Dated: 19th September 2012

PHOENIX RELEASES DETAILED SYNOPSIS FOR CASTLE HILL- THE LATEST LARGE SCALE GOLD PROJECT IN WESTERN AUSTRALIA

ASX: PXG, PXGOA

Highlights

- *Current Resource stands at 1,059,000 ounces, up 320% in less than 2 years*
- *Recent diamond drilling results confirm depth potential below the current 85m envelope*
- *Resource remains open along 9km strike and at depth*
- *Large gold system, multiple veins sets in multiple rock types*
- *Significant Resource growth expected from recent diamond drilling*
- *Further drilling planned commencing in the fourth Quarter of 2012*
- *Conceptual mining studies well advanced targeting initial 5 year mine plan and stand-alone processing plant to transition from explorer to producer in next 24-36 months*
- *Detailed geological summary and development pathway follows.*

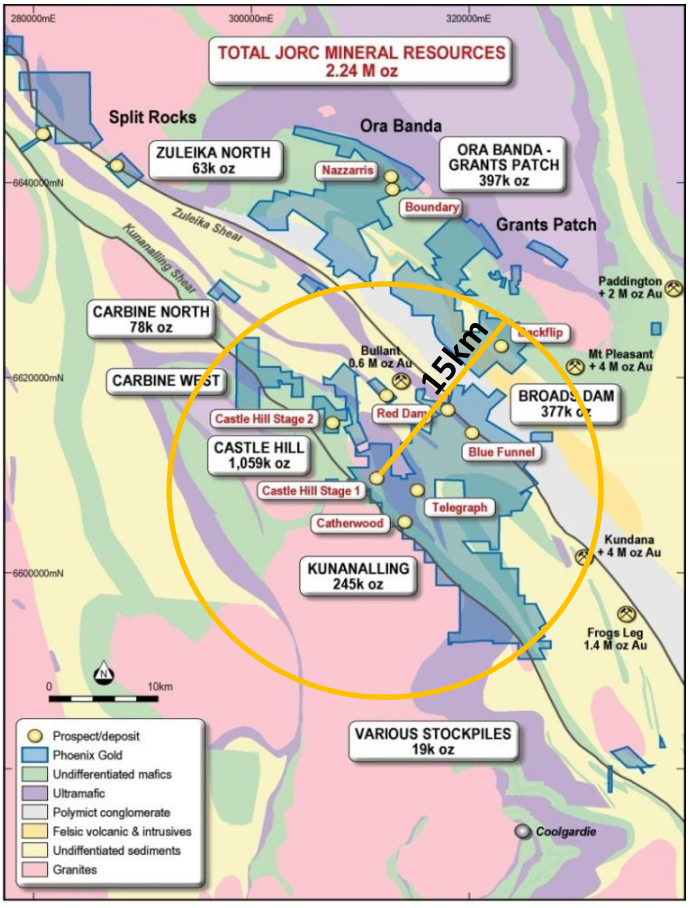

Figure 1: Project location, Phoenix tenements and mining study area

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Summary

This document provides an overview of the Mineral Resources, current mining study parameters, geology and exploration potential of Phoenix Gold Limited's (ASX: PXG, "Phoenix") 100% owned flagship Castle Hill Gold Project.

In August 2012, Phoenix announced a significant upgrade in Mineral Resources at Castle Hill (Figure 1) to over **1 million ounces**, bringing Phoenix's total reported Mineral Resources to over **2.24 million ounces**.

Castle Hill Mineral Resources estimated and reported in accordance with JORC are now 21.7Mt at 1.5g/t Au for 1.06 million ounces with total Mineral Resources 40.5Mt at 1.7g/t Au for 2.24 million ounces (Table 1).

Conceptual Mining Studies for the development of Castle Hill are well advanced and are focusing on optimal mining and processing routes for the Project including the economic feasibility of a stand-alone processing facility, which is expected to deliver superior returns compared to alternative, 3rd party processing options.

The study, to be completed in the December Quarter, will deliver a conceptual 5 year mining and production profile and indicative capital and operating costs.

Phoenix believes this initial plan will grow as drilling continues to explore the extents of the current resources and delivers new resources into the mine plan. For example, the recent successful drilling at the Castle Hill Stage 1 (Mick Adam) deposit has demonstrated continuity of mineralisation to approximately 170 metres below surface, doubling the known vertical extent of this large, stock-work deposit.

