



DIAMOND DRILLING RESULTS CONFIRM RESOURCE UPSIDE AT PHOENIX'S CASTLE HILL GOLD PROJECT

HIGHLIGHTS

- Maiden diamond drilling intercepts significant mineralisation below the current Resource
- Significant drill results include:
 - 33m at 3.2g/t Au from 189m
 - 12m at 6.2g/t Au from 109m
 - 39m at 1.65g/t Au from 159m
 - 13m at 4.5g/t Au from 172m
 - 21m at 1.83g/t Au from 128m
 - 18m at 1.9g/t Au from 125m
- Results indicate mineralisation continues at depth and remains open in all directions
- New drilling expected to significantly increase current Resource well beyond 1M ounces
- Conceptual mining studies on existing Resource well advanced including standalone processing plant at Castle Hill.

ASX: PXG, PXGOA

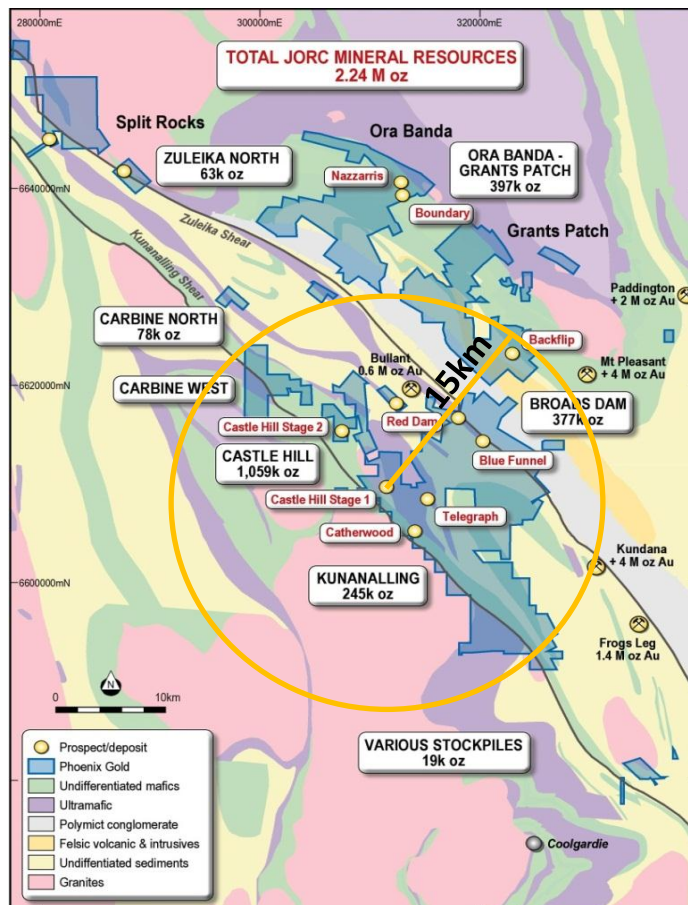


Figure 1: Project location, Phoenix tenements and mining study area

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Overview

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to announce results from its maiden diamond drill programme at its flagship Castle Hill gold project. The project is located on the highly prospective Kunanalling shear zone in the heart of the Western Australian Goldfields (Figure 1) less than 50 km from the regional mining centre of Kalgoorlie.

The project area lies on the western margin of the Coolgardie Domain of the Norseman-Wiluna Belt, and is transected by the Kunanalling Shear Zone (Figure 2). At Castle Hill the Kintore Tonalite (porphyry) is the main host to gold mineralisation complemented with high grade shear hosted lodes in the adjacent basalt.

The current Castle Hill Resource estimate stands at 21.71 million tonnes at 1.5 g/t Au for 1,059,000 ounces (Table 1). This Resource only extends to a depth of only 85m below surface. Significant results from the recent diamond drilling programme are over twice that depth.

