

15 May 2024

**Phoenix Copper Limited
(‘Phoenix’, the ‘Company’, or the ‘Group’)**

Final audited results for the year ended 31 December 2023

Notice of Annual General Meeting (“AGM”)

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 audited results for the year ended 31 December 2023. All references to \$ are United States dollars.

Highlights

Corporate & Financial

- Investment in Empire Mine increased to \$38.43 million (2022: \$33.10 million)
- Group reports loss of \$1.57 million (2022: loss of \$1.57 million)
- Year-end Group net assets of \$37.19 million (2022: \$37.84 million)
- Company reports a profit of \$0.51 million (2022: loss of \$0.07 million)
- Company loans to Idaho operating subsidiaries increased to \$32.54 million (2022: \$26.19 million)
- Placing, subscription and retail offer to raise \$3.52 million completed in January 2024
- \$2 million unsecured short-term loan refinanced into 18 month unsecured term loan in March 2024
- Subscription letter received to fully subscribe a minimum of \$80 million of floating rate corporate copper bonds. Closing of bond issue subject to resolutions being passed at the AGM
- Andre Cohen to retire as a director after the AGM and to join the Advisory Board

Operational

- Empire open-pit mineral resources upgraded to mineral reserves. Inaugural mineral reserve statement announced
- Proven & Probable mineral reserves of 10.1 million tonnes containing 109,487,970 lbs of copper, 104,000 ounces of gold and 4,654,400 ounces of silver
- Mineral reserves estimated using assay data from 485 drill holes, extensive geological modelling, metallurgical recovery test work, geotechnical evaluation, and mine design
- Empire open-pit mine compliant Pre-Feasibility Study and related economic model nearing completion
- 28 holes (3,300 metres) of drilling completed on 60-hole Navarre Creek gold drilling programme

Annual General Meeting

The Company also announces that the Annual General Meeting (“AGM”) will be held at The Washington Hotel, 5 Curzon Street, London W1 5HE on 29 May 2024 at 11.00 BST.

The Notice of AGM and Forms of Proxy will be despatched to shareholders on 16 May 2024 and will be available on the Company's website at <https://phoenixcopperlimited.com> from 15 May 2024.

The Company's Annual Report and Consolidated Financial Statements for the year ended 31 December 2023 will also be available on the website from 15 May 2024.

CHAIRMAN'S STATEMENT

Dear Shareholders

As I write copper is trading close to the symbolic \$10,000 per tonne, having rallied strongly in recent weeks. Despite several delays and disappointments, we are hopeful that our stars are finally aligning. Uncertainties over the Chinese and US economies meant that it took longer for the drivers of electrification and supply issues to reassert their influences on the copper price. It now looks as if the penny has finally dropped. Several new catalysts have appeared since my last statement, including the astonishing “own goal” closure of First Quantum’s Cobre Panama mine, which has removed approximately 350,000 tonnes per annum or 1.5% of global mined copper production from the market; and the rapid rise of the AI sector. Commodity leviathan Trafigura estimates that AI and data centre demand alone could add a further 1 million tonnes per annum to overall copper demand by 2030 and forecast a 35% supply gap by the end of the decade.

This is against a background of the long-term decline in copper grades at existing mines, and several disappointments on the supply side. Previous misdemeanours by the mining sector have ushered in an era in which the ESG lobbies and NGOs have so lengthened the time it takes to put a new mine into production that many companies and investors have given up funding new projects. Antofagasta and Twin Metals invested several hundred million dollars in the Maturi project in Minnesota, which did not receive a mining permit. Similarly, the Pebble deposit in Alaska, one of the largest polymetallic deposits on the planet, on which exploration work commenced in 1987, containing over 30 million tonnes of copper, is unlikely ever to receive permission to mine. As the BHP Group bid for Anglo American Plc shows, it is more expedient to expand your copper reserves by buying somebody else’s, rather than developing your own. As in politics, investment decisions, however beneficial in the long term, are seldom taken by people who may not be around to see the rewards, yet suffer if there are any delays in execution. This all points to a “higher for longer” scenario for the copper price which the Board anticipates will be responsible for some 70% of the Company’s predicted revenues from the Empire open pit mine in Idaho, USA, a State with a proven and ongoing reputation for permitting mining projects.

