

## CASTLE HILL GOLD PROJECT GROWS BEYOND 500,000oz

### Highlights

- RESOURCE ESTIMATE FOR CASTLE HILL MORE THAN DOUBLES FROM 253Koz TO **526Koz**
- SUCCESSFUL DRILLING AND RE-EVALUATION ADDS 4.9MT AT 1.7g/t FOR 273Koz
- STRIKE LENGTH NOW MORE THAN 2km AND OPEN IN ALL DIRECTIONS AND AT DEPTH
- GROWING THE RESOURCE BASE AT CASTLE HILL NOW A KEY STRATEGIC FOCUS FOR PHOENIX
- PHOENIX'S TOTAL JORC CLASSIFIED MINERAL RESOURCE NOW **1.39Moz**

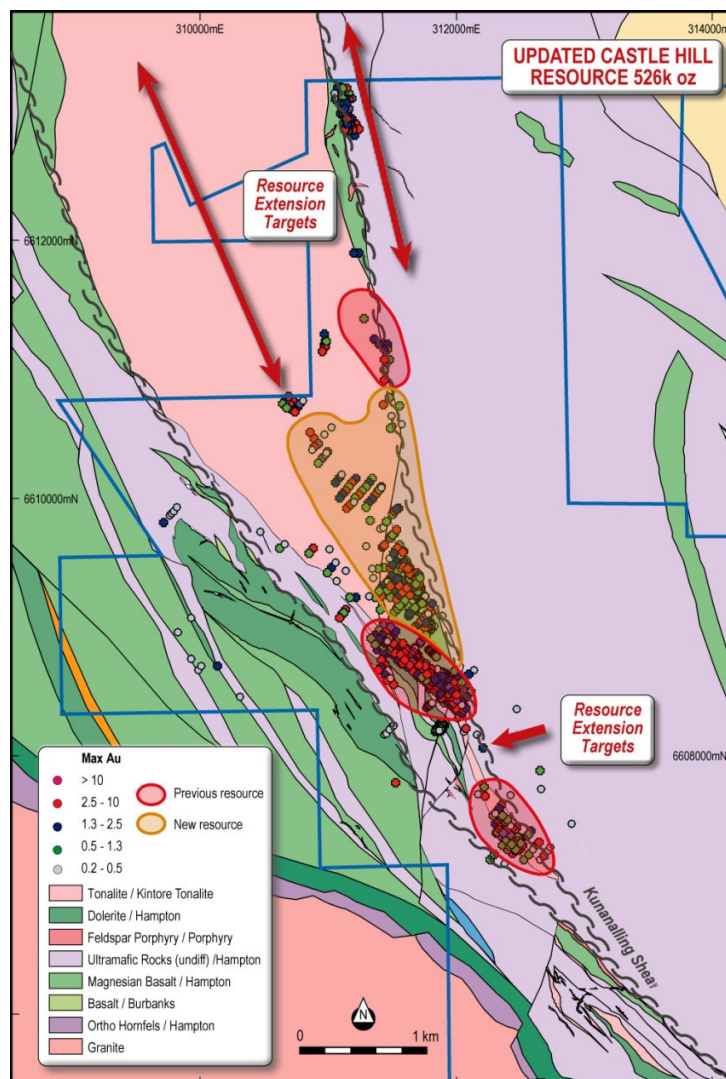


Figure 1 Castle Hill resource

*Phoenix Gold Limited*  
ASX: PXG, PXGO,  
PXGOA

## Summary

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to announce an upgrade of the Mineral Resource estimate for its Castle Hill gold project following a successful drilling program and recent geological modelling. Castle Hill is located on the Kunanalling Shear approximately 50km northwest of Kalgoorlie in Western Australia's Eastern Goldfields region (Figure 2).

The project is near surface, free milling material and comprises both large tonnage base-load style mineralisation adjacent to higher-grade shear-hosted lodes. Drill results released in March confirmed the mineralised system to have a contiguous strike length of more than 2km, however, mineralisation remains open along strike and at depth.

