

Phoenix Copper Limited / Ticker: PXC / Sector: Mining

26 September 2024

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 2024 (the "Period").

Year-to-date Highlights

Corporate & Financial

- Investment in Empire Mine increased to \$42.11 million (2023: \$35.88 million)
- Group reports loss of \$1.10 million (2023: loss of \$0.63 million)
- Period-end Group net assets of \$48.55 million (2023: \$37.39 million)
- Company reports loss of \$0.05 million (2023: profit of \$0.31 million)
- Company loans to Idaho operating subsidiaries increased to \$37.47 million (2023: \$29.63 million)
- Placing, subscription, and retail offer to raise \$3.52 million (gross) completed in January 2024
- \$2 million unsecured short-term loan refinanced into 18 month unsecured term loan in March 2024
- \$80 million floating rate corporate copper bond issue completed in June 2024. Initial \$5 million drawn down, with discussions ongoing with strategic bond investor regarding the timing of future drawdowns (see below)
- Bonds listing on The International Stock Exchange ("TISE") completed
- Andre Cohen retired as a director and joined the Advisory Board
- Paul de Gruchy, VP of Investor Relations, also joined the Advisory Board

Operational

- Empire Mine open-pit mineral resources upgraded to mineral reserves. Inaugural mineral reserve statement published
- Proven & Probable mineral reserves of 10.1 million tonnes containing 109,487,970 pounds ("lbs") of copper, 104,000 ounces ("oz") of gold and 4,654,400 oz of silver (66,467 tonnes of copper equivalent metal)
- Mineral reserves estimated using assay data from 485 drill holes, extensive geological modelling, metallurgical recovery test work, geotechnical evaluation, and mine design
- Empire Mine open-pit Pre-Feasibility Study ("PFS") published post-Period. Pre-tax cumulative net free cash flow of \$153 million over 8 year mine life; total cash costs of \$2.44 / lb
- Life of mine production of 40,424 tonnes copper, 40,161 oz gold and 1.76 million oz silver
- Initial Empire Mine open-pit equipment delivered to site, including two pre-owned ball mills and a fully equipped assay laboratory, purchased at significant discounts to the price of the same equipment when new
- Areas of significant and consistent mineralisation identified at the Navarre Creek gold claim block. 20 additional mining claims totalling 400 acres staked
- Earn-in Agreement on the Redcastle cobalt property renewed with Electra Battery Materials

Chairman's Statement

It gives me great pleasure to report on the achievement of several important milestones on the journey towards our first production at the Empire mine in Idaho, USA.

I would like to thank Ryan and his team for delivering the PFS, which, despite significant price increases in steel, diesel and processing chemicals, shows attractive returns at current metal prices.

The anticipated capital expenditure required to build the mine of \$62.6 million compares favourably with cumulative free cashflow, net of all capital and sustaining capital costs, of \$153 million over an 8 year mine life. The metal prices used by our independent consultants are lower than prevailing spot prices for copper, gold and silver. The PFS generates an internal rate of return ("IRR") of 46.4% which is significantly higher than the 15% hurdle rate used by mining majors, and our projected cash cost of production of \$2.44 per lb of copper would rank us 19th out of the 300 major copper mines in the S & P rankings for 2024 - with cash costs well below several larger and well-established mines in North America.

It is to the technical team's credit that they were able to redesign the mine plan to take into account the challenges presented by the steep rises in capital and operating costs. Our plant will process copper, gold and silver at the same time, and without the need for copper ore to sit on leach pads for 90 days. The plant will also be sited next to the open pit, significantly reducing transport costs and the environmental impact of the project.

Importantly, the plant will also be capable of processing both oxide and sulphide ores. As a result, and resources permitting, we now plan to access the underground deposit as early as next year by driving an adit into the high-grade sulphide ores, in order to blend them with oxide ore to enhance cashflow. In our recent drilling campaign we recovered sulphide core containing over 8% copper, compared with a 0.66% grade in our oxide reserves, and a global average of less than 0.5%.

Our records show that before the Empire mine closed in 1942, they were mining 6% to 8% copper and recovering 3.64%, as well as gold, silver and zinc. The last underground shipment of ore also contained over 4% tungsten, which is high on the list of critical metals, as indeed is antimony, which we have discovered at our 4,070 acre Navarre Creek Gold exploration property.

It is our view that the true value of the Company will be underpinned by the high grade underground deposit, which is open at depth and along strike, potentially spread over many kilometres. It is really exciting to have the opportunity to start unlocking this value a number of years earlier than expected.

As a result of the subscription for our corporate copper bonds from NIU Invest SE ("NIU Invest") in May, as well as the small equity placement we did earlier in the year, we have been able to purchase good quality second-hand equipment at prices which significantly improve the project economics, as well as lowering lead times. This is an ongoing process as you can read in the CEO's report, which will be optimized further as a result of the completion of the PFS. Following the publication of the PFS, we are in discussions with NIU Invest regarding a revised drawdown schedule for future tranches of copper bonds.

schedule for future tranches of copper bonds.

We look forward to updating you with further progress on permitting, capital expenditure on mine equipment and financing as the year unfolds and we move ever closer to revenue generation.

Thank you, as always, for your continued support.

