

28 September 2023

Phoenix Copper Limited

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

Interim Results

Phoenix Copper Ltd (AIM: PXC, OTCQX ADR: PXCLY), 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 2023 (the “Period”).

Year-to-date Highlights

Corporate & Financial

- Investment in Empire Mine increased to \$35.88 million (2022: \$29.73 million)
- Group reports loss of \$0.63 million (2022: loss of \$1.052 million)
- Period-end net assets of \$37.39 million (2022: \$38.22 million)
- Company reports a profit of \$309,759 (2022: loss of \$368,534)
- Company loans to operating subsidiaries increased to \$29.63 million (2022: \$25.23 million)
- Corporate copper bond documentation being finalised, prior to listing on The International Stock Exchange in the Channel Islands, and anticipated closing of an initial tranche of up to \$80 million
- Inaugural Sustainability Report published and the Company scoring an overall ‘A’ rating on Digbee ESG Platform

Operational

- Continuity of Empire Mine open pit mineralisation further confirmed, including intercepts of up to 12.8% copper, 269.10 grammes per tonne (“g/t”) silver and 0.75 g/t gold
- Metallurgical test work to recover copper, gold and silver via flotation plus leaching completed and now being optimised
- Further higher-grade base and precious metals mineralisation encountered at Red Star silver-lead deposit
- 28 holes (3,300 metres) of drilling completed on 60-hole Navarre Creek gold drilling programme

Chairman's Statement

As we approach the final quarter of 2023, we continue to make good operational progress at our Empire project in Idaho, both in terms of the development of the initial open-pit mine and the exploration of the surrounding mineralised district. It remains our intention to fund construction of this first mine, which will give us production and financial autonomy, with minimal additional dilution to shareholders. With this objective in mind, we are currently finalising the documentation to create a class of authorised bonds in a total amount of \$300 million, and to admit them to trading on The International Stock Exchange ("TISE") in the Channel Islands, as a prelude to closing an initial tranche to raise up to \$80 million. We have been in discussion with a number of interested parties for some time, and we are hopeful that we can finally close the book in the near future. We share the frustration that this apparent delay has caused, but we have to acknowledge that we are trying to raise multiples of our current market capitalisation, and that the market remains turbulent, to say the least. Although there can be no certainty until the bonds have been issued and settled, we are confident that the issue will close and that the Company will have access to the relevant construction funding when required.

Since we last reported, we have made several advances with the Empire open-pit project. These are described in detail in the CEO's report. With the success of our metallurgical test work, first announced in June and updated at the beginning of September, we have narrowed our focus to three process design options that will produce the most economic value for shareholders while considering current metal prices, reagent costs and capital expenditure requirements. If, as the laboratory tests indicate, we can process copper, gold and silver on a commercial scale using a flotation-based process, we will be able to recover the metals without the use of cyanide, and may be able to build the majority of our operations on patented (Company-owned) land, which may simplify the permitting process. In addition to processing the oxide ore from the open pit, the flotation-based plant may also enable us to process the higher-grade sulphide ore below the open-pit, effectively giving us two plants for the price of one. As we make the final adjustments to our economic model and Plan of Operations, we look forward to updating you with the feasibility study in Q4.

I would like to thank our Environmental, Social and Governance ("ESG") team whose hard work enabled Phoenix to gain one of the highest marks awarded by Digbee ESG, the specialist mining sector ratings agency, which is used by an increasing number of investors to source ESG compliant investments. Phoenix scored an overall "A." This has helped us as several funds considering investing in our bonds regard this as a crucial part of the decision-making process.

The other highlight of the summer was the commencement of drilling at Navarre Creek, our 3,578 acre (14.48 sq km) gold exploration project, situated some 8 kilometres west-northwest of the Empire open-pit mine, which followed on from our surface sampling and field magnetics surveys. We have drilled 28 holes to date within a permitted 60-hole programme, and we look forward to sharing the results when they are back from the assay laboratory.

As always, I would like to thank shareholders for their continued support and patience, and look forward to updating you with further progress, both operationally and corporately, in the 4th quarter and beyond.