"The recent drill results and subsequent upgrade of the Castle Hill resource demonstrate why we are so excited about this project and believe it has the potential to become a very large gold mine. The deposit remains open along strike and has only been tested to an average 60m depth so extensions are a key focus for Phoenix in the second half of 2011," Phoenix Managing Director Jon Price said.

The resource for the Castle Hill project is now estimated to be 10.55 million tonnes at 1.6 g/t Au for 526,000 ounces (Table 1). This represents a 108% increase from the previous Mineral Resource of 253,000oz. Significantly, the new Mineral Resource ounces have been added at an increased grade of 1.7g/t increasing the total average Castle Hill grade by 14% to 1.6g/t.

"Together with the recently released maiden resource at the Backflip deposit and the Blue Funnel acquisition, this latest resource increases our total JORC-classified Mineral Resources to 1,385,000oz, an increase of 42% since December 2010 and represents significant progress in our stated goal of achieving 1.4-1.5Moz<sup>1</sup> by December 2011," Mr Price said.

Planning is well underway to accelerate the drilling and evaluation at Castle Hill targeting extensions to mineralisation along strike to the north and south as well as test the depth potential and adjacent structures.

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1. see note 5, page 4

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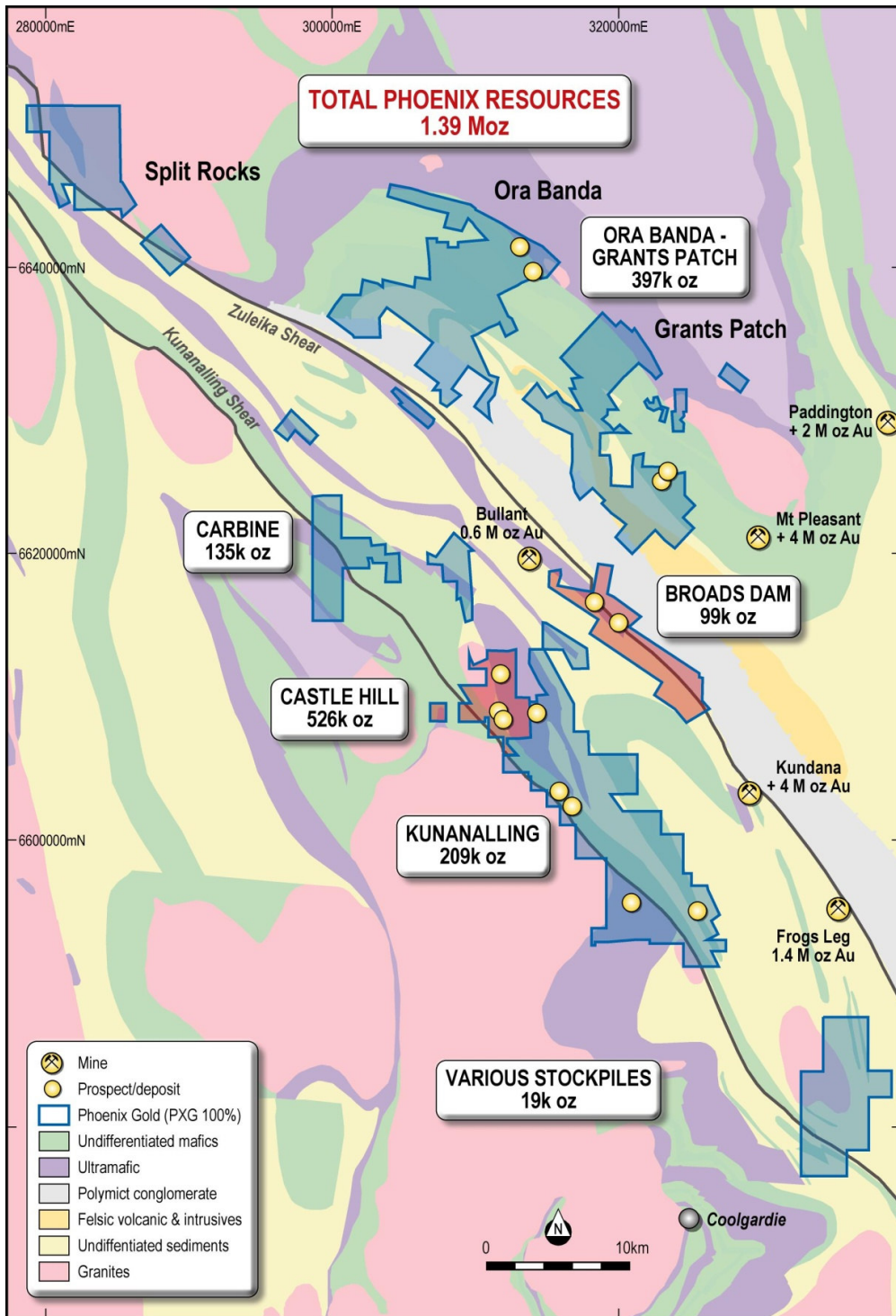