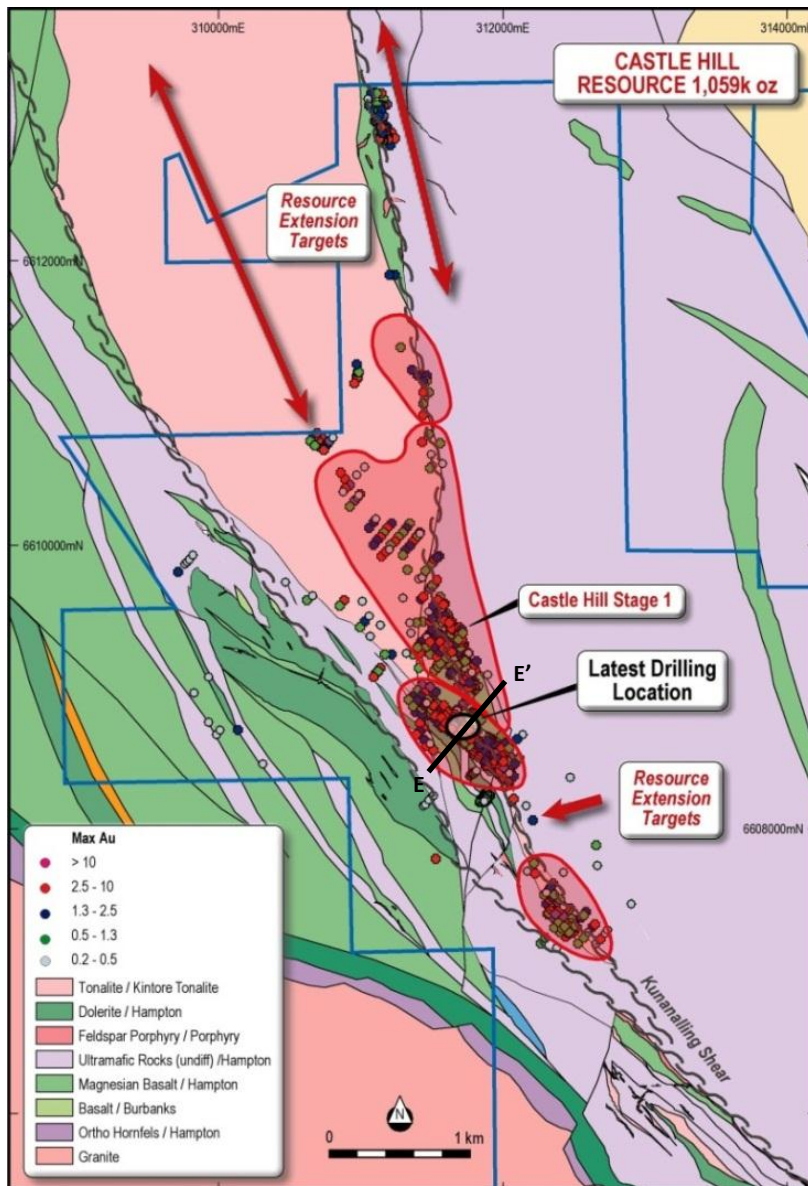


Figure 2: Castle Hill – regional geology, diamond drilling and cross section location

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In the September Quarter, a total of 13 diamond drill holes totalling 3,167 metres were completed to test the depth extent of mineralisation below the current Resource envelope. In addition, the programme provided diamond core to allow for more thorough investigation into controls on mineralisation within the Tonalite.

The drilling programme successfully produced a number of substantial mineralised intersections beneath the current resource envelope to a depth of 200 metres. Results showed a combination of large widths at depth with improving grades (Figure 3) coupled with narrower and much higher grade mineralisation consistent with the changing weathering profile at depth. The results demonstrate that mineralisation continues at depth and has similar characteristics to that seen in previous drill programmes. The mineralisation remains open in all directions.