Marcus Edwards-Jones

Chairman

Chief Executive Officer's Report

The year to date has marked a significant and positive turning point for the Company with the publication of an inaugural Proven and Probable mineral reserve statement for the Empire open pit oxide deposit, which was followed-up by the publication of the PFS. These publications are the culmination of several seasons of resource drilling, extensive geological and economic modelling, metallurgical test work, and thousands of hours of tireless data evaluation and engineering. The PFS is available on the Company's website and I recommend everyone take the time to read through it.

The Empire mineral reserves statement reports Proven & Probable reserves of 10.1 million tonnes containing 109,487,970 lbs of copper, 104,000 ounces ("oz") of gold and 4,654,400 oz of silver, for a total of 66,467 copper equivalent metric tonnes ("mt"). This is a considerable step forward because, unlike mineral resources, mineral reserves meet the requirements of geological certainty, accessibility, and economic viability.

Using the Empire mineral reserves as a basis, the Company's PFS highlights an 8-year mine life producing payable metal of 89,094,705 copper lbs (40,424 mt), 40,161 oz gold, and 1,759,717 oz silver, with an estimated \$62.6 million capex and total cash operating cost of \$2.44/lb of copper equivalent metal, and pre-tax economics of US\$87.86 million discounted net present value at 7.5% ("NPV7.5"), a 46.4% internal rate of return ("IRR"), and cumulative net free cashflow of US\$152.98 million over the life of the mine.

The production highlighted in the PFS is made possible employing standard open-pit mining methods and a newly designed crush-grind-flotation-tank leach milling process engineered with a small enough footprint for siting on the Company's patented mining claims near the open pit. The proximity of the mill to the open pit reduces the haulage distance of the ore to the crusher, which requires a smaller mining fleet in terms of truck count and size, and thereby reduces both capital and operating costs. The mill will produce two pay streams, a copper, gold, silver concentrate stream and a cementation copper stream, both of which will be shipped to market without the need of further processing or refining at the Empire site.

In addition to processing ore from the Empire open pit, the flotation circuit will be capable of recovering copper, gold, and silver as a concentrate from the high-grade sulphide vein material that exists below the open pit and was mined extensively until the early 1940s. The Empire team is currently finalizing a plan to advance the exploration of the deeper sulphide vein system with an eye on augmenting the open pit ore with feed from the higher-grade sulphide vein system below the pit. The planning includes driving an adit toward known sulphide mineralization and developing underground drilling stations along the length of the adit. Known sulphide mineralization includes the 8.38% copper interval intercepted in the 2021 core drilling program, which also assayed 1.31 grammes per tonne ("g/t") gold and 120 g/t silver. Historically mined grades from the sulphide vein system below the open pit were recorded as high as 8% copper, with smelter recoveries of the time recorded as averaging 3.64% copper, 1.64 g/t gold, and 54 g/t silver. Resources permitting, we hope to commence underground work during the 2024/2025 winter season.

The estimated capital requirements outlined in the PFS assume that the majority of the hard assets, i.e. milling equipment, rolling stock, and tankage, will be purchased as used or pre-owned, significantly reducing the costs compared to purchasing all new assets. The Phoenix Copper team has already purchased the grinding circuit, the mine assay laboratory equipment, light duty rolling stock, disk filtration circuit, and numerous lesser components, all in good, pre-owned condition. The Company has also invested in a mine office, core logging facility, and an equipment storage facility in Mackay, all of which will service the mine.

Activities outside of the core Empire Mine property, which includes the Navarre Creek gold exploration property and the Redcastle and Bighorn cobalt exploration properties, are still progressing, albeit more slowly due to the workload required of the Empire mineral reserves statement and the PFS. Follow up drillhole targeting from the 2023 Navarre Creek drilling program was completed over the summer and included further evaluation of the 2023 drilling results, as well as field evaluation of the additional 400 acres of mining claims filed as a result of last year's drilling results. A second phase of drilling at Navarre Creek will be conducted as resources permit. The earn-in agreement with Electra Battery Materials on the Company's Redcastle cobalt project was also renewed and extended earlier this year.

Empire Proven and Probable Mineral Reserves

A Proven and Probable reserve estimate was completed by Hardrock Consulting in April 2024 and reported for the polymetallic Empire Mine open pit oxide deposit. The estimate reports Proven and Probable reserves in the Empire open-pit oxide deposit of 10,097,000 tonnes containing 49,677 mt of copper, 104,000 oz of gold, and 4,654,400 oz of silver, for a combined 66,467 mt of copper equivalent metal. It was estimated using assay data from 485 drill holes, extensive geological modelling, metallurgical recovery test work, geotechnical evaluation, and mine design.

Mineral Reserve Statement for Empire Mine, after Hard Rock Consulting April 2024

Fully diluted tonnes at a Net Smelter Return ("NSR") cut-off of \$22.59/tonne

Classification	Tonnes		Copper		Gold		Silver		Copper Equivalent		
	(x1000)	%	lb (x1000)	gpt	oz (x1000)	gpt	oz (x1000)	%	lbs (x1000)	ton	
Proven	7,515	0.49	81,070.56	0.38	90.9	14.42	3,483.70	0.68	111,995.19	50	
Probable	2,582	0.5	28,417.41	0.16	13.2	14.1	1,170.70	0.61	34,498.69	15	
Proven + Probable	10,097	0.49	109,487.97	0.32	104	14.34	4,654.40	0.66	146,493.89	66,467	

The mineral reserves reported herein for the Empire project have been estimated in a manner consistent with the NI 43-101 Committee of Mineral Reserves International Reporting Standards ("CRIRSCO"), of which both the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") are members.