Beyond Castle Hill, but within a 15 kilometre radius, exists a further 500,000 ounces in Mineral Resource which is not currently in the mine plan. Additionally, Phoenix anticipates further increases at deposits such as Telegraph, Catherwood/Emu, and Broads Dam will also contribute significantly to production in future mine plans.

Mining is expected to be medium to large scale conventional open cut with low strip ratios and developed with 200 tonne excavator and 150 tonne dump trucks and ancillary equipment. Given the size of the ore zones, mining dilution and ore loss are expected to be low.

The metallurgy of the ore is excellent with gold recoveries in the low to mid 90s expected from a conventional carbon in leach ("CIL") processing plant with intense gravity recovery circuit.

Background

The Castle Hill Project, located 50 kilometres northwest of the City of Kalgoorlie-Boulder in the heart of the Western Australian Goldfields, was acquired from Cazaly Resources in late 2010. At that time the project had Mineral Resources estimated and reported according to JORC of 5.57Mt grading 1.5g/t Au for 253,000 ounces.

Phoenix recognised the Project to be distinctive and with excellent potential to significantly grow the resource base. Encouraging attributes included:

- The large-scale mineralised system, over 9 kilometres in length;
- Gold was hosted in various styles of mineralisation, from large, stockwork-vein deposits to higher-grade, shear-style;
- Historic exploration targeted only a small number of sites, with numerous prospective targets remaining to be fully tested;
- Existing drilling was generally very shallow and focussed on oxide mineralisation only, and;

- In a regional sense, the Project had not been explored thoroughly for several decades; hence Phoenix had the benefit of modern exploration techniques.

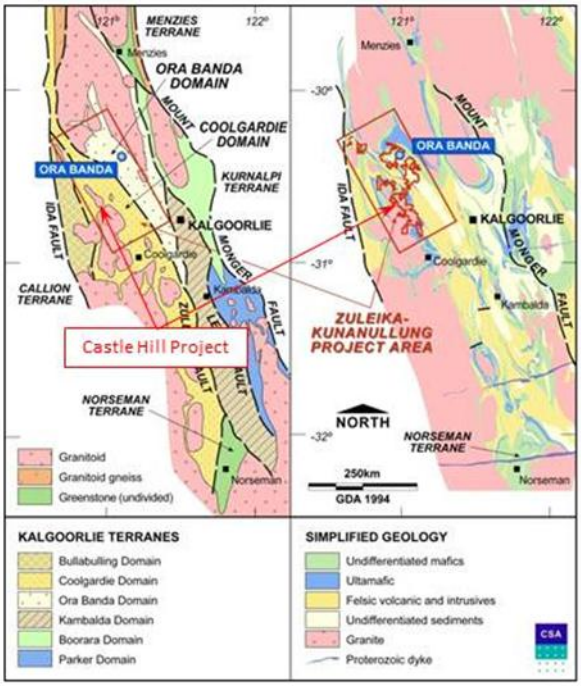
Phoenix commenced by compiling and evaluating five historic databases prior to initial drilling in January 2011. The aim was to test the lateral continuity of the various deposits and demonstrate continuity of the system over a large strike length. The success of this initial programme has led to further phases of drilling and to date, 122 RC and diamond holes have been drilled for 11,800m and returning exceptional intercepts including **10m at 9.92g/t, 15m at 6.63g/t, 13m at 7.40g/t, 8m at 7.32g/t, 7m at 6.90g/t and 52m at 1.38g/t Au** (as announced to the ASX on 22 March 2011, 5 December 2011, 7 February 2012 and 8 May 2012).

Subsequent geological modelling has confirmed the lateral continuity of mineralisation, defined multiple vein sets within the tonalite, confirmed the potential of higher tenor styles of mineralisation in the adjoining basalt and assisted in targeting of mineralisation at depth below the current limits of the resource.

This evaluation has recently culminated in a four-fold increase in the Mineral Resource to over 1 million ounces and provided Phoenix with the confidence to aim for further, substantial increases as well as providing a robust basis for mining studies, which are currently well advanced.