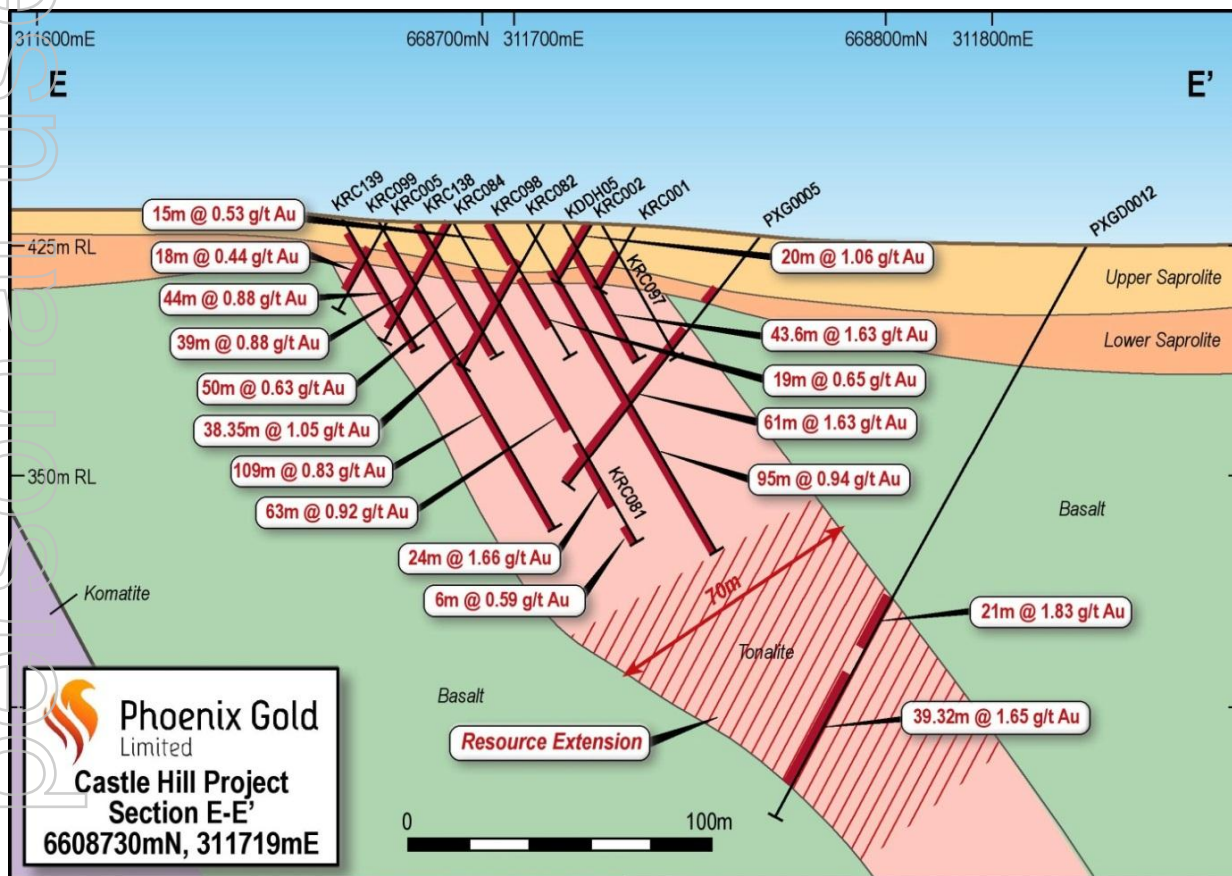


Figure 3: Cross section – Castle Hill gold project (PXG denotes latest drilling)

“Castle Hill continues to demonstrate its multimillion ounce potential and we are just starting to see that potential at depth with the first diamond drilling programme. Not only have the results delivered significant mineralisation well below the current resource envelope, analysis of the drill core is confirming our geological understanding of the controls on mineralisation,” Managing Director Jon Price said.

“We look forward to releasing a full geological summary of the Castle Hill project in coming weeks aimed at demonstrating how robust the project is and why we believe the project is emerging as the latest large scale gold system in the Western Australian Goldfields,” Mr Price said.



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The long section below (Figure 4) demonstrates the potential of this large mineralised system that is now 9km long, up to 600m wide and open in all directions. Stage 1 of Castle Hill illustrated in Figure 4 across a 900m strike is typical of what has been identified with broad lower grade mineralisation combined with high grade lenses to provide a very well-endowed gold system. The current resource envelope has only been defined to a depth of only 85m depth due to lack of drill data below this level. These latest diamond drilling results will now be incorporated into the geological model.

An updated Resource for Castle Hill including the latest results is expected in the December Quarter.