Marcus Edwards-Jones

Chairman

Chief Executive Officer's Report

The Company started the year with fresh analytical data from the 2022 metallurgical core drilling program and with the contracting of RDI Laboratories (now Forte Dynamics) in Colorado, USA to complete final metallurgical test work and a final process design for recovering copper, gold and silver at our Empire Open-Pit Mine. At the same time as we were evaluating the 2022 drilling results, the last of which arrived in March 2023, we were preparing for the summer arrival of a reverse-circulation drill rig to begin subsurface exploration at our Navarre Creek gold claim block. Assay results from the 2022 Red Star drilling campaign were also delivered and reported in April 2023. The drilling results were consistent with previous results and continued to indicate robust metal grades, in particular gold, silver, and lead. The Company's ESG program continued strong forward momentum after receiving an overall score of "A" on Digbee ESG, a disclosure platform for the mining industry that simplifies peer reporting and rewards management action, and the publication of the Company's inaugural Sustainability Report. The Company purchased and moved all of the laboratory assets from the former AuRIC Metallurgical Laboratories in Salt Lake City to Mackay, Idaho, for use in the future mine's onsite assay laboratory. As we move through the second half of the year, the U.S. Department of Energy has announced that it is upgrading copper to the "near critical" classification for clean energy technologies.

This new classification, coupled with last year's US Defense Production Act announcement providing for an increase in the domestic production of metals for national defense, electric vehicle technologies, and electrical transmission and storage, further sets the stage for long-term stability in the global copper market.

2023 Metallurgical Testing Program

In 2022, 3,502 feet (1,067 metres) of core were drilled at the Empire copper deposit for the purpose of collecting samples 3-dimensionally representative of the oxide portion of the deposit for copper, gold and silver recovery testing. Initially, the metallurgical work was intended to further develop a commercial leaching design using only ammonium thiosulfate ("ATS") as the primary reagent for recovering copper, gold and silver. Following the initial test work, our metallurgists determined that adding a flotation step upstream of the leaching circuit and generating a saleable concentrate stream containing all of the metals could provide an immediate revenue stream with less concern over reagent pricing and product supply, as well as reducing the total volume of ore entering the downstream leaching circuit. If the flotation-followed-by-leaching process proves to be commercially viable, it has the potential of reducing overall capital and operating costs as well as the potential of sizing down the operational footprint and allowing a greater portion of the operation to reside on the Company's patented mining claims. Another possible advantage of the flotation circuit design is in the flotation milling equipment. Similar flotation technologies are widely used in the processing of sulphide ores, similar to the deeper sulphide mineralization at Empire, and at least part or all of the flotation circuit constructed for the open-pit processing could be employed for processing sulphide material in the future. The initial flotation and leaching results are shown in Table 1 below, and are based on "open-cycle" testing.

Table 1: Flotation and Leaching Results

Process flowsheet option	Cu Recovery	Au Recovery	Ag Recovery	Gross Revenue (USD/metric tonne)
Flotation Only	37.3%	48.8%	44.6%	35.54
Flotation plus ATS Leach of Flot Tails	66.5%	92.7%	73.0%	64.42
Flotation plus Acid Leach of Flot Tails	87.8%	48.8%	44.6%	57.80

Note: Revenue based on \$1,875 / oz gold, \$4/lb copper, and \$18.75 / oz silver

The test work completed to date is currently being optimized through “locked-cycle” testing, which mimics the characteristics of an operating mill by recirculating material and process fluids. It is not uncommon to see recovery improvements resulting from locked cycle testing. Once fully optimized, the final process design will be completed and capital and operating costs, as well as the costs for mining and general construction, will be finalized and an updated project economic model generated. This will enable the Plan of Operations to be updated and submitted to the regulatory authorities in order to complete the permitting process.

2023 Navarre Creek Drilling Program

Reverse-circulation drilling commenced on the Company’s Navarre Creek gold project in July. Up to 60 drill holes located at four primary target areas within the 14.48 sq km (3,578 acres) property have been planned. The drilling program plan was approved by the US Forest Service in August 2022 and allows for holes to be drilled from 30 drill pads through July 2024. 28 holes have been completed to date, totalling 10,830 feet (3,300 metres). Initial assay results for the drilling are anticipated from late Q3 this year. Drill hole targets at Navarre Creek were selected based on the results of the past several years of surface geochemistry results as well as geophysical anomalies identified from a total field magnetics survey and hyperspectral mineral survey conducted in 2021.

While there is no guarantee that the Navarre Creek exploratory drilling program will result in the discovery of a viable ore deposit, the geology, mineralogy, and geochemistry of Navarre Creek fits all the criteria necessary for a potentially significant gold bearing system. The geological characteristics of the Navarre Creek rocks evident on the surface are also evident in many of the drill cuttings logged since drilling commenced in July, and the pending assays will be the determining factor of mineralization in the four initial target areas.