Although the UK stock market, and AIM in particular, was shunned by investors for much of the year, I am delighted to report that our floating rate corporate copper bond issue has been fully subscribed at a minimum of \$80 million. Recently Blackrock estimated that a copper price of \$12,000 per tonne would be necessary to justify spending on new mines – this would equate to a coupon of 11.3% on our bonds. I am glad to say that the bond finance, once received, is expected to fully fund the Company into production and allow the Company to substantially reduce both estimated capital expenditure and lead times through the purchase of pre-owned equipment. As an example, our recent purchase of two ball mills which we acquired at a significant discount to the price of the same equipment when new, saved circa \$6-7 million in capital and sustaining costs. I would like to thank all of you who joined us in the recent small equity raise which enabled the Company to buy this equipment while awaiting the completion of the bond issue.

On the operational front I am grateful to Ryan and his team for producing a mine plan and reserve which is both profitable and economic to mine at trailing copper, gold and silver prices, as opposed to the \$12,000 per tonne copper price cited earlier as needed to stimulate spending on new mines. Our consultants analyzed and tested several different processes and in the one we have chosen they have managed to keep overall costs to pre-Covid / Ukraine war levels. The new designs enable us to produce copper, gold and silver simultaneously, largely on patented (owned by the Phoenix Group) land. This should simplify the permitting process. In addition, the plant we propose to use for the open-pit oxide ore will also be capable of processing the underground sulphide

ores. This will assist the Company as we embark upon our next quest – proving up the existence of mineable sulphides below the open pit oxide mine.

Gold and silver prices have also risen considerably since my last statement. Precious metals are currently estimated to contribute 30% of the revenue stream from the Empire open-pit mine. The bond funding will also enable us to conduct further exploration within our mineralized district at Empire, including our Navarre Creek gold exploration project and our high-grade lead-silver deposit at Red Star.

The ESG team has had a busy year, with several meetings of the Mackay, Idaho-based KCAT committee of representatives of local interests have taken place. This is a valuable sounding board and has enabled our local operating company to deal with potential issues, such as access roads, before they arise. We have taken on board many of their suggestions. We believe the citizens of Mackay are very largely in favour of the development of the Empire mine and we thank them for their support, particularly as the currently proposed mine plan will reduce further the environmental impact of our operations on the local area and community.

In this respect, we have recently retained our overall rating of “A” in the annual Digbee ESG survey of mining companies, including a score of “AA” for the Empire mine project operations, as reported in the Company’s 2023 Sustainability Report being published alongside these annual accounts.

Regarding board matters, Andre Cohen, our senior independent non-executive director since our IPO in 2017, will retire from the board at the end of our forthcoming Annual General Meeting in order to spend more time pursuing opportunities in the transportation finance sector whilst scaling down on other professional activities. The Company and the Board have all benefitted from his considerable knowledge of financial and legal matters, and his attention to detail, and we are pleased that he will remain with us on Phoenix’s advisory board. We wish him well and thank him for his contribution to date.

Finally, I thank all of you shareholders who have continued to support the Company, in often challenging circumstances. Now that we have our bond financing being finalised, an economic and profitable project in a mining-friendly jurisdiction, and a path to production, we look forward to sharing with you the benefits of a rerating of the Company’s shares as Phoenix makes the move from a junior mining development company to a mining producer.

Marcus Edwards-Jones

Executive Chairman

14 May 2024

CHIEF EXECUTIVE OFFICER'S REPORT

2023 was an exceptionally busy year as the Company focused on the technical aspects required to move the Empire open pit mine closer to production. We achieved a major milestone in this complex process with the estimation of the Company's first Proven and Probable mineral reserves, which include copper, gold, and silver. Mineral reserves meet the requirements of geologic certainty, accessibility, and economic viability, and are estimated after allowing for mining dilution, and thus represent the recoverable contained metal that will be delivered to the processing plant. I am pleased to report that the Company's mineral reserves within the open pit project amount to 66,467 tonnes of copper equivalent.

I appreciate that some of the shareholders have been frustrated with a perceived lack of news, but I can assure them that this did not reflect a lack of complex engineering or solid progress. Developing a plan to bring a mine into production is a lengthy and complex engineering process involving numerous consultants and contractors gathering and synthesizing large volumes of data and exploring numerous optimization scenarios. Each optimization step is iterative, with the results of one building on another, and on another, and so on. Once a preferred option is identified, the emphasis then moves to finding as many incremental improvements as possible, then testing and assessing them before finally settling on a final plan.

Over the past year the prices of all three of our contained metals have been volatile but generally moving on an upwards trajectory. Many commentators believe that copper in particular is at the beginning of a long-term bull market and are predicting prices to rise over the coming years which would improve the economics of the Empire Mine project significantly. However, our aim has been to design a project that will be as robust and profitable as possible, and economically attractive using prices below current levels and in order to report a NI 43-101 compliant economic model.