Geological Setting

The Castle Hill Project is located within the 2.7Ga late Archaean Eastern Goldfields Province of the Yilgarn Craton, Western Australia. The province comprises a 700 kilometre north-northwest trending array of thin arcuate greenstone belts, collectively categorised as the regional-scale Norseman-Wiluna Greenstone Belt. The greenstone stratigraphy is intruded, flanked, and inter-fingered by syn-post deformational granitoid complexes.



The Eastern Goldfields Province is further divided into several domains and sub-domains and the Castle Hill Project is located in the Coolgardie Domain within the Kalgoorlie Terrain. The principal host rock of gold mineralisation at Castle Hill is the Kintore Tonalite, a 2 kilometre wide granodioritic body which intrudes the ultramafic rocks of the Hampton Formation in the Telegraph Syncline to the east, and mafic and ultramafic rocks of the Burbanks and Hampton Formations to the west.

The elliptical tonalite narrows to the south where it forms an elongated tail consisting of a number of dykes including those which host the Kia Ora, Mick Adam and Wadi deposits. South of the Wadi deposit the pluton terminates on a north-east trending dextral fault.

The northern end of the tonalite is up to 2 kilometres in width and hosts the Kintore deposit.

The ultramafic suite includes komatiite, peridotite, pyroxenite and what has been interpreted as high magnesian basalt. The basaltic suite has been interpreted as a thin sequence of tholeiitic lavas with interflow black shale.

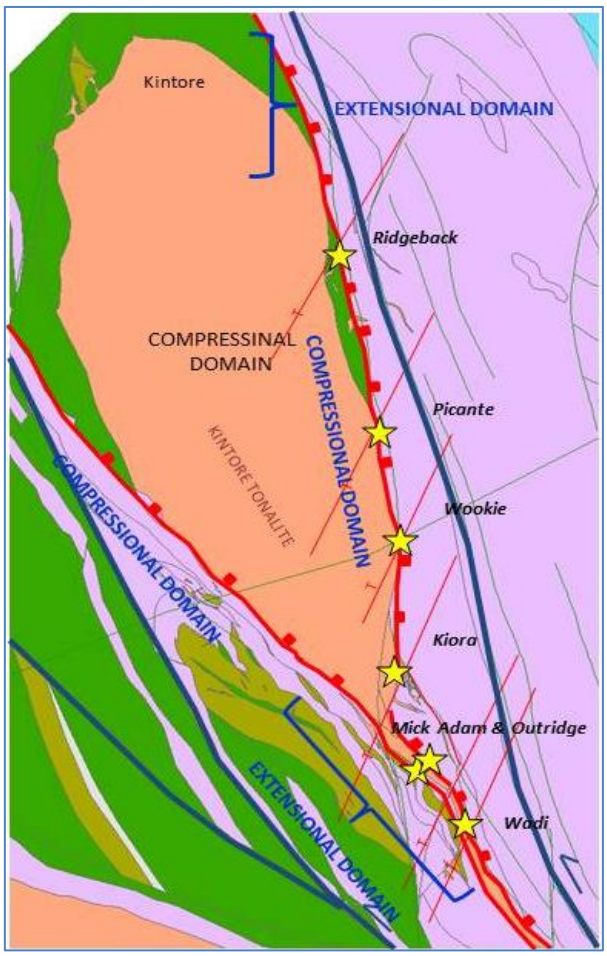
Structure and Mineralisation

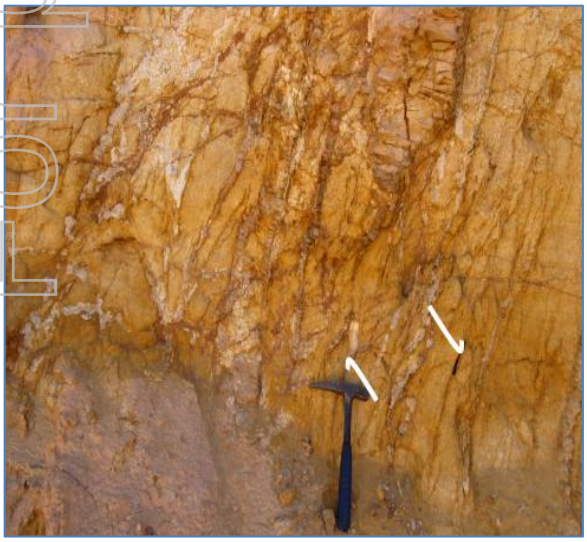
The dominant structural feature of the project area is the Kunanalling Shear Zone, an east-dipping listric fault, which marks the western margin of the Telegraph Syncline. The Kunanalling Shear Zone comprises a broad zone of anastomosing structures within and along the contacts of a sequence of high magnesian, ultramafic lavas and black shale.