Red Star Drilling Results

In 2022, 875 feet of reverse-circulation drilling was completed that tested the magnetic anomalies identified during the ground magnetics survey. Assay results from the 2022 drilling program were received in Q2 2023. The assay values for copper, silver, lead, and zinc were consistent with previous drilling programs. Of particular interest are the results from drill hole RS22-02, which tested the western margin of a strong magnetic anomaly, assaying 7.62 metres of 142.7 grammes/tonne (“g/t”) silver, 2.94% lead, and 1.54% zinc. Additionally, drill hole RS22-04 assayed 9.15 metres of 1.56 g/t gold and 0.62% copper, including 1.52 metres averaging 7.59 g/t gold and 0.58% copper. While our primary focus is on the engineering and development of the Empire Open-Pit Mine, a plan is being constructed for follow-up drilling at Red Star in 2024.

Other Business

The Company purchased all of the laboratory assets from AuRIC Metallurgical Laboratories following its closure this spring, including the analytical equipment and supplies necessary for the onsite laboratory that will service the Empire Mine once it is in operation. The purchase of these laboratory assets will prove most cost effective, saving up to three times as much as the purchase of new equipment, which is significant in light of the current laboratory equipment market.

Empire Mineral Resources

Polymetallic Open Pit Mine

An updated NI 43-101 compliant resource was completed by Hardrock Consulting in October 2020 and reported for the polymetallic 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.

Table 2: 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

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 pit. Red Star was identified from a 20-metre wide surface outcrop across a skarn structure. 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.

Table 3: Maiden Inferred Resource Statement for Red Star, May 2019

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

Outlook

Over the past six months, the copper price has been less volatile than in 2022, ranging between \$3.50 and \$4.00/pound. Gold and silver have followed suit and settled in at \$1,900 and \$23/ounce, respectively. The cost of the materials and supplies necessary for the construction and operation of our Empire open pit project have also appeared to stabilize, although generally at higher levels than in the days before Covid-19 and the war in Ukraine. While the cost of lumber and concrete have been consistently

decreasing, structural steel and diesel fuel remain elevated. Diesel fuel in Idaho is over \$4.00/gallon, nearly twice the per gallon pre-Covid price. Labor costs have also increased, as the current working generation demands more compensation for hours worked. This is understandable as inflation has driven the cost of living to all-time highs. As a result, it is our job to engineer the most efficient mining and processing technologies available to ensure that our operations can withstand the additional burdens on production.

In July of this year, the U.S. Department of Energy announced that it is upgrading the criticality of copper for clean energy technologies as part of the agency's Critical Materials Assessment. The purpose of the research and conclusions in the assessment is to enable the Department of Energy to set priorities for investment to secure domestic critical mineral and material supply chains, support the clean energy transition, and promote sustainable solutions to meet current and future needs. The assessment found that copper is a material that serves a critical function in electrification as many nations aim to reduce carbon emissions, with some setting goals to achieve net zero by 2050. The report notes that these efforts will increase the demand for clean energy technologies and the materials they rely on. Copper, a key metal in electric vehicles, wind turbines, and other green technologies, is set to move from a 'noncritical' classification in the short term to a 'near critical' classification in the medium term. Between 2025 and 2030, copper is expected to land on a level 3 out of 4 in terms of its importance to energy on the agency's criticality matrix. As mentioned, this new classification, coupled with last year's US Defense Production Act announcement, further sets the stage for long-term stability in the global copper market.

Copper remains in the top three of the most consumed metals in the world, trailing only behind iron and aluminum. The heavy focus on green energy metals for power generation, transmission, and transportation will only increase the demand. Clean energy initiatives in the United States, Canada, and Europe have already begun to drive demand for copper, cobalt and lithium. As other countries develop similar initiatives, demand will outweigh global supply.

Our Idaho projects host both EV metals and precious metals. Our current metallurgical test work, which is focused on developing the most efficient and economical methods of recovering copper, gold, and silver, will be designed to deliver crucial metals to the numerous infrastructure and green energy projects in the global pipeline at the lowest cost possible to the consumer and the highest margin possible for us.

Our story becomes even stronger with the realization that these resources are all located in known mining districts in the geopolitically stable, pro-mining jurisdiction of Idaho, USA.

Conclusion

As the demand for metals increases globally, the Company is in an ideal position to deliver copper, gold, and silver into a market with increasing demands. Our team of highly-experienced engineers, metallurgists, and geologists are continuing the work necessary to position ourselves as future metal producers contributing to the global transportation, manufacturing and energy sectors that are so vital to our livelihoods.