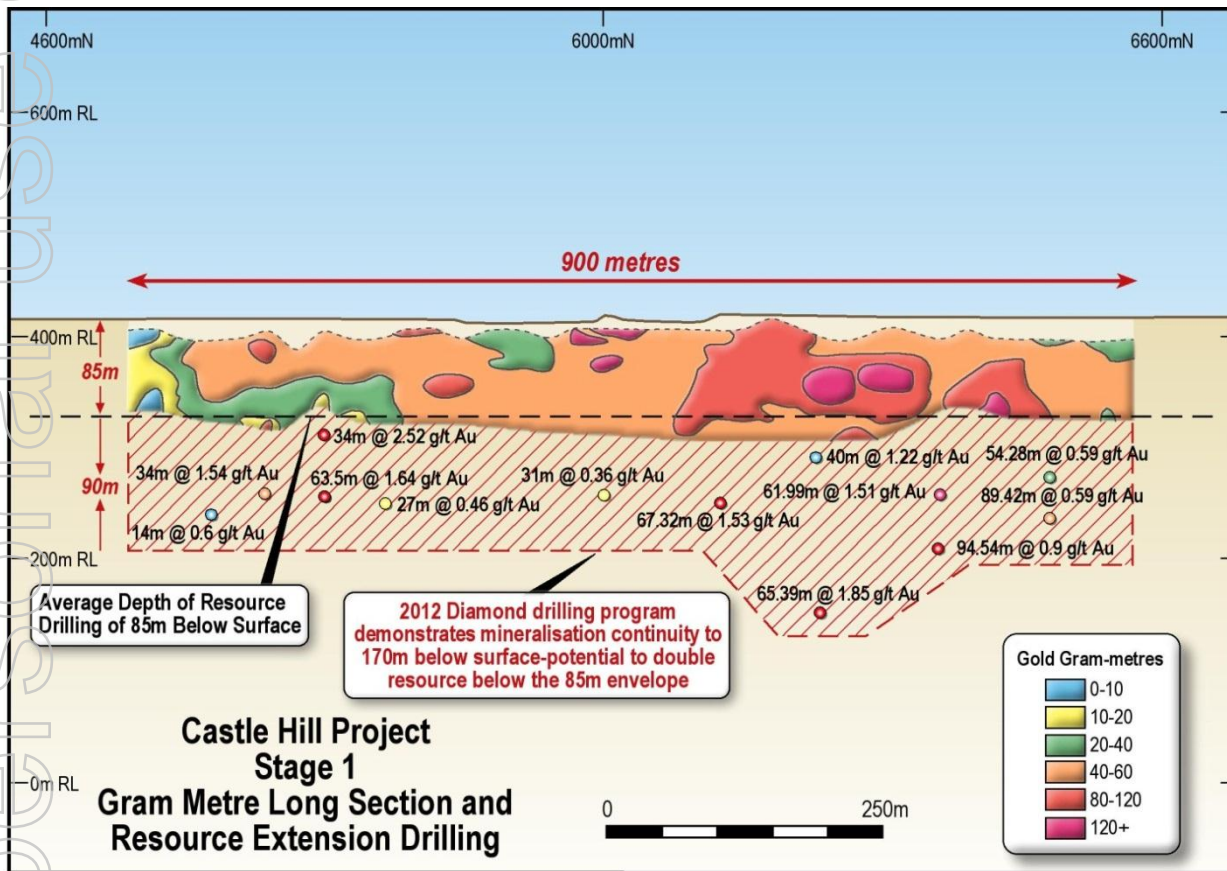


Figure 4: Long section – Castle Hill Stage 1

A Conceptual mining study on Castle Hill is well advanced and includes pit optimisation and design, a metallurgical review, mine scheduling and economic evaluation using the current resource model to determine optimal mining and processing pathways. The study, however, will not include the potential Resource increases from the recent drilling programme.

This study, along with other studies being completed on Phoenix projects within a 15km radius of Castle Hill, will also assess the economic viability of the construction of a standalone processing facility plant at Castle Hill.

Castle Hill has the potential to be a near surface large scale open cut mine with moderate to low strip ratio processed by conventional milling with excellent metallurgical recoveries all within 50 km of Kalgoorlie.



About Phoenix

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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 significantly grow its JORC-classified resources and to self-fund aggressive exploration through the development of advanced mining projects that can deliver cash flow in the short term.

The 100% owned Castle Hill gold project is emerging as a flagship asset with the potential to become a multi-million ounce gold mine¹ with excellent metallurgy and close to all major infrastructure. Castle Hill is one of many well-endowed gold systems within Phoenix's portfolio.