The stratigraphy has been metamorphosed to upper greenschist – lower amphibolite facies to the east of the Kunanalling Shear and to a higher metamorphic grade to the west.

Vertical vein arrays and kinematic indicators at Mick Adam and Kia Ora show that the primary deformation at Castle Hill was extension with an east block down (sinistral normal) sense of movement.

Zircon dating of the Kintore Tonalite gives a magmatic age of ~2670 +/- 4my, coinciding with the beginning of an extensional doming event and the start of basin formation. The tonalite has therefore been interpreted as being emplaced in a relay zone between two fault tips.





Northeast trending discrete faults are interpreted to be hard-linked transfer structures (perhaps zones of inherited weakness) and form jogs, and hence local areas of dilation in the normal faults.

Northwest trending shear zones which were re-activated during sinistral transpression accommodate much of the compressional strain and act to preserve the extensional domain.

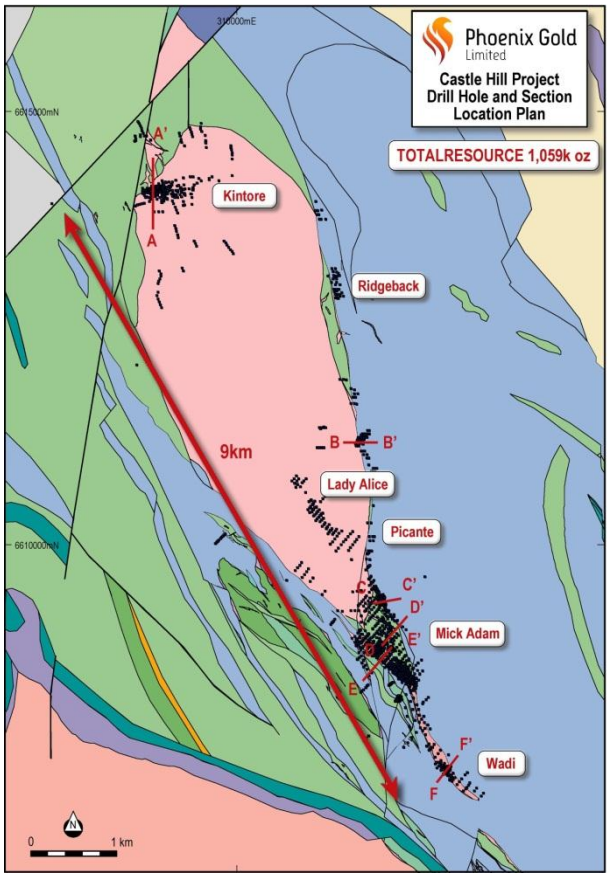
The Picante deposit, and possibly Wookie, on the tonalite margin exhibits a geometry which is analogous to that of the Gwalia deposit in Leonora, an extensional gold deposit.

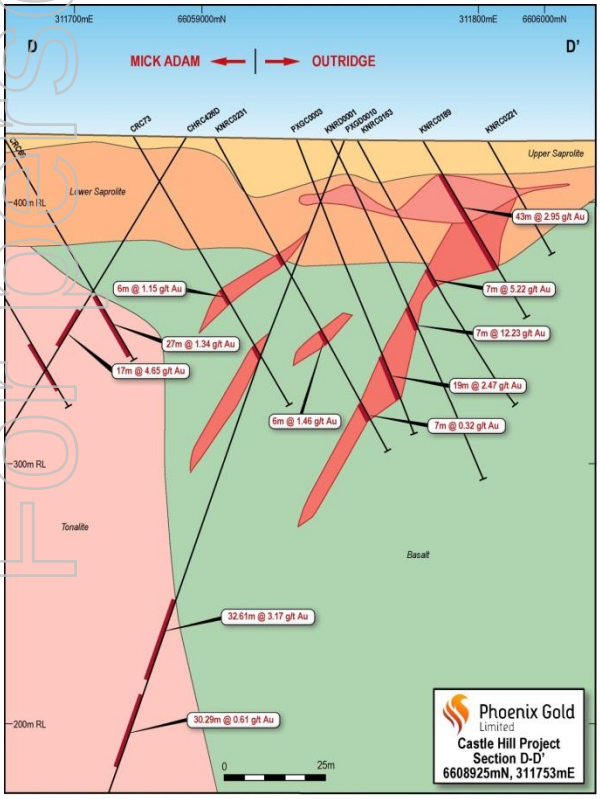
Deposits within the brittle tonalite, for example Mick Adam, are controlled by extensional vein arrays.