PFS - Summary of Economic Results

The economic analysis of the base case scenario for the Empire open-pit mine uses metal prices of \$4.45/lb for copper, \$2,325/oz for gold and \$27.25/oz for silver. The economic model shows a pre-tax NPV7.5 of \$87.86 million using a \$22.59/tonne NSR cut-off, as well as a pre-tax IRR of 46.4%. Table 1 summarises the projected cashflow, NPV at varying rates, IRR, years of positive cash flows to repay the negative cash flow ("Payback Period"), and multiple of positive cash flows compared to the maximum negative cash flow ("Payback Multiple") on both after-tax and before-tax bases.

Project Overview	Evaluation	After Tax	Before Tax
Cumulative Net Cashflow		\$132.44	\$152.98
NPV @ 5.0%; (millions)		\$89.55	\$105.44
NPV @ 7.5%; (millions)		\$73.75	\$87.86
NPV @ 10.0%; (millions)		\$60.71	\$73.29
Internal Rate of Return		40.2%	46.4%
Payback Period		1.66	1.41
Payback Multiple		2.92	3.21
Benefit Cost Ratio		7.61	8.87
Initial Capital		\$62.60	\$62.60
Max. Neg. Cashflow (millions)		-\$69.09	-\$69.09

PFS - Metallurgy and Process Design

3,502 feet (1,067 metres) of core from the Empire copper oxide deposit was sampled and evaluated for the metallurgical recovery of copper, gold, and silver. The results of the metallurgical test work, as presented in the PFS, show that a crush-grind-flotation-tank leach milling process provides the optimum metal recoveries for the cost. The flotation-leaching circuit that has been designed for the Empire open pit ore has a much smaller footprint than a classic heap leach design, allowing for the processing plant to be sited on the Company's patented (private) mining claims near the open pit. The proximity of the plant to the open pit will reduce overall operating costs by reducing the ore haulage distance. The improved haulage cycle-time gained from the shortened haulage distance also allows for the use of smaller, less expensive haul trucks.

In addition to the cost benefits of a smaller footprint plant sited on private land, the flotation-leaching circuit will be capable of processing sulphide material currently being explored elsewhere on the Empire property. From an environmental permitting standpoint, siting the processing plant on private land should help to simplify the overall permitting process.

The flotation and leaching metallurgical recovery results and reserve pit optimization parameters are shown in the table below. Optimization of the processing circuit is ongoing.

Reserve Pit Optimization Parameters (Metric tons)	Units	Cu	Au	Ag
Commodity Prices	\$/oz or \$/lb	\$4.00	\$1,788	\$24.00
Flotation Process Recoveries				
Flotation _ Cu Concentrate	%	33.0%	50.0%	36.0%
Concentrate (Payables)				
Flotation_ Cu Concentrate (Au Payable based on grade)	%	95.0%	90-97%	95.0%
Cementation Process Recoveries				
Cementation (Total Copper Recovery after Flotation)	%	90.0%	0.0%	0.0%
Treatment/Refining Charges				
Copper Con. Refining	Ag \$/oz	0.40		
Copper Con. Refining	Au \$/oz	4.00		
Copper Con. Trucking & Shipping \$/t conc	wet	\$80.00		
Copper Con. Treatment \$/t conc	wet	\$90.00		
Copper Cementation Shipping \$/lb	Cu \$/lb	\$0.02		
Operating Costs				
Mining Cost - Surface	\$/t mined	\$2.56		
Mining Cost - Incremental Increase for each 20ft depth	\$/t mined	\$0.018		
Processing Cost	\$/t milled	\$18.74		
G&A	\$/t milled	\$2.20		
Total Ore cost \$/t milled	\$/t milled	\$20.94		
Pit Slope Assumptions	Five sectors were modelled based on core logging with inter-ramp angles ranging from 42° to 45°			

Outlook

While the copper price has come down from its spring 2024 high above \$5.00/lb, it has managed to maintain a price above \$4.00 despite the recent recalibration of the futures market. Whether this is a result of the change in interest rates or in recent demand, it is clear that the long-term demand for copper will only increase as the world continues to demand sources of clean green energy, which requires the red metal at every turn in the process, from generation to distribution to end user commodities. Achieving a green economy is simply not possible without a growing supply of copper.

Perhaps as important to the Empire Mine project as the copper price is the price of both gold and silver. The processing circuit designed to recover copper at Empire is also designed to recover the gold and silver ounces hosted in the Empire reserves. At today's spot prices of \$2,647/oz gold and \$31.50/oz silver, the gross revenue of the anticipated precious metal recovery at Empire is roughly \$161,000,000. The price of gold has steadily increased over 34% in the past 12 months and silver has increased 28% in the same period. The importance of the new processing design at Empire that enables the recovery of precious metals should not be underestimated.

Now that we have developed Proven and Probable mineral reserves, our focus is on completing all of the necessary detailed engineering required to successfully permit and construct the open pit mine. As our process design includes the siting of the plant on private, patented mining claims, we will reduce the operational footprint on public lands, further demonstrating how ESG considerations are at the heart of our operation. As the regulatory authorities looked closely at our operating plan application two years ago, I am confident that in due course the plan will be approved.