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
Castle Hill	0.18	3.4	20,000	7.28	1.5	356,000	14.25	1.5	684,000	21.71	1.5	1,059,000
Broads Dam				2.37	2.2	168,000	2.95	2.2	210,000	5.32	2.2	377,000
Kunanalling	0.49	2.4	38,000	0.78	1.6	40,000	2.91	1.8	166,000	4.18	1.8	245,000
Ora Banda/ Grants Patch				1.52	2.0	97,000	5.12	1.8	300,000	6.64	1.9	397,000
Carbine							1.40	1.7	78,000	1.40	1.7	78,000
Zuleika North				0.51	2.5	41,000	0.27	2.5	22,000	0.78	2.5	63,000
Stockpiles				0.50	1.2	19,000				0.50	1.2	19,000
Total	0.67	2.7	58,000	12.96	1.7	721,000	26.89	1.7	1,460,000	40.52	1.7	2,239,000

Notes:

1. Stockpiles report material mined from historical mining operations at Lady Jane, Broads Dam, Premier, Catherwood, Bluebell, Mick Adam and Shamrock.
2. 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.
3. 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.
4. The information on exploration targets is based on a conceptual range of targets as follows: Tonnage range: 2 million to 20 million tonnes, grade range: 1.5 g/t Au to 5 g/t Au

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Appendix 1

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Table 2 – Castle Hill Project – Significant drilling results (see Note 2)

Hole_ID	Depth	Collar Location MGA_51			Dip	Azi	From (m)	To (m)	Grade (g/t)	Width (m)	Description							
		East	North	RL														
PXGC0313	170	311876	6608618	426	-60	220	35	37	0.7	2	2.00m @ 0.70 g/t							
							69	70	1.19	1	1.00m @ 1.19 g/t							
							82	109	1.09	27	27.00m @ 1.09 g/t							
							113	116	0.42	3	3.00m @ 0.42 g/t							
PXGD0006	220.6	311574	6609030	427	-60	220	67	80	0.78	13	13.00m @ 0.78 g/t							
							114	115	0.7	1	1.00m @ 0.70 g/t							
							128	129	1.32	1	1.00m @ 1.32 g/t							
							133	155	0.9	22	22.00m @ 0.90 g/t							
							159	164.4	1.01	5.4	5.40m @ 1.01 g/t							
							166.95	169.9	1.5	2.95	2.95m @ 1.50 g/t							
							175.53	177.18	0.41	1.65	1.65m @ 0.41 g/t							
							184.2	184.91	0.47	0.71	0.71m @ 0.47 g/t							
							187.06	187.87	2.26	0.81	0.81m @ 2.26 g/t							
							190.39	190.93	6.79	0.54	0.54m @ 6.79 g/t							
							193.5	204.8	0.44	11.3	11.30m @ 0.44 g/t							
							209.05	210.14	0.39	1.09	1.09m @ 0.39 g/t							
							212.25	215.64	1.05	3.39	3.39m @ 1.05 g/t							
PXGD0007	225.4	311525	6608970	428	-60	220	0	1	0.42	1	1.00m @ 0.42 g/t							
							46	47	1.01	1	1.00m @ 1.01 g/t							
							52	54	1.32	2	2.00m @ 1.32 g/t							
							66	67	0.62	1	1.00m @ 0.62 g/t							
							70	71	0.93	1	1.00m @ 0.93 g/t							
							74	75	1.1	1	1.00m @ 1.10 g/t							
							101	102	0.45	1	1.00m @ 0.45 g/t							
							105	107	0.64	2	2.00m @ 0.64 g/t							
							118	119	0.36	1	1.00m @ 0.36 g/t							
							122	144	0.9	22	22.00m @ 0.90 g/t							
							PXGD0007	225.4	311525	6608970	428	-60	220	147	154	0.88	7	7.00m @ 0.88 g/t
														163.2	172.02	0.44	8.82	8.82m @ 0.44 g/t
176	177.29	1.38	1.29	1.29m @ 1.38 g/t														
190	191.72	0.87	1.72	1.72m @ 0.87 g/t														
PXGD0008	254.8	311649	6608964	426	-60	220	80	90	0.7	10	10.00m @ 0.70 g/t							
							112	113	0.33	1	1.00m @ 0.33 g/t							
							137	147	3.06	10	10.00m @ 3.06 g/t							
							155	174.16	0.46	19.16	19.16m @ 0.46 g/t							
							180	180.7	0.66	0.7	0.70m @ 0.66 g/t							
							183.1	185.1	3.02	2	2.00m @ 3.02 g/t							
							194.6	197.1	3.75	2.5	2.50m @ 3.75 g/t							
							202.1	203.3	1.18	1.2	1.20m @ 1.18 g/t							
							206.4	207.5	0.48	1.1	1.10m @ 0.48 g/t							
							215.5	224.1	2.15	8.6	8.60m @ 2.15 g/t							
							226.3	233.26	0.93	6.96	6.96m @ 0.93 g/t							
243.88	244.4	0.89	0.52	0.52m @ 0.89 g/t														
PXGD0009	208.57	311616	6608926	427	-60	220	39	44	1.18	5	5.00m @ 1.18 g/t							
							52	66	0.68	14	14.00m @ 0.68 g/t							
							69	70	0.77	1	1.00m @ 0.77 g/t							
							73	75	0.71	2	2.00m @ 0.71 g/t							
							87	95	0.56	8	8.00m @ 0.56 g/t							
							102	119	1.7	17	17.00m @ 1.70 g/t							
							122	139	1.77	17	17.00m @ 1.77 g/t							
							142	168.17	1.38	26.17	26.17m @ 1.38 g/t							
							171.56	172.15	0.32	0.59	0.59m @ 0.32 g/t							
							174.3	175.2	1.06	0.9	0.90m @ 1.06 g/t							
							177.44	180.21	0.58	2.77	2.77m @ 0.58 g/t							
							183.74	185.74	0.4	2	2.00m @ 0.40 g/t							
							187.77	190.21	0.89	2.44	2.44m @ 0.89 g/t							
193.1	193.4	0.49	0.3	0.30m @ 0.49 g/t														
196.25	196.58	0.52	0.33	0.33m @ 0.52 g/t														