The question still remains if the transfer structures are also present on the western flank of the tonalite, potentially representing an under-explored corridor**.**

The primary host of gold mineralisation is the Kintore Tonalite which dips 30 to 40 degrees to the east and is up to 80m thick in plan. Four styles of mineralisation have been identified at Castle Hill:

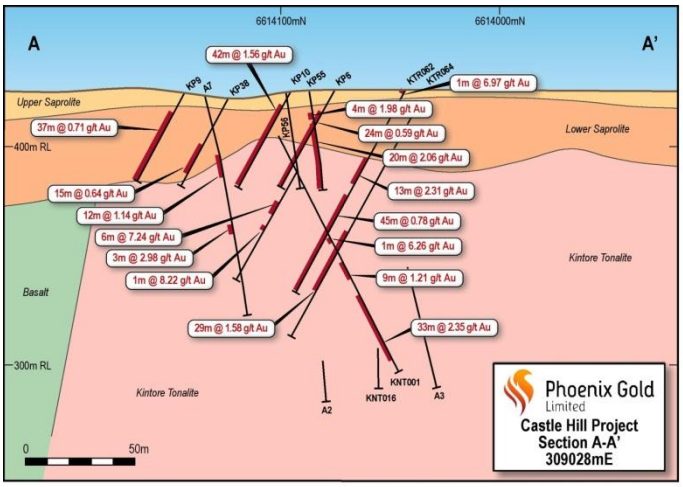
1. Thin moderate to high grade supergene mineralisation over the basalt proximal to the interface between upper saprolite and lower saprolite (see section D-D'). An upper saprolite horizon has not been developed over the tonalite, yet enhanced gold grades have been interpreted along the same horizon. The weathering interface is intersected approximately 10m below surface at the northern end of the Mick Adam deposit and deepens to 30m to the south at the Wadi deposit. Locally there are frequent steep changes to the gradient of the weathering surface which have been interpreted as being associated with differential weathering along sub-vertical structures. A one metre thick horizon of low to moderate gold grades has also developed at the base of the residual soils, primarily over the tonalite, with discontinuous lenses over high grade primary mineralisation contained within the mafic and ultramafic rocks.