In the meantime, we will complete the necessary engineering and continue to source the plant and equipment required to bring the mine into production. We will also be stepping up the exploration and development of the Empire sulphide vein system, now that we have a milling design capable of processing that material.

Conclusion

The Company's focus thus far in 2024 has been clearly aimed at completing the Empire mineral reserve statement and the PFS. Both reports were the culmination of extensive geological and engineering efforts by the Phoenix team. The result of that extensive effort is an economically feasible and environmentally conscious mine plan and processing circuit that not only allows for the production of metals from the Company's open pit reserve, but also from future high-grade sulphide mineralization below the open pit. The design elements in the PFS move the Company many steps forward to becoming a US-based producer of metals vital to life as we know it. Our team of engineers, geoscientists, and industry consultants have done an admirable job in completing work necessary to move the Company into the next stage of development.

As I have said before, and will continue to say, thank you to all of our professional staff, consultants and advisors, all of whom work tirelessly to accomplish our common goal of metal production. And I would like to thank our community liaisons, shareholders, and directors for their considerable support. I am truly grateful to work with such a diverse and remarkably talented group of individuals.

Ryan McDermott
Chief Executive Officer

ESG & Sustainability Committee Chairman's Report

It is a pleasure to provide an update on the activities of our Environmental, Social & Governance ("ESG") & Sustainability team. We last reported shortly after receiving the results of our second Digbee ESG submission for the Empire Mine, once again receiving an overarching score of 'A', a combination of a corporate score of 'BB' with the Empire Mine Exploration Project achieving a score of 'A'. We use the Digbee questionnaire as a framework for building our own internal protocols for auditing our operations as they expand. In this way, we can more proactively measure our ESG performance targets, and ensure they are met. One of our aims is to investigate ways to link certain KPIs to remuneration. We want to do this in a practical way that genuinely rewards employees and teams that contribute towards our long-term strategic goals.

Our Company culture is focused on environmental stewardship and social responsibility and in communicating clearly with our stakeholders. To this end, we continue to work closely with the Konnex Community Advisory Team ("KCAT"), a team of independent individuals with diverse experience who act as liaison between the Company and the community. Amongst their responsibilities, the KCAT review applications for community funding and decide how the annual Phoenix Copper community budget is spent. So far this year we have provided sponsorship for several community activities and awarded funds to high school graduates to assist with college fees.

Ahead of hiring and relocating a large work force to Mackay, we have held meetings with representatives from the City of Mackay, Custer County, local Economic Development and the Department of Commerce in relation to housing. Our goal is to build better cities and protect the surrounding agricultural community. We have multiple options that will require thought and preparation. We are working with the local municipalities to identify opportunities to improve city infrastructure, particularly water and sewage, as these will need to be updated to support development within city limits. There are several ways in which this can be achieved, including applying for local and federal grants.

We have maintained and built our relationship with Caterpillar, who offer a mechanical programme to current and future employees. We have recently supported the local school in implementing a similar programme for high school students. In May, the school held a groundbreaking event for a new diesel mechanic and animal science building which will offer new career paths to current and future students. Of particular value to Phoenix is the early training of future mechanics.

We have updated several of our Company policies to ease the due diligence process for external investors. In addition, we continue to improve Company practices, such as strengthening cyber security.

We look forward to providing further updates on our activities in the future. All comments and suggestions to our ESG team are welcomed: esg@phoenixcopper.com.

Catherine Evans
Non-Executive Director

Financial Overview

The Group reports a loss for the Period of \$1.10 million (2023: loss of \$0.63 million). This includes a non-cash foreign exchange loss on sterling denominated assets of \$4.128 (2023: foreign exchange gain of \$96,172), and a charge of \$34,239 (2023: \$18,991) relating to non-cash share based payments attributable to warrants or options extended or amended during the Period, and which amount is simultaneously credited back to the retained deficit. Net assets at 30 June 2024 totalled \$48.55 million (2023: \$37.39 million), including \$42.11 million (2023: \$35.88 million) relating to the Empire Mine, and \$2.72 million (2023: \$2.75 million) in cash.

The Company reports a loss for the Period of \$47,220 (2023: profit of \$309,759), and net assets of \$55.16 million (2023: \$41.81 million). During the Period, the Company charged its operating subsidiaries \$450,000 (2023: \$450,000) in respect of management services provided, and \$910,196 (2023: \$837,108) in respect of interest on its inter-company loans, the latter eliminating on consolidation. At 30 June 2024, the Company's loan to Konnex Resources Inc ("Konnex"), owner of the Empire Mine, stood at \$31.20 million (2023: \$27.03 million), and the loan to KPX Holdings Inc ("KPX"), the Company's Idaho registered intermediate holding company, stood at \$6.27 million (2023: \$2.60 million). These loans will be repaid from operating cash flows in due course and are intended, together with royalties receivable from Konnex, to form a platform for a future proposed dividend policy to return money to shareholders.