Table 2 (cont.) – Castle Hill Project – Significant drilling Results (see Note 2)

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Hole_ID	Depth	Collar Location MGA_51			Dip	Azi	From (m)	To (m)	Grade (g/t)	Width (m)	Description
		East	North	RL							
PXGD0010	288.64	311762	6608947	425	-70	220	24	26	3.48	2	2.00m @ 3.48 g/t
							38	39	1.4	1	1.00m @ 1.40 g/t
							63	67	0.83	4	4.00m @ 0.83 g/t
							81	83	1.13	2	2.00m @ 1.13 g/t
							89	91	2.46	2	2.00m @ 2.46 g/t
							94	95	0.47	1	1.00m @ 0.47 g/t
							99	105	0.88	6	6.00m @ 0.88 g/t
							121	128	0.51	7	7.00m @ 0.51 g/t
							145	146	0.38	1	1.00m @ 0.38 g/t
							151	157	3.37	6	6.00m @ 3.37 g/t
							168.5	172	0.48	3.5	3.50m @ 0.48 g/t
							188.61	221.22	3.17	32.61	32.61m @ 3.17 g/t
							226.64	256.93	0.61	30.29	30.29m @ 0.61 g/t
							261	262	0.62	1	1.00m @ 0.62 g/t
268.61	275.05	0.64	6.44	6.44m @ 0.64 g/t							
PXGD0010	288.64	311762	6608947	425	-70	220	278.85	279.3	8.21	0.45	0.45m @ 8.21 g/t
							287.3	288	2.62	0.7	0.70m @ 2.62 g/t
PXGD0011	222.24	311587	6608717	433	-60	40	10	11	0.33	1	1.00m @ 0.33 g/t
							18	19	0.52	1	1.00m @ 0.52 g/t
							23	24	11.02	1	1.00m @ 11.02 g/t
							27	28	3.15	1	1.00m @ 3.15 g/t
							32	39	0.71	7	7.00m @ 0.71 g/t
							43	66	1.28	23	23.00m @ 1.28 g/t
							74	76	0.47	2	2.00m @ 0.47 g/t
							82	94	0.66	12	12.00m @ 0.66 g/t
							103	106	0.3	3	3.00m @ 0.30 g/t
							109	115	1.81	6	6.00m @ 1.81 g/t
							136	137	1.56	1	1.00m @ 1.56 g/t
155	159	2.42	4	4.00m @ 2.42 g/t							
PXGD0012	210.26	311813	6608856	424	-60	220	128	149	1.83	21	21.00m @ 1.83 g/t
							159	198.32	1.65	39.32	39.32m @ 1.65 g/t
PXGD0013	222.62	311878	6608773	429	-60	220	46	47	0.38	1	1.00m @ 0.38 g/t
							129	145	0.66	16	16.00m @ 0.66 g/t
							154	160	0.53	6	6.00m @ 0.53 g/t
							162.51	164.42	0.88	1.91	1.91m @ 0.88 g/t
							172.63	173.8	0.32	1.17	1.17m @ 0.32 g/t
179.3	180.42	0.53	1.12	1.12m @ 0.53 g/t							
204.19	206.66	0.74	2.47	2.47m @ 0.74 g/t							
PXGD0014	237.71	311983	6608589	424	-60	220	0	1	0.56	1	1.00m @ 0.56 g/t
							41	45	4.73	4	4.00m @ 4.73 g/t
							54	58	0.7	4	4.00m @ 0.70 g/t
							122	123	2.34	1	1.00m @ 2.34 g/t
							127	128	1.39	1	1.00m @ 1.39 g/t
							136	137	0.82	1	1.00m @ 0.82 g/t
							168.45	169.45	0.3	1	1.00m @ 0.30 g/t
							173.35	177.04	1.1	3.69	3.69m @ 1.10 g/t
							181.65	182.65	0.61	1	1.00m @ 0.61 g/t
184.75	200.15	0.5	15.4	15.40m @ 0.50 g/t							
PXGD0015	186.55	312030	6608560	424	-60	220	41	46	0.72	5	5.00m @ 0.72 g/t
							51	52	0.68	1	1.00m @ 0.68 g/t
							61	67	3.84	6	6.00m @ 3.84 g/t
							74	77	5	3	3.00m @ 5.00 g/t
							82	89	0.61	7	7.00m @ 0.61 g/t
							93	95	0.33	2	2.00m @ 0.33 g/t
							101	105	0.6	4	4.00m @ 0.60 g/t
							109	121	6.23	12	12.00m @ 6.23 g/t
							124	126	0.69	2	2.00m @ 0.69 g/t
							130	135	1.05	5	5.00m @ 1.05 g/t
							139	140	0.64	1	1.00m @ 0.64 g/t
143	145	0.51	2	2.00m @ 0.51 g/t							