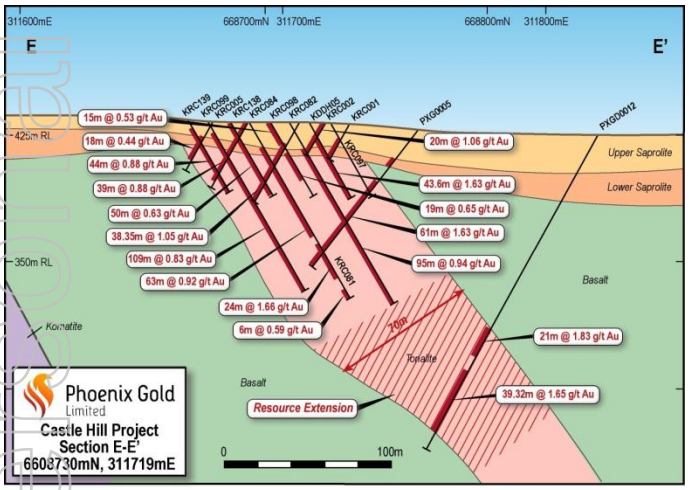




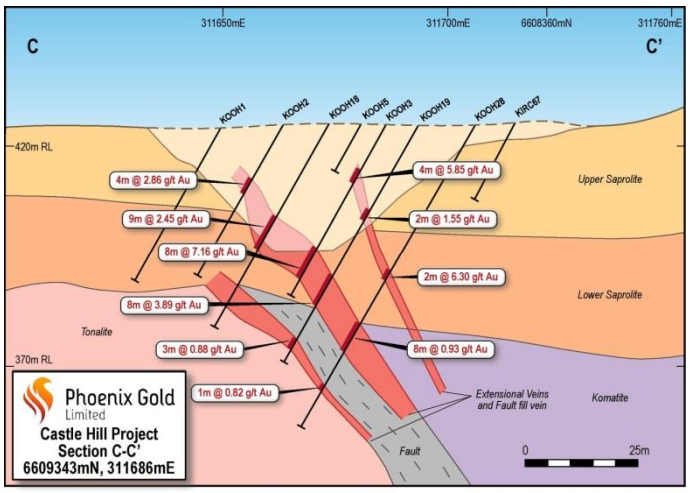
2. Primary gold mineralisation hosted within the basalt, which is characteristically associated with shearing, extensional veining, minor sulphides and biotite alteration (see section D-D'). The mineralisation has been interpreted as steep west dipping, striking magnetic north. Mineralisation comprises a number of zones which pinch and swell along strike and down dip. Higher tenor mineralisation is generally associated with thickening of the extensional shearing, although this is partially masked by supergene effects.

3. Primary mineralisation within the tonalite occurs as discrete narrow west dipping quartz veins containing moderate to very high gold grades (see section A-A' and E-E'). Gold is finely disseminated within the tonalite and commonly associated with blebby pyrite, arsenopyrite and rare chalcopyrite. Mapping of pits and logging of core indicates higher-grade gold veins are typically 10 to 20cm thick and have a strike length of up to 25m. The veins occur in extensional arrays of three to four veins generating high grade zones commonly in excess of five metres in horizontal thickness. Extensional veins are more common along the eastern margin of the tonalite, however in many cases the entire width of tonalite may be mineralised (see section E-E'). Vein arrays have also been intersected in the footwall contact of the mafic unit (for example at the southern end of the Mick Adam deposit).



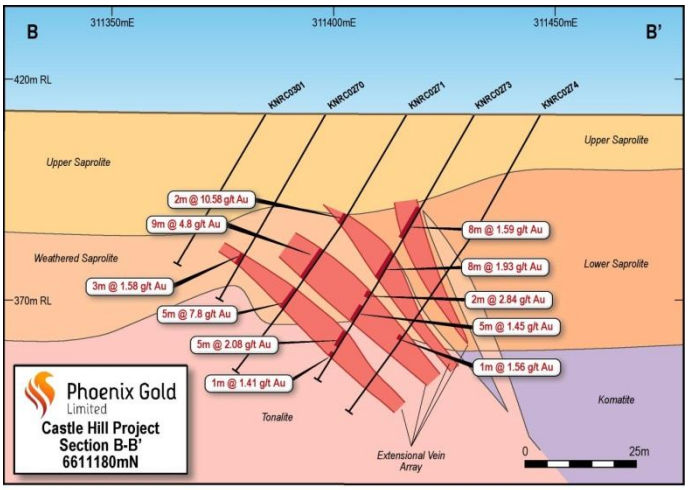


Extensional shear zone arrays are also the primary host of the gold mineralisation in the Kia Ora and Lady Alice deposits (see section C-C'). Sheeted quartz veins are interpreted as the extensional veins propagating out from the shears. The veins within Kia Ora are hosted within the tonalite along the contact within ultramafic rocks and have been interpreted as having undergone supergene enrichment. At Kia Ora minor gold mineralisation is also hosted within fault fill veins formed by the movement on a mostly shallowly dipping normal fault. The Lady Alice gold mineralisation is associated with a fault array hosted entirely within the tonalite. The Lady Alice fault array coincides with the boundary between de-magnetised tonalite to the east and magnetised tonalite to west.



4. The forth mineralisation style is associated with a dilatational jog in the contact between the Kintore Tonalite and eastern ultramafic sequence, for example at the Picante and Wookie deposits (see section B-B'). The dilatational jog can be interpreted as being generated by left lateral – reverse movement along the contact. The highest gold grades associated with Picante and Wookie are within the

tonalite and adjacent to a margin of the jog, not within it. Thus the mineralisation maybe related to en-echelon extensional vein arrays (as at Mick Adam and Kia Ora) and the jog in the contact therefore a result of the mineralisation rather than a cause.