During the Period, the Company issued 60,030,345 ordinary shares of no par value ("Ordinary Shares"), raising \$8.9 million, pursuant to a placing subscription and retail offer, subscription for 10-year corporate bonds, partial conversion of borrowings, and warrant exercises. Since the Period-end a further 3,081,137 Ordinary Shares have been issued, raising \$0.63 million, pursuant to the partial conversion of borrowings. The outstanding share capital of the Company is currently 188,040,104 Ordinary Shares.

On 27 December 2023 the Company created a class of corporate copper bonds ("Bonds") in an authorised amount of \$300 million. \$110 million in principal value of Bonds were issued and deposited with The Bank of New York Mellon ("BNYM") as Settlement Agent, pending onward transfer to Bonds investors. During the Period the Company received an initial subscription for \$80 million of Bonds from NIU Invest, \$5 million of which were drawn down. Despite instructing BNYM to issue the second tranche of bonds totalling \$5 million in early July, these bonds were not drawn down due to ongoing discussions with NIU Invest regarding the Company's updated economic model, prepared in association with the Company's PFS.

Following the publication of the PFS on 19 September 2024, the Company has recommenced discussions with NIU Invest regarding the Company's cash flow requirements of the PFS's economic model, and a revised drawdown schedule for future tranches of copper bonds. Further draw downs will be announced as appropriate.

The Bonds have a final maturity of 10 years, are not convertible, are secured on the Group's interests in the Empire Mine, and are listed on The International Stock Exchange in the Channel Islands ("TISE"), under the ticker PHCOUSDN. The Bonds pay a floating rate coupon 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.

On 2 March 2024 the Company refinanced a \$2 million short-term unsecured funding arrangement into an 18-month term loan, repayable over 15 months following an initial 90-day repayment holiday, unless the Company redeems the loan earlier. The loan remains unsecured and is potentially convertible into approximately 10.5 million Ordinary Shares.

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 acts as ADR depositary, 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 2024, and the Company's 2023 Sustainability Report, can be viewed on the Company's website at <https://phoenixcopperlimited.com>.

Richard Wilkins
Chief Financial Officer

Condensed consolidated income statement

Audited

		Unaudited 6 months to 30 June 2024	Unaudited 6 months to 30 June 2023	12 months to 31 December 2023
	Note	\$	\$	\$
Continuing operations		-	-	-
Revenue	3	-	-	-
Exploration and evaluation expenditure		-	(28,839)	(28,839)
Gross loss		-	(28,839)	(28,839)

Administrative expenses	4	(1,098,146)	(617,788)	(1,564,759)
Other operating expenses	9	-	-	(14,372)
Loss from operations		<u>(1,098,146)</u>	<u>(646,627)</u>	<u>(1,607,970)</u>
Finance income		5,321	21,258	34,196
Finance expenses		(7,913)	-	-
Loss before taxation		<u>(1,100,738)</u>	<u>(625,369)</u>	<u>(1,573,774)</u>
Taxation		-	-	-
Loss for the period		<u>(1,100,738)</u>	<u>(625,369)</u>	<u>(1,573,774)</u>
<i>Loss attributable to:</i>				
- Owners of the parent company		(1,072,109)	(612,262)	(1,535,494)
- Non-controlling interests		(28,629)	(13,107)	(38,280)
		<u>(1,100,738)</u>	<u>(625,369)</u>	<u>(1,573,774)</u>
Basic and diluted loss per share - US cents	5	<u>(0.71)</u>	<u>(0.50)</u>	<u>(1.24)</u>

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 2024	Unaudited 6 months to 30 June 2023	Audited 12 months to 31 December 2023
	\$	\$	\$
Loss for the period and total comprehensive income for the period	<u>(1,100,738)</u>	<u>(625,369)</u>	<u>(1,573,774)</u>
<i>Total comprehensive income for the period attributable to:</i>			
Owners of the parent company	(1,072,109)	(612,262)	(1,535,494)
Non-controlling interests	(28,629)	(13,107)	(38,280)
	<u>(1,100,738)</u>	<u>(625,369)</u>	<u>(1,573,774)</u>

Condensed consolidated statement of financial position

	Note	Unaudited 30 June 2024	Unaudited 30 June 2023	Audited 31 December 2023
		\$	\$	\$
Non-current assets				
Property, plant and equipment - mining property	6	42,105,065	35,876,914	38,432,522
Intangible assets	7	356,805	347,000	356,805
Total non-current assets		<u>42,461,870</u>	<u>36,223,914</u>	<u>38,789,327</u>
Current assets				
Trade and other receivables	8	10,991,243	1,433,783	1,434,280
Finance assets	9	4,191	18,563	4,191
Cash and cash equivalents		2,717,492	2,749,407	283,721
Total current assets		<u>13,712,926</u>	<u>4,201,753</u>	<u>1,722,192</u>
Total assets		<u>56,174,796</u>	<u>40,425,667</u>	<u>40,511,519</u>
Current liabilities				