I would like to thank all our professional staff, consultants and advisors, all of whom continue to work tirelessly to accomplish our common goal of putting the Empire Mine into production and exploring and developing our other projects for inclusion in a pipeline of future producing mines. I look forward to reporting further positive news as we continue our exploration and development programs during the remainder of 2023.

Ryan McDermott

Chief Executive Officer

ESG & Sustainability Committee Chairman's Report

It is a great pleasure to provide an update on the ESG & Sustainability ("ESG&S") activities since our last report in May 2023.

Following the publication of our inaugural Sustainability Report in Q2 2023, we continue to work with the KCAT (Konnex Community Advisory Team) to ensure that our stakeholders remain informed about our progress as we continue through the development and permitting stages. We are keen to continue sharing our knowledge of the industry within the community in which we will be operating, including at the elementary and middle school levels, as well as providing general mining and Company operations updates for the immediate community. Community involvement is a cornerstone of our ESG philosophy.

The tone of the national conversation about copper is changing. The USA is looking at ways to become more mineral independent, and PXC is exploring various ways to collaborate with Federal and State governments to assist in this process. In particular, the ESG&S team has been exploring government programmes and grants for mine exploration process development.

We are also currently exploring ways to reduce our operational footprint and operate as much as possible on our existing patented (private) land. Minimizing our footprint, without adversely affecting the mining process, is the right decision both operationally and environmentally.

In addition, the ESG&S team is currently initiating discussions with several other mining companies in order to formulate a dispute resolution process ahead of hiring a large workforce. We are aiming to provide a clear process for employees of the Company, as well as for our stakeholders.

We are excited to have identified a community education opportunity partner who is willing to provide a highly practical eight-month mechanical training course targeted predominantly at recent and future graduates in the local high schools, and who is able to offer the course at 1/8th of the usual price. We are very keen to publicise this locally. In the first place, it is a fantastic opportunity for our youth, but also because when we move to production, we will be hiring individuals with mechanical qualifications, and it will be an absolute priority for us to hire locally whenever possible. All anecdotal evidence and research shows that local hires tend to show greater loyalty, and remain in employment for longer than out-of-area hires.

We currently have two openings in our KCAT team which we will publicise shortly in order to find individuals with suitable experience who can assist in acting as liaisons between the Company and the community.

In association with the KCAT, we are in the process of finalising a Konnex Vendor Handbook, which sets out the requirements and expectations we have of external contractors and suppliers who conduct business with, or wish to conduct business with, the Company. We have also drafted a Konnex Employee Handbook, which sets out the Company's core values and goals, as well as a detailed set of requirements of employee expectations.

We are looking forward to updating you further in the future. In the meantime, we would be delighted to receive feedback and suggestions at esg@phoenixcopper.com.

Catherine Evans

Non-Executive Director

Financial Overview

The Group reports a loss for the Period of \$0.63 million (2022: loss of \$1.052 million). This includes a non-cash foreign exchange gain on sterling denominated assets of \$96,172 (2022: foreign exchange loss of \$503,593), and a charge of \$18,992 (2022: \$36,623) relating to non-cash share-based payments attributable to warrants or options extended or granted during the Period, and which amount is simultaneously credited back to the retained deficit. Net assets at 30 June 2023 totalled \$37.39 million (2022: \$38.22 million), including \$35.88 million (2022: \$29.73 million) relating to the Empire Mine, and \$2.75 million (2022: \$9.05 million) in cash.

The Company reports a profit for the Period of \$309,759 (2022: loss of \$368,534), and net assets of \$41.81 million (2022: \$40.88 million). During the Period, the Company charged its operating subsidiaries \$450,000 (2022: \$465,000) in respect of management services provided, and \$837,108 (2022: \$610,653) in respect of interest at 6% per annum on its inter-company loans, the latter eliminating on consolidation. At 30 June 2023, the Company's loan to Konnex Resources Inc ("Konnex"), owner of the Empire Mine, stood at \$27.03 million (2022: \$22.95 million). This loan will be repaid from Konnex's operating cash flow in due course and is intended, together with royalties receivable from Konnex, to form a platform for a future proposed dividend policy to return money to shareholders.

The Company has also advanced \$2.60 million (2022: \$nil) to KPX Holdings Inc ("KPX"), its Idaho registered intermediate holding company, into which the Company's investment in Konnex, and investments in and related loans to Borah Resources Inc, Lost River Resources Inc and Salmon Canyon Resources Inc, totalling \$4.42 million, were transferred on 31 December 2022 in return for 100% of the equity of KPX.