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 tonnes of copper, 104,000 ounces of gold, and 4,654,400 ounces of silver, for a combined 66,467 tonnes 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 cut-off of \$22.59 / tonne

Classification	Tonnes	Copper		Gold		Silver		Copper Equiv.	
	(x1000)	%	lb (x1000)	gpt	oz (x1000)	gpt	oz (x1000)	%	lb (x1000)
Proven	7,515	0.49	81,070.56	0.38	90.9	14.42	3,483.7	0.68	111,995.19
Probable	2,582	0.50	28,417.41	0.16	13.2	14.10	1,170.7	0.61	34,498.69
Proven + Probable	10,097	0.49	109,487.97	0.32	104.0	14.34	4,654.4	0.66	146,493.89

Metallurgy and Process Design

In 2022, 3,502 feet (1,067 metres) of core was drilled in the oxide portion of the Empire copper deposit for the purpose of collecting representative samples of the copper, gold, and silver mineralization within the boundaries of the resource pit. 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 three of the metals would provide an immediate revenue stream, reduce the quantity of ore feeding the downstream leaching circuit, and therefore reduce the total quantity of leaching reagent used. The reduction in reagent usage equates to lower overall processing costs. The flotation-leaching circuit has a much smaller footprint than a classic heap leach, allowing for the processing plant to be sited on the Group’s patented (private) mining claims nearer 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 + 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	\$0.04		
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°			

Red Star – Exploration

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.

The year began with the receipt of assay results from our 2022 drilling season at Red Star. That drilling campaign had been shorter than initially anticipated due to limited drill rig availability, the third consecutive year of disruption. The shortages of equipment, supply chain weaknesses and delays that resulted from Covid appear now to have thankfully passed.

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, further exploration and the delineation of additional drilling targets will continue at Red Star in 2024.

Red Star – High-grade Silver Inferred Resource

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, as summarized in the table below.

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

2023 Navarre Creek Drilling Program

During the summer of 2023, we completed a short drilling campaign on the Navarre Creek gold property. Similar to the results from Red Star that were received in April 2023, the initial assays from Navarre Creek showed low-grade mineralization worthy of further investigation. As a result, we staked a further 400 acres to the south-west of the Lehman Creek fault target, expanding our Navarre Creek claim block to 197 unpatented claims covering 4,070 acres. While our attention remains firmly focused on engineering and design of the Empire open-pit reserves, we will continue exploration and drill target development at Navarre Creek in 2024.

While there is no guarantee that future Navarre Creek exploratory programs 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.

Empire Mine Expansion – Horseshoe, Whiteknob, and Windy Devil

The Horseshoe, Whiteknob, and Windy Devil claim blocks, located immediately north of the Empire Mine project, are situated within the core of the Empire mineralization and remain attractive exploration targets. The core Empire claim group has grown to 8,434 acres (34.13 sq kms) by expanding north to the former Horseshoe and Whiteknob Mines and onto Windy Devil. This expansion covers approximately 30 historic adits, shafts and prospects, which exhibit geology and mineralogy similar to Red Star, and which will be the subject of further exploration going forward.

Idaho Cobalt Belt – Redcastle and Bighorn Projects

The Company owns two strategically located properties on the Idaho Cobalt Belt in Lemhi County, Idaho - Redcastle and Bighorn. The Redcastle property is held by Borah Resources, our 100% owned, Idaho registered subsidiary. In May 2021, the Redcastle holding was signed to an earn-in agreement with Electra Battery Materials Corporation (formerly First Cobalt Corporation), the Toronto-based owner of the Iron Creek Cobalt Mine, which shares a common border with the Redcastle property.

The Bighorn property, located on the northern end of the Idaho Cobalt Belt, is held by Salmon Canyon Resources, another 100% owned, Idaho registered subsidiary. Bighorn is situated east of the historic Salmon Canyon copper cobalt underground mine and shares a common border with New World Resources' Colson cobalt-copper project.

In addition to copper, cobalt is a critical metal for electric vehicles and global electrification projects. Cobalt deposits are rare, particularly in first world jurisdictions. The Company's cobalt projects are located in the USA's only prospective cobalt region, the Idaho Cobalt Belt, approximately 100 miles north of the Empire Mine. In 2018 we announced the results of our 2017 reconnaissance program of 46 surface grab samples which gave cobalt values ranging from 2 ppm to 0.31% cobalt.