Trade and other payables	10	149,488	35,321	426,723
Borrowings and other liabilities	11	2,682,525	2,240,000	2,238,501
Total current liabilities		<u>2,832,013</u>	<u>2,275,321</u>	<u>2,665,224</u>
Non-current liabilities				
Borrowings	12	4,139,884	-	-
Provisions	13	657,702	757,702	657,702
Total non-current liabilities		<u>4,797,586</u>	<u>757,702</u>	<u>657,702</u>
Total liabilities		7,629,599	3,033,023	3,322,926
Net assets		<u>48,545,197</u>	<u>37,392,644</u>	<u>37,188,593</u>
Equity				
Share capital	14	-	-	-
Share premium account		53,770,810	44,889,817	45,390,217
Retained deficit		(5,204,618)	(7,529,980)	(8,209,258)
Translation reserve		(18,588)	(18,588)	(18,588)
Capital and reserves attributable to owners of the parent company		<u>48,547,604</u>	<u>37,341,249</u>	<u>37,162,371</u>
Non-controlling interests		(2,407)	51,395	26,222
Total equity		<u>48,545,197</u>	<u>37,392,644</u>	<u>37,188,593</u>

Condensed consolidated statement of changes in equity

	Ordinary shares \$	Share premium \$	Retained loss \$	Foreign exchange translation reserve \$	Total \$	Non-controlling interest \$	Total equity \$
At 1 January 2023	-	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 issue expenses	-	-	-	-	-	-	-
Share-based payments	-	-	168,762	-	168,762	-	168,762
Total transactions with owners	-	10,890	168,762	-	179,652	-	179,652
At 30 June 2023	-	44,889,817	(7,529,980)	(18,588)	37,341,249	51,395	37,392,644
Loss for the period	-	-	(923,232)	-	(923,232)	(25,173)	(948,405)
Total comprehensive income for the period	-	-	(923,232)	-	(923,232)	(25,173)	(948,405)
Shares issued in the period	-	500,400	-	-	500,400	-	500,400
Share issue expenses	-	-	-	-	-	-	-
Share-based payments	-	-	243,954	-	243,954	-	243,954
Total transactions with owners	-	500,400	243,954	-	744,354	-	744,354
At 31 December 2023	-	45,390,217	(8,209,258)	(18,588)	37,162,371	26,222	37,188,593
Loss for the period	-	-	(1,072,109)	-	(1,072,109)	(28,629)	(1,100,738)
Total comprehensive income for the period	-	-	(1,072,109)	-	(1,072,109)	(28,629)	(1,100,738)
Shares issued in the period	-	8,869,790	-	-	8,869,790	-	8,869,790
Share issue expenses	-	(489,197)	-	-	(489,197)	-	(489,197)
Share-based payments	-	-	4,076,749	-	4,076,749	-	4,076,749
Total transactions with owners	-	8,380,593	4,076,749	-	12,457,342	-	12,457,342
At 30 June 2024	-	53,770,810	(5,204,618)	(18,588)	48,547,604	2,407	48,545,197

Condensed consolidated statement of cash flows	Unaudited 6 months to 30 June 2024 \$	Unaudited 6 months to 30 June 2023 \$	Audited 12 months to 31 December 2023 \$
Loss before taxation	(1,100,738)	(625,369)	(1,573,774)
<i>Adjustments for:</i>			
Share-based payments	34,239	18,991	18,991
Finance costs	32,340	-	-
Fair value adjustment to financial asset	-	-	14,372
	<u>(1,034,159)</u>	<u>(606,378)</u>	<u>(1,540,411)</u>
Changes in working capital			
(Increase)/decrease in trade and other receivables	(1,967,328)	172,175	100,226
(Decrease) in trade and other payables	(277,234)	(537,148)	(97,245)
Cash (used in)/generated from operating activities	<u>(3,278,721)</u>	<u>(971,351)</u>	<u>(1,537,430)</u>
Investing activities			
Purchase of intangible assets	-	-	(9,805)
Purchase of property, plant and equipment	(2,625,118)	(2,622,914)	(5,034,567)
Net cash outflow from investing activities	<u>(2,625,118)</u>	<u>(2,622,914)</u>	<u>(5,044,372)</u>
Cash flows from financing activities			
Proceeds from the issuance of ordinary shares	3,559,994	10,890	511,290
Share-issue expenses	(489,198)	-	-
Preliminary bond-issue expenses	-	(71,451)	-
Proceeds from the issue of 10-year bonds	4,750,000	-	-
Proceeds from new short-term loans	899,553	2,000,000	2,000,000
Repayment of short-term loans	(138,212)	-	-
Payment of interest	(54,527)	-	-
Repayment of deferred liability	(190,000)	(260,000)	(310,000)
Net cash inflow from financing activities	<u>8,337,610</u>	<u>1,679,439</u>	<u>2,201,290</u>
Net increase/(decrease) in cash and cash equivalents	2,433,771	(1,914,826)	(4,380,512)
Cash and cash equivalents at the beginning of the period	283,721	4,664,233	4,664,233
Cash and cash equivalents at the end of the period	<u>2,717,492</u>	<u>2,749,407</u>	<u>283,721</u>

An amount of \$720,215, (30 June 2023: \$149,770; 31 December 2023: \$412,716) in respect of the charge for share-based payments was capitalised into mining property. An amount of \$327,210 of loan arrangement fees and interest has been capitalised into mining property (30 June 2023: \$nil; 31 December 2023: \$nil).

An amount of \$3,322,295 (30 June 2023: \$nil; 31 December 2023: \$nil) in respect of the charge for share-based payments was taken to bond issue expenses arising from the issue of a 10-year bonds.