During the Period, the Company issued 50,000 ordinary shares of no par value ("Ordinary Shares") pursuant to the exercise of warrants. Since the Period-end a further 2,250,000 Ordinary Shares have been issued pursuant to the exercise of warrants. The outstanding share capital of the Company is currently 124,928,622 Ordinary Shares.

In September 2023 the board approved the creation of a class of corporate copper bonds to a total authorised amount of \$300 million, as a prelude to the anticipated closing of an initial tranche to raise up to \$80 million (before expenses) for the development and construction of the Empire open pit mine, plus operational working capital. The bonds will pay a floating rate coupon subject to a minimum of 8.5% per annum and a maximum of 20%. The floating rate coupon will be calculated as to the higher of a copper price coupon linked to the copper price on the London Metal Exchange, or an interest rate coupon linked to the US Federal Discount Rate. The bonds will be secured on the Group's patented open pit mining claims, will be listed on The International Stock Exchange in the Channel Islands, and will have a ten-year life with bondholder option to request redemption at nominal value after six years and the Company's option to offer redemption at a 10% premium to nominal value after five years. M&G Trustee Company are acting as Security Trustee and Escrow Agent, and The Bank of New York Mellon ("BNYM") as Custodian and Transfer, Paying and Settlement Agent.

On 24 March 2023 the Company announced a short-term, unsecured \$2,000,000 loan facility (the "Loan Facility"), for which the initial three month term was extended for a further three months on 23 June 2023, at a fixed 4% coupon. The Company has extended the initial term of the Loan Facility for a further two months until 22 November 2023 at a fixed 2% coupon. At the Company's option, the Loan Facility may be extended to 22 March 2024, at an interest rate of 1% per month.

The Company's shares are listed on AIM, operated by the London Stock Exchange under the ticker PXC, and are also admitted to trading on New York's OTCQX Market under the ticker PXCLF, and in the form of American Depositary Receipts ("ADRs") under the ticker PXCLY, with each ADR comprising 10 Ordinary Shares. BNYM sponsored the ADR Program and act as ADR depository, custodian and registrar.

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 24 May 2023, and the Company's 2022 Sustainability Report, 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 2023 \$	Unaudited 6 months to 30 June 2022 \$	Audited 12 months to 31 December 2022 \$
	Note			
Continuing operations				
Revenue	3	-	-	-
Exploration and evaluation expenditure		(28,839)	-	-
Gross loss		(28,839)	-	-
Administrative expenses	4	(617,788)	(1,057,717)	(1,568,475)
Other operating expenses	9	-	-	(37,777)
Loss from operations		(646,627)	(1,057,717)	(1,606,252)
Finance income		21,258	6,107	32,104
Loss before taxation		(625,369)	(1,051,610)	(1,574,148)
Taxation		-	-	-
Loss for the period		(625,369)	(1,051,610)	(1,574,148)
<i>Loss attributable to:</i>				
- Owners of the parent company		(612,262)	(1,038,033)	(1,546,827)
- Non-controlling interests		(13,107)	(13,577)	(27,321)
		(625,369)	(1,051,610)	(1,574,148)
Basic and diluted loss per share – US cents	5	(0.50)	(0.86)	(1.27)

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 2023 \$	Unaudited 6 months to 30 June 2022 \$	Audited 12 months to 31 December 2022 \$
Loss for the period and total comprehensive income for the period	(625,369)	(1,051,610)	(1,574,148)
<i>Total comprehensive income for the period</i>			
Owners of the parent company	(612,262)	(1,038,033)	(1,546,827)
Non-controlling interests	(13,107)	(13,577)	(27,321)
	(625,369)	(1,051,610)	(1,574,148)

Condensed consolidated statement of financial position

		Unaudited 30 June 2023 \$	Unaudited 30 June 2022 \$	Audited 31 December 2022 \$
Non-current assets				
Property, plant and equipment – mining property	6	35,876,914	29,731,139	33,104,230
Intangible assets	7	347,000	345,844	347,000
Total non-current assets		36,223,914	30,076,983	33,451,230
Current assets				
Trade and other receivables	8	1,433,783	780,299	1,534,507
Finance assets	9	18,563	56,340	18,563
Cash and cash equivalents		2,749,407	9,045,669	4,664,233
Total current assets		4,201,753	9,882,308	6,217,303
Total assets		40,425,667	39,959,291	39,668,533
Current liabilities				
Trade and other payables	10	35,321	478,302	572,470
Other liabilities	11	2,240,000	250,000	500,000
Total current liabilities		2,275,321	728,302	1,072,470
Non-current liabilities				
Other liabilities	11	-	250,000	-
Provisions	12	757,702	757,702	757,702
Total non-current liabilities		757,702	1,007,702	757,702
Total liabilities		3,033,023	1,736,004	1,830,172
Net assets		37,392,644	38,223,287	37,838,361
Equity				
Share capital	13	-	-	-
Share premium account		44,889,817	44,848,384	44,878,927
Retained deficit		(7,529,980)	(6,684,755)	(7,086,480)
Translation reserve		(18,588)	(18,588)	(18,588)
Capital and reserves attributable to the owners of the parent company		37,341,249	38,145,041	37,773,859
Non-controlling interests		51,395	78,246	64,502
Total equity		37,392,644	38,223,287	37,838,361