Other Business

The Company spent significant time and resources in 2023 and early-2024 locating and procuring pre-owned capital equipment in advance of mine construction. Included in the purchases to date are all of the laboratory assets from the former AuRIC Metallurgical Laboratories which include the analytical equipment and supplies necessary for the onsite laboratory that will service the Empire Mine once it is in operation, two grinding mills (ball mills), and a disk filtration circuit for filtration and dewatering of process tails. The Company believes that the purchase of this equipment at a significant discount to the price of the same equipment when new, should have a material positive impact on the Empire mine project economics, as well as reducing the time required to purchase these long lead-time items.

Outlook

The commodities market has started 2024 strongly, and there appears to be growing consensus that the long-term lack of investment in new mining projects has caused a shortfall at precisely the time that the world requires more copper than ever to meet the electrification targets that have been adopted globally. With its location in one of the most stable, mining friendly locations in the world, the Empire Mine is well placed to take advantage of this supportive environment.

Now that we have developed proven and probable mineral reserves, our focus is on completing all of the necessary feasibility level 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 and place ESG considerations 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. As with the ball mills we recently acquired, we believe there are many additional opportunities to reduce the cost of capital significantly through the sourcing of quality, pre-owned equipment.

We will also continue exploration activities on the Empire sulphide vein system, Red Star, and Navarre Creek. It is important to remember that these projects provide an attractive and varied pipeline of opportunities to the Company.

It is an exciting time to be involved in this project, and I look forward with confidence and optimism to the rest of the year.

Key Performance Indicators (“KPIs”)

To date, the Group has focused on the delivery of the project evaluation work programs to assess the available mineral reserves and resources and the extraction methods to apply, each within the available financial budgets. This work will continue until the relevant feasibility studies are completed, and construction commences.

At that stage, the Group will consider and implement appropriate operational performance measures and related KPIs as the objective of recommencing commercial production at the Empire Mine nears fruition.

Conclusion

As metal prices continue to rise, so does the demand for global electrification and the raw materials needed to meet that demand. We continue to perform the steps necessary for Phoenix to become one of the next domestic US producers of metals vital to the transportation, manufacturing and energy sectors in the US and abroad. Our team of engineers, geoscientists, and industry consultants are completing the engineering necessary to develop the Empire Mine into a producer of copper, gold, and silver in a stable, mining friendly jurisdiction.

The Company endeavors to meet the timelines it develops for itself and shareholders. It is of particular importance to me that everyone understands that the nature of the studies we undertake to generate the best mining and production outcomes can be time-consuming and not always predictable. I appreciate everyone's patience as we complete each step of the engineering required to ensure that we build the most robust

operation possible. Mining is a long-term, capital-intensive business, and we believe the time spent on optimizing the mine plan and processing design at this stage can bring significant financial benefits to the project over the life of the mine.

As always, I want to thank all of our 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 look forward to reporting further positive news as we continue our exploration and development programs during 2024.

Ryan McDermott
Chief Executive Officer
14 May 2024

Consolidated income statement		Year Ended 31 December 2023	Year Ended 31 December 2022
Continuing operations	Note	\$	\$
Revenue	4	-	-
Exploration & evaluation expenditure		(28,839)	-
Gross loss		(28,839)	-
Administrative expenses		(1,564,759)	(1,568,475)
Other operating expenses		(14,372)	(37,777)
Loss from operations		(1,607,970)	(1,606,252)
Finance income		34,196	32,104
Finance costs		-	-
Loss before taxation		(1,573,774)	(1,574,148)
Tax on loss on ordinary activities		-	-
Loss for the year		(1,573,774)	(1,574,148)
Loss attributable to:			
Owners of the parent		(1,535,494)	(1,546,827)
Non-controlling interests		(38,280)	(27,321)
		(1,573,774)	(1,574,148)
Loss per share attributable to owners of the parent:			
Basic and diluted EPS expressed in US cents per share	5	(1.24)	(1.27)

Consolidated statement of comprehensive income		Year Ended 31 December 2023	Year Ended 31 December 2022
		\$	\$
Loss for the year		(1,573,774)	(1,574,148)
Total comprehensive income attributable to:			
Owners of the parent		(1,535,494)	(1,546,827)
Non-controlling interests		(38,280)	(27,321)
		(1,573,774)	(1,574,148)