Figure 2. Location of Phoenix's Gold Projects on the Zuleika and Kunanalling Shears

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## About Phoenix

Phoenix Gold Ltd is an emerging Australian exploration and development company with an extensive land holding on the Zuleika and Kunanalling shear zones northwest of Kalgoorlie in Western Australia, home to some of Australia's richest gold deposits.

Kalgoorlie-based Phoenix is aiming to grow its JORC-classified resources from an initial base of 977,000 ounces of gold by at least 50% to 1.4 – 1.5Moz by the end of 2011. Phoenix believes this will be sufficient to support an initial mine plan of three to five years and is aggressively reviewing development options.

Including this announcement, resources now stand at 1.385 million ounces (Table 1) representing an increase of 42%, and significant progress towards achieving the 1.4 - 1.5Moz target in 2011.

With a balanced mix of exploration (new discoveries and extensions) and development of a sustainable production profile, Phoenix aims to grow a significant gold company for the benefit of all stakeholders.

Table 1: Phoenix Gold – Summary of Mineral Resources

Project	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource			Total Mineral Resource		
	Mt	Au (g/t)	Au Oz	Mt	Au (g/t)	Au Oz	Mt	Au (g/t)	Au Oz	Mt	Au (g/t)	Au Oz
Kunanalling	0.49	2.4	38,000	0.78	1.6	40,000	2.11	1.9	130,000	3.39	1.9	209,000
Castle Hill	0.18	3.4	20,000	5.46	1.5	270,000	4.91	1.5	237,000	10.55	1.6	526,000
Ora Banda- Grants Patch				1.52	2.0	97,000	5.12	1.8	300,000	6.64	1.9	397,000
Carbine				0.51	2.5	41,000	1.33	2.2	94,000	1.84	2.3	135,000
Zuleika				0.28	3.9	35,000	0.89	2.2	64,000	1.17	2.6	99,000
Stockpiles				0.50	1.2	19,000				0.50	1.2	19,000
<b>TOTAL</b>	<b>0.67</b>	<b>2.70</b>	<b>58,000</b>	<b>9.04</b>	<b>1.70</b>	<b>502,000</b>	<b>14.37</b>	<b>1.80</b>	<b>825,000</b>	<b>24.08</b>	<b>1.80</b>	<b>1,385,000</b>

### Notes:

- Stockpiles report material mined from historical mining operations at Lady Jane, Broads Dam, Premier, Catherwood, Bluebell, Mick Adam and Shamrock.
- The information in this report that relates to Exploration results and Mineral Resources is based on information compiled by Mr Ian Copeland. Mr Copeland, who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists, is a full time employee of Phoenix Gold. Mr Copeland has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Copeland has given his consent to the inclusion in the report of matters based on the information in the form and context in which it appears.
- Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.
- The information on exploration targets is based on a conceptual range of targets as follows: Tonnage range: 19 million to 30 million tonnes, grade range: 1 g/t Au to 10 g/t Au

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