Condensed consolidated statement of changes in equity

	Share premium	Retained deficit	Translation reserve	Total	Non-controlling interests	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	43,460,747	(5,751,359)	(18,588)	37,690,800	91,823	37,782,623
Loss for the period	-	(1,038,033)	-	(1,038,033)	(13,577)	(1,051,610)
Total comprehensive income for the period	-	(1,038,033)	-	(1,038,033)	(13,577)	(1,051,610)
Shares issued in the period	1,387,637	-	-	1,387,637	-	1,387,637
Share issue expenses	-	-	-	-	-	-
Share-based payments	-	104,637	-	104,637	-	104,637
Total contribution by owners	1,387,637	104,637	-	1,492,274	-	1,492,274
Balance at 30 June 2022	44,848,384	(6,684,755)	(18,588)	38,145,041	78,246	38,223,287
Loss for the period	-	(508,794)	-	(508,794)	(13,744)	(522,538)
Total comprehensive income for the period	-	(508,794)	-	(508,794)	(13,744)	(522,538)
Shares issued in the period	30,543	-	-	30,543	-	30,543
Share-based payments	-	107,069	-	107,069	-	107,069
Total contribution by owners	30,543	107,069	-	137,612	-	137,612
Balance at 31 December 2022	44,878,927	(7,086,480)	(18,588)	37,773,859	64,502	37,838,361
Loss for the period	-	(612,262)	-	(612,262)	(13,107)	(625,369)
Total comprehensive income for the period	-	(612,262)	-	(612,262)	(13,107)	(625,369)
Shares issued in the period	10,890	-	-	10,890	-	10,890
Share-based payments	-	168,762	-	168,762	-	168,762
Total contribution by owners	10,890	168,762	-	179,652	-	179,652
Balance at 30 June 2023	44,889,817	(7,529,980)	(18,588)	37,341,249	51,395	37,392,644

Condensed consolidated statement of cash flows

	Unaudited 6 months to 30 June 2023 \$	Unaudited 6 months to 30 June 2022 \$	Audited 12 months to 31 December 2022 \$
Loss before taxation	(625,369)	(1,051,610)	(1,574,148)
<i>Adjustments for:</i>			
Share-based payments	18,992	36,623	67,818
Fair value adjustment to financial asset	-	-	37,777
	<u>(606,377)</u>	<u>(1,014,987)</u>	<u>(1,468,553)</u>
Changes in working capital			
Decrease/(increase) in trade and other receivables	172,175	49,896	(58,563)
(Decrease) in trade and other payables	(537,149)	(404,894)	(310,726)
Cash (used in)/generated from operating activities	<u>(971,351)</u>	<u>(1,369,985)</u>	<u>(1,837,842)</u>
Investing activities			
Purchase of intangible assets	-	(15,000)	(16,156)
Purchase of property, plant and equipment	(2,622,914)	(3,539,095)	(6,836,312)
Net cash outflow from investing activities	<u>(2,622,914)</u>	<u>(3,554,095)</u>	<u>(6,852,468)</u>
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	10,890	1,387,637	1,418,180
Preliminary bond-issue expenses	(71,451)	(464,417)	(1,110,166)
Proceeds from new short-term loans	2,000,000	-	-
Repayment of deferred consideration	(260,000)	-	-
Net cash inflow from financing activities	<u>1,679,439</u>	<u>923,220</u>	<u>308,014</u>
Net (decrease)/increase in cash and cash equivalents	(1,914,826)	(4,000,860)	(8,382,296)
Cash and cash equivalents at the beginning of the period	4,664,233	13,046,529	13,046,529
Cash and cash equivalents at the end of the period	<u>2,749,407</u>	<u>9,045,669</u>	<u>4,664,233</u>

An amount of \$149,770, (30 June 2022: \$68,014, 31 December 2022: \$143,888) in respect of the charge for share-based payments was 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 27 September 2023.