Consolidated statement of financial position

		31 December 2023	31 December 2022
	Note	\$	\$
Non-current assets			
Property, plant and equipment – mining property	6	38,432,522	33,104,230
Intangible assets	7	356,805	347,000
		<u>38,789,327</u>	<u>33,451,230</u>
Current assets			
Trade and other receivables	8	1,434,280	1,534,507
Financial assets	9	4,191	18,563
Cash and cash equivalents		283,721	4,664,233
		<u>1,722,192</u>	<u>6,217,303</u>
Total assets		<u>40,511,519</u>	<u>39,668,533</u>
Current liabilities			
Trade and other payables	10	426,723	572,470
Borrowings and other liabilities	11	2,238,501	500,000
		<u>2,665,224</u>	<u>1,072,470</u>
Non-current liabilities			
Provisions for other liabilities	12	657,702	757,702
		<u>657,702</u>	<u>757,702</u>
Total liabilities		<u>3,322,926</u>	<u>1,830,172</u>
Net assets		<u>37,188,593</u>	<u>37,838,361</u>
Equity			
Ordinary shares	13	-	-
Share Premium		45,390,217	44,878,927
Retained loss		(8,209,258)	(7,086,480)
Foreign exchange translation reserve		(18,588)	(18,588)
Equity attributable to owners of the parent		<u>37,162,371</u>	<u>37,773,859</u>
Non-controlling interests		26,222	64,502
Total equity		<u>37,188,593</u>	<u>37,838,361</u>

The financial statements were approved by the Board of Directors and authorized for issue on 14 May 2024.

On behalf of the Board

Richard V L Wilkins
Director

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 2022	-	43,460,747	(5,751,359)	(18,588)	37,690,800	91,823	37,782,623
Loss for the year	-	-	(1,546,827)	-	(1,546,827)	(27,321)	(1,574,148)
Total comprehensive income for the year	-	-	(1,546,827)	-	(1,546,827)	(27,321)	(1,574,148)
Shares issued in the period	-	1,418,180	-	-	1,418,180	-	1,418,180
Share issue expenses	-	-	-	-	-	-	-
Share-based payments	-	-	211,706	-	211,706	-	211,706
Total transactions with owners	-	1,418,180	211,706	-	1,629,886	-	1,629,886
At 31 December 2022	-	44,878,927	(7,086,480)	(18,588)	37,773,859	64,502	37,838,361
At 1 January 2023	-	44,878,927	(7,086,480)	(18,588)	37,773,859	64,502	37,838,361
Loss for the year	-	-	(1,535,494)	-	(1,535,494)	(38,280)	(1,573,774)
Total comprehensive income for the year	-	-	(1,535,494)	-	(1,535,494)	(38,280)	(1,573,774)
Shares issued in the period	-	511,290	-	-	511,290	-	511,290
Share issue expenses	-	-	-	-	-	-	-
Share-based payments	-	-	412,716	-	412,716	-	412,716
Total transactions with owners	-	511,290	412,716	-	924,006	-	924,006
At 31 December 2023	-	45,390,217	(8,209,258)	(18,588)	37,162,371	26,222	37,188,593

Phoenix Copper Limited
Annual report and consolidated financial statements 31 December 2023

Consolidated statement of cash flows	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Loss before tax	(1,573,774)	(1,574,148)
<i>Adjustments for:</i>		
Share-based payments	18,991	67,818
Fair value adjustment to financial asset	14,372	37,777
	(1,540,411)	(1,468,553)
Decrease/(increase) in trade and other receivables	100,226	(58,563)
Decrease in trade and other payables	(97,245)	(310,726)
Net cash used in operating activities	(1,537,430)	(1,837,842)
Cash flows from investing activities		
Purchase of intangible assets	(9,805)	(16,156)
Purchase of property, plant and equipment	(5,034,567)	(6,836,312)
Net cash used in investing activities	(5,044,372)	(6,852,468)
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares	511,290	1,418,180
Preliminary bond-issue expenses	-	(1,110,166)
Proceeds from borrowings	2,000,000	-
Repayment of deferred liability	(310,000)	-
Net cash generated from financing activities	2,201,290	308,014
Net decrease in cash and cash equivalents	(4,380,512)	(8,382,296)
Cash and cash equivalents at the beginning of the year	4,664,233	13,046,529
Cash and cash equivalents at the end of the year	283,721	4,664,233

Significant non-cash transactions:

During the year an amount of \$412,716 (2022: \$143,888) was credited to the retained loss in respect of the charge for share-based payments, of which \$393,725 has been capitalised into mining property. Additionally, the provision for site restoration of \$100,000 has been released and mining property has been credited with this amount.

The loss before taxation includes a foreign exchange gain of \$82,634 (2022 loss of: \$564,353), of which \$73,216 (2022: loss of \$547,374) related to sterling denominated cash balances.

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1 General information

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).