An amount of \$4,909,796 (30 June 2023: \$nil; 31 December 2023: \$nil) arising from the issue of share capital was taken to bond issue expenses. An amount of \$400,000 (30 June 2023: \$nil; 31 December 2023: \$nil) of share capital was issued in respect of partial conversion of borrowings. An amount of \$642,456 of bond issue expenses was deducted from the 10-year bond liability.

The loss before taxation includes a foreign exchange loss of \$4,128 (30 June 2023: a gain of \$96,172; 31 December 2023: a gain of \$82,634) related to sterling denominated cash balances.

1. Basis of preparation and principal accounting policies

This condensed consolidated interim financial information was approved for issue by the Board on 25 September 2024.

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

intercompany transactions, balances and unrealised gains or 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 2023: \$450,000; 31 December 2023: \$900,000) in respect of management services provided.

4. Administrative expenses

Administrative expenses include a foreign exchange loss of \$4,128 (30 June 2023: a gain of \$96,172; 31 December 2023: a gain of \$82,634).

Administrative expenses also include share-based payments of \$34,239 (30 June 2023: \$18,991; 31 December 2023: \$18,991). The related credits to equity are taken to the retained loss.

5. Loss per share

	Unaudited 6 months to 30 June 2024 \$	Unaudited 6 months to 30 June 2023 \$	Audited 12 months to 31 December 2023 \$
Loss for the period attributable to equity holders of the parent company	(1,072,109)	(612,262)	(1,535,494)
	Number	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	150,687,794	122,668,401	123,483,143
Loss per share - basic and diluted (US cents)	(0.71)	(0.50)	(1.24)

Non-current assets

6. Property, plant and equipment - mining property	Mining Property \$
Cost or valuation	
<i>At 1 January 2023</i>	33,104,230
Additions	2,772,684
<i>At 30 June 2023</i>	35,876,914
Additions	2,555,608
<i>At 31 December 2023</i>	38,432,522
Additions	3,672,543
<i>At 30 June 2024</i>	42,105,065

Depreciation

At 30 June 2023, 31 December 2023 and 30 June 2024

Net book value:

30 June 2023	35,876,914
31 December 2023	<u>38,432,522</u>
30 June 2024	<u>42,105,065</u>

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

Cost or valuation	Exploration and evaluation expenditure \$
<i>At 1 January 2023</i>	347,000
Additions	-
<i>At 30 June 2023</i>	<u>347,000</u>
Additions	9,805
<i>At 31 December 2023</i>	<u>356,805</u>
Additions	-
At 30 June 2024	<u>356,805</u>
Net book value:	
30 June 2023	347,000
31 December 2023	<u>356,805</u>
30 June 2024	<u>356,805</u>

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 2024 \$	Unaudited 30 June 2023 \$	Audited 31 December 2023 \$
Other receivables	1,304,561	193,952	382,179
Preliminary bond issue expenses	9,636,852	1,181,617	882,814
Prepaid expenses	49,830	58,214	169,287
	<u>10,991,243</u>	<u>1,433,783</u>	<u>1,434,280</u>

There were no receivables that were past due or considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. The preliminary bond issue expenses relate to the issue of 10-year corporate copper bonds and will be deducted from the proceeds of the bonds and amortised to finance expenses over the expected life of the bonds (see also note 12).

9. Financial assets

	Unaudited 6 months to 30 June 2024 \$	Unaudited 6 months to 30 June 2023 \$	Audited 12 months to 31 December 2023 \$
Quoted investments	4,101	18,562	4,101

Quoted investments represent 11,111 shares in Toronto-based Electra Battery Materials Corporation. The shares have been valued at market price as at 30 June 2024. A fair value adjustment of \$nil (30 June 2023: \$nil; 31 December 2023: \$14,372) has been charged to other operating expenses.

10. Trade and other payables	Unaudited	Unaudited	Audited
	30 June 2024	30 June 2023	31 December 2023
	\$	\$	\$
Trade payables	126,777	19,175	410,448
Other payables	22,712	16,146	16,275
	<u>149,489</u>	<u>35,321</u>	<u>426,723</u>

11. Borrowings and other liabilities	Unaudited	Unaudited	Audited
	30 June 2024	30 June 2023	31 December 2023
	\$	\$	\$
Current liabilities			
Short-term borrowings	2,682,525	2,000,000	2,048,501
Deferred consideration	-	240,000	190,000
	<u>2,682,525</u>	<u>2,240,000</u>	<u>2,238,501</u>

In 2023 the Company entered a short-term unsecured funding arrangement of \$2,000,000, with an initial fixed 4% coupon, which was subsequently modified on several occasions. Under the terms of the agreement the term of the loan was extended to 23 March 2024, at an interest rate of 1% per month. On 2 March 2024 the Company refinanced the facility into an 18-month term loan, repayable over 15 months following an initial 90-day repayment holiday, unless the Company redeems the loan earlier. The loan remains unsecured and attracts interest at 15% per annum. The loan is potentially convertible into approximately 10.5 million new ordinary shares in the Company.

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. Consideration payable to Mackay LLC was \$nil (30 June 2023: \$240,000; 31 December 2023: \$190,000).