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

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated on the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains of transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment to the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

2. Information on the Group

Phoenix Copper Limited (the “Company”) and its subsidiary undertakings (the “Group”) are engaged in exploration and mining activities, primarily precious and base metals, primarily in North America. The Company is domiciled and incorporated in the British Virgin Islands on 19 September 2013 (registered number 1791533). The address of its registered office is OMC Chambers, Wickhams Cay 1, Road Town, Tortola VG1110, British Virgin Islands. The Company is quoted on London’s AIM (ticker: PXC) and trades on New York’s OTCQX Market (ticker: PXCLF; ADR ticker PXCLY).

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 \$450,000 (30 June 2022: \$465,000; 31 December 2022: \$930,000) in respect of management services provided.

4. Administrative expenses

Administrative expenses include \$96,172 of foreign exchange gains (30 June 2022: foreign exchange losses of \$503,593; 31 December 2022: foreign exchange losses of \$564,353).

Administrative expenses also include share-based payments of \$18,992 (30 June 2022: \$36,623; 31 December 2022: \$67,818). The related credits to equity are taken to the retained deficit.

5. Loss per share

	Unaudited 6 months to 30 June 2023 \$	Unaudited 6 months to 30 June 2022 \$	Audited 12 months to 31 December 2022 \$
Loss for the period attributable to equity holders of the parent company	(612,262)	(1,038,033)	(1,546,827)
	Number	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	122,668,401	121,105,350	121,794,101
Loss per share – basic and diluted (US cents)	(0.50)	(0.86)	(1.27)

Non-current assets

	Mining Property \$
6. Property, plant and equipment – mining property	
Cost or valuation	
<i>At 1 January 2022</i>	26,124,030
Additions	3,607,109
<i>At 30 June 2022</i>	29,731,139
Additions	3,373,091
<i>At 31 December 2022</i>	33,104,230
Additions	2,772,684
<i>At 30 June 2023</i>	35,876,914
Depreciation	
At 30 June 2022, 31 December 2022 and 30 June 2023	-
Net book value:	
30 June 2022	29,731,139
31 December 2022	33,104,230
30 June 2023	35,876,914

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

7. Intangible assets

	Exploration and evaluation expenditure \$
Cost or valuation	
<i>At 1 January 2022</i>	330,844
Additions	15,000
<i>At 30 June 2022</i>	345,844
Additions	1,156
<i>At 31 December 2022</i>	347,000
Additions	-
<i>At 30 June 2023</i>	347,000
Net book value:	
30 June 2022	345,844
31 December 2022	347,000
30 June 2023	347,000

Exploration and evaluation expenditure relates to the Bighorn and Redcastle properties on the Idaho Cobalt Belt in Idaho, USA. The Bighorn property is owned by Salmon Canyon Resources Inc. The Redcastle property is owned by Borah Resources Inc. Both companies are wholly owned subsidiaries of KPX Holdings Inc, a wholly owned subsidiary of the parent entity, and each of which are registered and domiciled in Idaho. The Redcastle property is subject to an Earn-In Agreement with First Cobalt Idaho, a wholly owned subsidiary of Electra Battery Materials Corporation of Toronto, Canada.

8. Trade and other receivables	Unaudited 30 June 2023 \$	Unaudited 30 June 2022 \$	Audited 31 December 2022 \$
Other receivables	193,952	206,918	181,072
Preliminary bond issue expenses	1,181,617	464,417	1,110,166
Prepaid expenses	58,214	108,964	243,269
	<u>1,433,783</u>	<u>780,299</u>	<u>1,534,507</u>

The preliminary bond issue expenses relate to the Company's corporate copper bonds. These expenses will be deducted from the proceeds of the bonds when issued and amortised over the expected life of the bonds.

9. Financial assets	Unaudited 6 months to 30 June 2023 \$	Unaudited 6 months to 30 June 2022 \$	Audited 12 months to 31 December 2022 \$
Quoted investments	18,563	56,340	18,563

In May 2021 the Group entered into an earn-in agreement with First Cobalt Idaho, a wholly-owned subsidiary of Toronto-based Electra Battery Materials Corporation ("Electra"), in respect of the Group's Redcastle cobalt property on the Idaho Cobalt Belt. The Group received consideration of \$50,000 and 11,111 shares (as consolidated) in Electra valued at \$56,340, a total initial consideration of \$106,340.

