Cobalt Idaho, a wholly owned subsidiary of Toronto-based First Cobalt Corporation, in respect of the Group's interest held by Borah Resources Inc, under which First Cobalt Corporation paid \$50,000 and issued 200,000 unrestricted shares (valued at \$56,340) to Phoenix, a total initial consideration of \$106,340.

First Cobalt can earn a 51% interest in Borah Resources Inc, the owner of the Redcastle property, by spending no less than US\$1,500,000 in exploration and related work on Redcastle over an initial three-year period, and by paying a further US\$100,000 to Phoenix on the third anniversary of the Agreement ("Phase 1").

Subject to the completion of Phase 1, First Cobalt may earn an additional 24% interest in Borah Resources, for a total interest of 75%, by spending no less than a further US\$1,500,000 in exploration and related work on Redcastle over a further two year period, and by paying a further US\$150,000 to Phoenix in cash or the equivalent in unrestricted First Cobalt shares, at Phoenix's option, on the fifth anniversary of the Agreement, and by providing Phoenix with a NI 43-101 compliant Preliminary Economic Assessment ("PEA") for the Redcastle property ("Phase 2").

Upon completion of Phase 1 and Phase 2, Phoenix and First Cobalt will enter into a joint venture agreement (the "JV"), with First Cobalt as managers, and will share in the capital expenditures for the ongoing development of Redcastle in accordance with their respective ownership interests (First Cobalt 75%, Phoenix 25%). If either party does not contribute pro-rata to its ownership interest, that interest will be diluted accordingly. Should Phoenix's interest in the JV be reduced to 10% or less, a 2.5% royalty shall become payable to Phoenix. This royalty can be acquired by First Cobalt for US\$500,000 per each 0.5%.

8. Available-for-sale investments	Unaudited 30 June 2021 \$	Unaudited 30 June 2020 \$	Audited 31 December 2020 \$
Equity shares	56,340	-	-

Equity shares represent shares in First Cobalt Corporation, received as part-consideration for entering into an investment agreement. See also note 7 above.

9. Trade and other receivables	Unaudited 30 June 2021 \$	Unaudited 30 June 2020 \$	Audited 31 December 2020 \$
Other receivables	88,845	61,447	68,847
Prepayments	51,876	111,419	53,453
	<u>140,721</u>	<u>172,866</u>	<u>122,300</u>

10. Trade and other payables	Unaudited 30 June 2021 \$	Unaudited 30 June 2020 \$	Audited 31 December 2020 \$
Trade creditors	597,667	118,559	156,116
Other creditors	-	537	8,355
Accrued expenses	21,432	-	29,466
	<u>619,099</u>	<u>119,096</u>	<u>193,937</u>

11. Borrowings	Unaudited 30 June 2021 \$	Unaudited 30 June 2020 \$	Audited 31 December 2020 \$
Loan notes due within one year	2,907,500	486,000	1,549,000
Loan notes maturing in one to two years	-	443,000	-
	<u>2,907,500</u>	<u>929,000</u>	<u>1,549,000</u>

The Company has issued loan notes with a total redemption value of \$2,907,500. \$187,500 relates to 12% unsecured loan notes with a final redemption date of 30 September 2021. \$2,720,000 relates to an

unsecured loan note which has been repaid since the period end plus a fixed rate coupon equivalent to 6.0% of principal value.

12. Provisions	Unaudited 30 June 2021 \$	Unaudited 30 June 2020 \$	Audited 31 December 2020 \$
Decommissioning provision	100,000	100,000	100,000
Potential future royalties payable	657,702	657,702	657,702
	<u>757,702</u>	<u>757,702</u>	<u>757,702</u>

The provision of \$100,000 for decommissioning the Empire Mine is based on the directors' estimate after taking into account appropriate professional advice, and is included within mining property.

The other provision of \$657,702 arises from a business combination in 2017 and comprises potential royalties payable in respect of future production at the Empire Mine. This liability will only be payable if the Empire Mine is successfully restored to production and will be deducted from the royalties payable. The amount of the provision will be reassessed as exploration work continues and also on commencement of commercial production.

13. Share capital	Unaudited 30 June 2021 Number	Unaudited 30 June 2020 Number	Audited 31 December 2020 Number
<i>Allotted and issued</i>			
Ordinary shares with no par value	116,328,102	62,462,522	63,306,747

The Ordinary Shares rank pari passu.

On 25 March 2021 the Company issued 52,567,518 ordinary shares at 35 pence per share pursuant to a subscription, placing and open offer to existing and new shareholders. The Company also issued 453,837 ordinary shares during the period, and a further 226,234 shares since the period end, pursuant to the exercise of warrants.

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.

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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 north west 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>.