Table 2 (cont.) – Castle Hill Project – Significant drilling results (see Note 2)

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Hole_ID	Depth	Collar Location MGA_51			Dip	Azi	From (m)	To (m)	Grade (g/t)	Width (m)	Description
		East	North	RL							
PXGD0016	222.92	312072	6608610	423	-60	220	135	148	0.55	13	13.00m @ 0.55 g/t
PXGD0016	222.92	312072	6608610	423	-60	220	156	169.4	0.98	13.4	13.40m @ 0.98 g/t
							171.6	184.12	4.48	12.52	12.52m @ 4.48 g/t
							186.24	190.05	0.67	3.81	3.81m @ 0.67 g/t
							193.61	200.9	1.09	7.29	7.29m @ 1.09 g/t
							218.6	219.49	26.26	0.89	0.89m @ 26.26 g/t
PXGD0017	268.1	312087	6608547	426	-60	220	81	84	2.05	3	3.00m @ 2.05 g/t
							90	91	0.3	1	1.00m @ 0.30 g/t
							98	99	0.37	1	1.00m @ 0.37 g/t
							105	107	0.44	2	2.00m @ 0.44 g/t
							110	111	1.28	1	1.00m @ 1.28 g/t
							125	143	1.94	18	18.00m @ 1.94 g/t
							146	159	1.3	13	13.00m @ 1.30 g/t
							166	169.1	2.22	3.1	3.10m @ 2.22 g/t
							171.97	179	0.78	7.03	7.03m @ 0.78 g/t
							187.5	189.15	1.37	1.65	1.65m @ 1.37 g/t
							PXGD0018	228.74	312115	6608511	426
91	95	0.46	4	4.00m @ 0.46 g/t							
98	101	0.45	3	3.00m @ 0.45 g/t							
167.2	168.2	0.58	1	1.00m @ 0.58 g/t							
181	184.1	2.12	3.1	3.10m @ 2.12 g/t							
187.22	188.66	0.67	1.44	1.44m @ 0.67 g/t							
193.4	194	0.36	0.6	0.60m @ 0.36 g/t							
196.2	196.8	0.3	0.6	0.60m @ 0.30 g/t							
203.95	204.53	0.8	0.58	0.58m @ 0.80 g/t							
207.89	208.86	0.88	0.97	0.97m @ 0.88 g/t							

Note to Table 2: Analysis by 40g Fire assay.
 Results compiled using a 0.3g/t Au lower cut-off.
 Maximum of 2m down hole dilution included