The subsidiaries of the Company are:

Incorporated in the United States of America

KPX Holdings Inc (100% equity holding)

Subsidiaries of KPX Holdings Inc:

Konnex Recourses Inc (80% equity holding)

Borah Resources Inc (100% equity holding)

Lost River Resources Inc (100% equity holding)

Salmon Canyon Resources Inc (100% equity holding)

2 Going concern

The Group currently has no income and meets its working capital requirements through raising development finance. In common with many businesses engaged in exploration and evaluation activities prior to production and sale of minerals the Group requires funding in order to fully develop its business plan. The directors believe that the proceeds of the Bond issue now fully subscribed will be sufficient to pay the construction costs for the Empire open pit mine, which will enable the Group to commence production and generation of income. The Company is required to issue certain securities that the Company has agreed to grant the Bond investors by way of fees, which is conditional on shareholder approval. As there is no certainty the shareholders will approve, this condition indicates the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

During the year the Company raised \$0.51 million by way of the exercise of warrants. Subsequent to the year end, the Company raised \$3.52 million from the placement of new shares and refinanced the short-term loan facility into an 18 month term loan.

The directors have prepared annual budgets and forecasts for the period through to 30 June 2025 in order to ensure that they have sufficient liquidity in place and that they comply with the terms and conditions of their obligations in relation to the ongoing development of the mining assets and the Group’s environmental and other commitments.

At the date of approval of these financial statements, the directors are confident that shareholder approval will be obtained and therefore have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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3 Basis of preparation

This preliminary information does not comprise full financial statements. The significant accounting policies and other information contained within this preliminary announcement has been extracted from the Group's audited financial statements a copy of which is available on the Company's website: www.pgmining.com.

The financial information is presented in US dollars.

4 Revenue

The Group is not yet producing revenues from its mineral exploration and mining activities. The Company charged its subsidiary entities \$900,000 (2022: \$930,000) in respect of management services provided.

5 Loss per share

	31 December 2023	31 December 2022
	\$	\$
Loss attributable to the parent used in calculating basic and diluted loss per Share	<u>(1,535,494)</u>	<u>(1,546,827)</u>
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic earnings per share	<u>123,483,143</u>	<u>121,794,101</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>123,483,143</u>	<u>121,794,101</u>
Basic loss per share (US cents per share)	<u>(1.24)</u>	<u>(1.27)</u>
Diluted loss per share (US cents per share)	<u>(1.24)</u>	<u>(1.27)</u>

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where the Group has incurred a loss in a year the diluted earnings per share is the same as the basic earnings per share.

The Company has potentially issuable shares of 20,350,158 (2022: 13,746,457) all of which relate to the potential dilution in respect of warrants and share options issued by the Company.

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6 Non-current assets	Mining property \$
<i>At 1 January 2022</i>	26,124,030
Additions	<u>6,980,200</u>
<i>At 31 December 2022</i>	<u>33,104,230</u>
<i>At 1 January 2023</i>	33,104,230
Additions	<u>5,328,292</u>
<i>At 31 December 2023</i>	<u>38,432,522</u>
Net book value	
At 1 January 2022	<u>26,124,030</u>
At 31 December 2022	<u>33,104,230</u>
At 31 December 2023	<u>38,432,522</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.

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7 Intangible assets

	Exploration and evaluation expenditure \$
<i>At 1 January 2022</i>	330,844
Additions	<u>16,156</u>
<i>At 31 December 2022</i>	<u>347,000</u>
<i>At 1 January 2023</i>	347,000
Additions	<u>9,805</u>
<i>At 31 December 2023</i>	<u>356,805</u>
Net book value	
At 1 January 2022	<u>330,844</u>
At 31 December 2022	<u>347,000</u>
At 31 December 2023	<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.

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8 Trade and other receivables

	31 December 2023	31 December 2022
	\$	\$
Other receivables	382,179	181,072
Preliminary bond issue expenses	882,814	1,110,166
Prepaid expenses	169,287	243,269
	1,434,280	1,534,507

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 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.

9 Financial assets

	31 December 2023	31 December 2022
	\$	\$
Quoted investments	4,191	18,563

Quoted investments represent 11,111 shares in Toronto-based Electra Battery Materials Corporation. The shares have been valued at market price as at 31 December 2023. A fair value adjustment of \$14,372 (2022: \$37,777) has been charged to other operating expenses.

10 Trade and other payables

	31 December 2023	31 December 2022
	\$	\$
Trade payables	410,448	569,864
Other payables	16,275	2,606
	426,723	572,470

All trade and other payables are payable on demand or have payment terms of less than 90 days. The Group is not exposed to any significant currency risk in respect of its payables.