The shares were valued at market price as at 31 December 2022 and a fair value adjustment of \$37,777 has been charged to other operating expenses as at 31 December 2022.

10. Trade and other payables	Unaudited 30 June 2023 \$	Unaudited 30 June 2022 \$	Audited 31 December 2022 \$
Trade payables	19,175	478,302	569,864
Other payables	16,146	-	2,606
	<u>35,321</u>	<u>478,302</u>	<u>572,470</u>

11. Other liabilities	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
	\$	\$	\$
Current liabilities			
Short-term loan	2,000,000	-	-
Deferred consideration	240,000	250,000	500,000
	<u>2,240,000</u>	<u>250,000</u>	<u>500,000</u>
Non-current liabilities			
Deferred consideration	-	250,000	-

In April 2021, the Group entered into an agreement with Mackay LLC to acquire 1% of the 2.5% net smelter royalty payable on mining leases on the Empire Mine in Idaho, USA. Total consideration payable to Mackay LLC is \$800,000, of which \$560,000 has been paid. Deferred consideration comprises one further payment of \$240,000 due on 31 December 2023.

The \$2,000,000 short-term loan facility is unsecured, carries an effective interest rate of 12% per annum, and is repayable on or before 22 November 2023, unless extended at the Company's option to 22 March 2024.

12. Provisions	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
	\$	\$	\$
Decommissioning provision	100,000	100,000	100,000
Royalties payable	657,702	657,702	657,702
	<u>757,702</u>	<u>757,702</u>	<u>757,702</u>

There has been no change to provisions in the period ended 30 June 2023 and the year ended 31 December 2022.

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.

13. Share capital	Unaudited 30 June 2023 Number	Unaudited 30 June 2022 Number	Audited 31 December 2022 Number
<i>Allotted and issued</i>			
Ordinary shares with no par value	122,678,622	122,471,622	122,628,622

The Ordinary Shares rank pari passu.

During the period the Company issued 50,000 Ordinary Shares pursuant to the exercise of warrants raising \$10,890 with an average issue cost of 21.8 US cents.

Since the period end a further 2,250,000 Ordinary Shares have been issued pursuant to the exercise of warrants raising \$500,400 with an average issue cost of 22.2 US cents.

14. Events after the reporting date

In September 2023 the board approved the creation of a class of corporate copper bonds to a total authorised amount of \$300 million, as a prelude to the anticipated closing of an initial tranche to raise up to \$80 million (before expenses) for the development and construction of the Empire open pit mine, plus operational working capital. The bonds will pay a floating rate coupon subject to a minimum of 8.5% per annum and a maximum of 20%. The floating rate coupon will be calculated as to the higher of a copper price coupon linked to the copper price on the London Metal Exchange, or an interest rate coupon linked to the US Federal Discount Rate. The bonds will be secured on the Group's patented open pit mining claims, will be listed on The International Stock Exchange in the Channel Islands, and will have a ten-year life with bondholder option to request redemption at nominal value after six years and the Company's option to offer redemption at a 10% premium to nominal value after five years. M&G Trustee Company are acting as Security Trustee and Escrow Agent, and The Bank of New York Mellon ("BNYM") as Custodian and Transfer, Paying and Settlement Agent.

Market Abuse Regulation (MAR) Disclosure

The Company deems the information contained within this announcement 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, gold and silver production from an open pit mine.

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 completed PEA (preliminary economic assessment) for an open pit heap leach solvent extraction and electrowinning ("SX-EW") mine, which was updated in October 2020. From the 2020 PEA, the measured and indicated resource is: 22,909,059 tonnes at an average grade of 0.38% copper, 0.324 grammes per tonne ("g/t") gold, 10.3 g/t silver, and 0.19% zinc. The contained metal for the measured and indicated resource is 87,543 tonnes of copper, 238,406 ounces of gold, 7,595,198 ounces of silver and 43,871 tonnes of zinc.

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 maiden inferred resource of 103,000 tonnes containing 173.4 g/t silver, 0.85 g/t gold and 3.85% lead (1.6 million ounces silver equivalent) was reported in an NI 43-101 technical report published in May 2019. Additionally, the district includes Navarre Creek, a volcanic-hosted precious metals target in a 14.48 sq km 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 Electra Battery Materials, Toronto, in respect of one of those properties.

Phoenix is listed on London's AIM (PXC), and trades on New York's OTCQX Market (PXCLF and PXCLY (ADRs)). More details on the Company, its assets and its objectives can be found on PXC's website at <https://phoenixcopperlimited.com/>