12. Borrowings	Unaudited	Unaudited	Audited
	30 June 2024	30 June 2023	31 December 2023
	\$	\$	\$
Non-Current liabilities			
Corporate Copper Bonds (Secured)			
Value of 10-year bonds issued	5,000,000	-	-
Discount on initial subscription	(250,000)	-	-
Bond issue expenses	(642,456)	-	-
Effective interest rate	32,340	-	-
	<u>4,139,884</u>	<u>-</u>	<u>-</u>

On 27 December 2023 the Company created a class of corporate copper bonds ("Bonds") in an authorised amount of \$300 million. \$110 million in principal value of Bonds were issued and deposited with The Bank of New York Mellon as Settlement Agent, pending onward transfer to Bonds investors.

During the period the Company received an initial subscription for \$80 million of Bonds from NIU Invest SE. The Company paid the Bonds investor an arrangement fee by way of an issue of 33.88 million new ordinary shares of no-par value in the Company, and a drawdown fee by way of warrants to subscribe at no cost for a further 22.59 million of new ordinary shares. The warrants will vest over drawdown of the first \$30 million of Bonds, the principal value of which will also be discounted by 5%. As of 30 June 2024, \$5 million of Bonds have been drawn down and transferred to the Bonds investor and discussions regarding the timing of future drawdowns remain ongoing. \$9.6 million of bond issue expenses will be amortised against the value of further Bonds as and when drawn down (see Note 8).

The Bonds are not convertible, are secured on the Group's interests in the Empire open pit mine, and are listed on The International Stock Exchange in the Channel Islands ("TISE"), under the ticker PHCOUSDN. The Bonds have a final maturity of 10 years with Bond investor option to request redemption at principal value after six years, and the Company's option to offer early redemption at a 10% premium to principal value after five years. The Bonds will

offer early redemption at a 10% premium to principal value after five years. The bonds will remain listed on TISE until the earlier of redemption or maturity.

The Bonds pay a floating rate coupon subject to a minimum of 8.5% per annum and a maximum of 20%. The coupon is 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 coupon is only payable on the principal value of Bonds drawn down.

13. Provisions	Unaudited	Unaudited	Audited
	30 June 2024	30 June 2023	31 December 2023
	\$	\$	\$
Decommissioning provision	-	100,000	-
Royalties payable	657,702	657,702	657,702
	657,702	757,702	657,702

The provision for royalties payable 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 when commercial production commences.

The provision of \$100,000 for decommissioning the Empire Mine was released in 2023. All current environmental reclamation and rehabilitation costs are now covered by insurance bonds and other deposits contracted in the United States by Konnex Resources as and when required.

14. Share capital	Unaudited	Unaudited	Audited
	30 June 2023	30 June 2023	31 December 2022
	Number	Number	Number
Allotted and issued			
Ordinary shares with no par value	184,958,967	122,678,622	124,928,622

The Company does not have an authorised capital and is authorised to issue an unlimited number of no-par value shares of a single class.

In the period Company issued 60,030,345 ordinary shares at an average issue price of \$0.148 per share to raise \$8.9 million in respect of a placing, subscription and retail offer, subscription for 10-year corporate bonds (see also Notes 8 and 12), partial conversion of borrowings, and warrants exercised.

Since the period end a further 3,081,137 ordinary shares have been issued pursuant to the partial conversion of borrowings raising \$0.63 million and with an average issue cost of \$0.204 per share.

15. Events after the reporting date

In July 2024 the Company renewed its Earn-in Agreement in respect of the Redcastle cobalt property with First Cobalt Idaho, a wholly owned subsidiary of Electra Battery Materials (TSX.V: ELBM; NASDAQ: ELBM). The renewal extends the two main exploration expenditure commitments totalling \$3 million by two years, to 2026 and 2028 respectively.

Environmental, Social, and Corporate Governance

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

Company's website.

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 the Regulatory Information Service, this inside information is now considered to be in the public domain.

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Notes

Phoenix Copper Limited is an emerging producer and exploration company specialising in base and precious metals, with an initial focus on copper, gold, and silver extraction from an open-pit mining operation within the United States.

Located in the historic Alder Creek mining district near Mackay, Idaho, Phoenix's flagship asset is the Empire Mine, in which the Company holds an 80% ownership stake. The historic Empire underground mine, located beneath the surface of the Company's proposed open pit, boasts a rich history of producing high-grade copper, gold, silver, zinc, and tungsten.

Since 2017, Phoenix has executed extensive drilling initiatives, resulting in an expansion of the Empire Open-Pit resource by over 200%. In May 2024 the Company published its inaugural mineral reserve statement for the Empire Open-Pit Mine. Proven and Probable mineral reserves are 10.1 million tonnes containing 109,487,970 lbs of copper, 104,000 oz of gold and 4,654,400 oz of silver. This reserve was estimated using assay data from 485 drill holes, extensive geological modelling, metallurgical recovery test work, geotechnical evaluation, and mine design. The reserve represents a combined 66,467 tonnes of copper equivalent metal.

In addition to the Empire Mine, Phoenix's holdings in the district also encompass the Horseshoe, White Knob, and Blue Bird Mines, all of which have been producers of copper, gold, silver, zinc, lead, and tungsten from underground operations, a new high-grade silver and lead orebody at Red Star, and the Navarre Creek gold exploration project, which was first drilled in 2023. The Company's land package at Empire spans 8,434 acres (34 sq km).

Phoenix also owns two cobalt properties situated along the Idaho Cobalt Belt to the north of Empire. An Earn-In Agreement has been established concerning one of these 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/>



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