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11 Borrowings and other liabilities

	31 December 2023	31 December 2022
	\$	\$
Current liabilities		
Short-term borrowings	2,048,501	-
Deferred consideration	190,000	500,000
	2,238,501	500,000

During the year the Group entered a short-term unsecured funding arrangement of \$2,000,000, with an initial fixed 4% coupon. 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 8.7 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. Total consideration payable to Mackay LLC was \$800,000, of which \$610,000 has been paid.

12 Provisions

	31 December 2023	31 December 2022
	\$	\$
Rehabilitation provision	-	100,000
Royalties payable	657,702	657,702
	657,702	757,702

The provision of \$100,000 for decommissioning the Empire Mine was released in the year. 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. During the year \$140,100 (2022: \$38,970) of such costs have been capitalised into mining property.

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

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13 Share capital

	Group and Company Number 2023	Group and Company Number 2022
Number of ordinary shares of no par value		
At the beginning of the year	122,628,622	117,415,680
Issued in the year	2,300,000	5,212,942
At the end of the year	124,928,622	122,628,622

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 year the Company issued 2,300,000 ordinary shares at an average issue price of \$0.22 per share to raise \$0.51 million in respect of warrants exercised. All shares are issued fully paid.

Since the year-end the Company has issued a further 24,141,373 ordinary shares at \$0.15 per share from a placing, subscription and retail offer. The Company currently has 149,069,995 ordinary shares in issue.

The ordinary shares in the Company have no par value. All ordinary shares have equal voting rights in respect of shareholder meetings. All ordinary shares have equal rights to dividends and the assets of the Company.

The Company has issued warrants to subscribe for additional shares. Each warrant provides the right to the holder to convert one warrant into one ordinary share of no-par value at exercise prices ranging from £0.18 to £0.50. At 31 December 2023 the number of warrants in issue was 9,221,457 (2022: 7,521,457).

The Company has issued options to subscribe for additional shares to the directors and senior employees of the Group. Each option provides the right to the holder to subscribe for one ordinary share of no par-value, subject to the vesting conditions, at exercise prices ranging from £0.17 to £0.50. On 31 December 2023 the number of options in issue was 6,225,000 (2022: 6,225,000).

Since the year end a further 4,903,701 warrants have been issued at exercise prices ranging from £0.115 to £0.20

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14 Share-based payments

The Company has issued 9,221,457 (2022: 7,521,457) warrants to subscribe for additional share capital of the Company. Each warrant entitles the holder to subscribe for one ordinary equity share in the Company. The right to convert each warrant is unconditional.

Additionally, the Company has issued 6,225,000 (2022: 6,225,000) share options to directors and senior employees of the Group. Each share option entitles the holder to subscribe for one ordinary equity share in the Company once the vesting conditions have been satisfied. No new share options were issued or amended in the year ended 31 December 2023.

In the periods presented the Company has operated an equity-settled share based incentivisation schemes for employees.

Equity-settled share-based payments are measured at fair-value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of issue. The warrants were issued as exercisable from the date they were issued and there are no further vesting conditions applicable.

Warrants issued	Weighted Average Exercise price	31 December 2023 Number	31 December 2022 Number
At the beginning of the year	£0.40	7,521,457	12,577,920
Issued in the year	£0.35	-	707,500
Issued in the year	£0.50	-	1,570,455
Issued in the year	£0.42	2,000,000	-
Issued in the year	£0.18	2,000,000	-
Exercised prior year – average exercise price	£0.30		(5,212,942)
Exercised in the year – average exercise price	£0.18	(2,300,000)	-
Lapsed	£0.42	-	(2,121,476)
Modification of warrant exercise price	£0.12	-	-
At the end of the year	£0.38	9,221,457	7,521,457

Share options issued	Weighted average Exercise price	31 December 2023 Number	31 December 2022 Number
At the beginning of the year	£0.34	6,225,000	6,025,000
Issued in the year	£0.30	-	200,000
At the end of the year	£0.34	6,225,000	6,225,000

The total share-based payment charge for all warrants and options in the year was \$412,716 of which \$18,191 has been charged to profit and loss and \$393,725 allocated to Mining Property (2022: \$211,706, \$67,818 and \$143,888 respectively). The share-based payment charge was calculated using the Black-Scholes model. All warrants issued vest immediately on issue. Share options vest up to a 36-month period from the date of issue, or on the achievement of certain vesting milestones.

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Volatility for the calculation of the share-based payment charge in respect of both the warrants and the share options issued was determined by reference to movements in the Company's quoted share price on AIM.

The inputs into the Black-Scholes model for the warrants and share options issued were as follows:

	31 December 2023	31 December 2023
	Warrants issued	Share options issued
Weighted average share price at grant date	£0.30	-
Weighted average exercise prices	£0.33	-
Weighted average expected volatility	116.5%	-
Expected life in years	1.00	-
Weighted average contractual life in years	1.00	-
Risk-free interest rate	3.5%	-
Expected dividend yield	-	-
Fair-value of warrants granted (pence)	£0.065	-

On 23 March 2023 the Company issued 2,000,000 warrants with an exercise price of £0.42, the share price on the date of issue was £0.23 and the fair-value of each warrant was £0.05. On 25 September 2023 the exercise price of these warrants was amended to £0.30. This amendment has been valued as a modified instrument with a fair-value of £0.01.

On 14 September 2023 the Company issued 2,000,000 warrants with an exercise price of £0.18, the share price at the date of issue was £0.20 and the fair-value of each warrant was £0.08.

The warrants issued are all exercisable from the date of issue. The average volatility for the warrants issued was 116.5%.

No share options were issued or amended in the year. The number of outstanding share options are exercisable between £0.30 to £0.34.

The expected life of the outstanding warrants and options is up to 1 year.

Share-based payments allocation of charge

	31 December 2023	31 December 2022
	\$	\$
Share options	54,262	169,843
Warrants including modification	358,454	41,863
Total charge	412,716	211,706
Allocation:		
Mining property	393,725	143,888
Administrative expenses	18,991	67,818
	412,716	211,706

The share-based payment charge has been simultaneously credited to retained deficit.

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15 Events after the reporting date

On 31 January 2024 the Company completed a placing, subscription and retail offer to raise \$3.52 million before issue expenses.

On 2 March 2024 the Company refinanced its short-term loan facility (see also note 19) 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 is unsecured and attracts interest at 15% per annum. The loan is potentially convertible into approximately 8.7 million new ordinary shares in the Company. It is the intention of the Company to repay this loan from the proceeds of its corporate copper bond issue (see below).

On 27 December 2023 the Company created a class of corporate copper bonds (“Bonds”) in an authorised amount of \$300 million, in anticipation of closing an initial tranche of \$80 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 bond investors.

Since the year-end the Company has received subscription agreements to complete a fully subscribed initial Bond issue for a principal value of a minimum \$80 million before issue expenses. The Bonds will 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 will only be payable on the principal value of Bonds drawn down.

The Bonds are not convertible, are secured on the Group’s interests in the Empire open pit mine, will be listed on a recognised European stock exchange, and have a final maturity of ten 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. M&G Trustee Company are acting as Security Trustee and Escrow Agent, and The Bank of New York Mellon as Custodian and Transfer, Paying and Settlement Agent.

The Company has agreed to pay the Bond investors fees which will be satisfied by the grant of certain securities relating to the Company’s shares. Shareholder approval will be required for the issue and exercise of such securities.

Environmental, Social, and Corporate Governance (“ESG”)

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 ESG platform, overseen by the Company’s ESG & Sustainability Committee. The Company also publishes annual Sustainability Reports, 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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Contacts

For further information please visit <https://phoenixcopperlimited.com>, or contact:

Phoenix Copper Limited	Ryan McDermott	Tel: +1 208 954 7039
	Brittany Lock	Tel: +1 208 794 8033
	Richard Wilkins	Tel: +44 7590 216 657
SP Angel Corporate Finance LLP (Nominated Adviser)	David Hignell / Caroline Rowe/ Kasia Brzozowska	Tel: +44 20 3470 0470
Tavira Financial Limited (Joint Broker)	Jonathan Evans / Oliver Stansfield	Tel: +44 20 7100 5100
WH Ireland (Joint Broker)	Harry Ansell / Katy Mitchell	Tel: +44 20 7220 1666
Panmure Gordon (UK) Limited (Joint Broker)	Mark Murphy / Will Goode / Joseph Tan	Tel: +44 20 7886 2500
EAS Advisors (US Corporate Adviser)	Matt Bonner / Rogier de la Rambelje	Tel: +1 (646) 495-2225
BlytheRay (Financial PR)	Tim Blythe / Megan Ray	Tel: +44 20 7138 3204

Notes

Phoenix Copper Limited is an emerging producer and exploration company specializing 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

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Open-Pit mine. Proven & Probable mineral reserves are 10.1 million tonnes containing 109,487,970 lbs of copper, 104,000 ounces of gold and 4,654,400 ounces 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.

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 (34.13 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 with Electra Battery Materials, Toronto, 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/>