Castle Hill Grows to over 1 Million Ounces

On the back of recent successful drilling campaigns and strategic acquisitions, estimates of Mineral Resources at the Castle Hill Project have grown from 253,000 ounces to 1,059,000 ounces in an 18 month period. The following section provides the exploration, resource estimation and mining history in order to map-out how the Project has progressed to become a +1 million ounce resource.

Castle Hill was originally identified and delineated in 1984 by Indian Ocean Resources Pty Ltd and between 1988 and 1992 a small open cut was mined at the Kia Ora and trial pit at Mick Adam. Production records for Kia Ora indicate that 32,730t @ 4.7g/t Au for 4,946 ounces were mined from the pit, however, no records have been located for the small pit at Mick Adam.

Since 1992, several drilling campaigns, resource estimates and mining studies were completed by the various managers of the Project (including Goldfields Exploration, Placer Dome Asia Pacific, Cazaly Resources Ltd, Carbine Resources Ltd and Waratah Resources Ltd) and with each subsequent drill campaign the Mick Adam and Wadi resources continued to grow.

Year	Company	Model Type	Deposit	Cut-off Grade (g/t)	Tonnes (Mt)	Grade (g/t)	Ounces (K Oz)
2000	Goldfields	MIK	Mick Adam, Wadi		2.19	1.6	111
2006	Cazaly	MIK	Mick Adam	0.80	4.5	1.3	183
2009	Waratah	ID^2	Mick Adam, Wadi	0.80	5.18	1.3	215

However, most activity tended to focus on the large Mick Adam and Wadi deposits and with relatively little exploration and evaluation of the higher-grade lodes hosted on the eastern tonalite contact, within the basalt along strike from Kia Ora or other prospective areas in the system.

Exploration success reported by some of Phoenix's neighbours strongly indicated the scale of the mineralised system was clearly much larger than just the southern attenuated tail of tonalite at Mick Adam and that the entire 9 kilometre strike of tonalite and associated structures was highly prospective.

This interpretation formed the basis of Phoenix's exploration and acquisition strategy, culminating in the recent acquisition of Kintore tenements and deposit with 405,000 contained ounces. With this transaction, the Company now owns 100% contiguous title over the majority of the intrusive complex, from Mick Adam and Wadi in the south, to the analogous Kintore deposit on the northern tip of the tonalite and the

interconnecting network of higher-grade, contact and shear controlled mineralisation within the tonalite and along its eastern margin.

In terms of production potential, Phoenix views these higher-grade corridors as the 'sweeteners' to the base-loads of Mick Adam, Wadi and Kintore and in 2011 commenced an extensive drill programme, amounting to 12 kilometres of drilling, at Mick Adam, Wadi, Outridge, Kia Ora, Picante, Wookie and Lady Alice deposits.

Type	No. Holes	Total Metres	Ave. Depth	Max. Depth
Aircore	18	896	50	50
Diamond	31	2,150	69	177
RAB	1045	24,535	23	71
RC	895	63,812	71	198
Total	**1989**	**91,393**	**53**	**198**

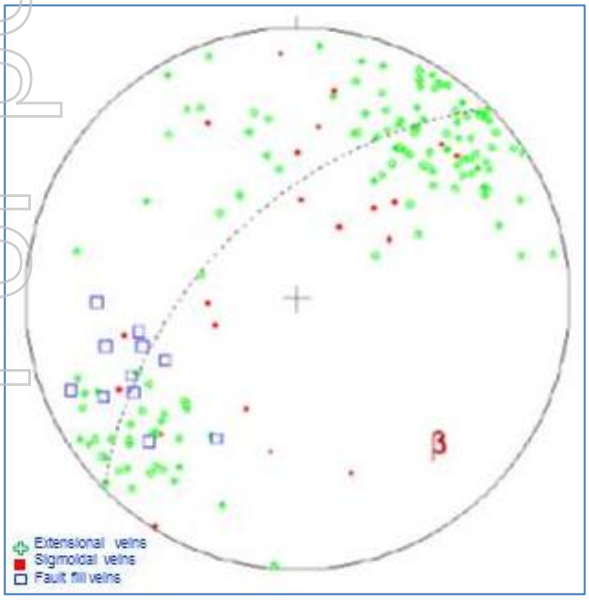
The drill database for Castle Hill currently comprises assays, geological information and other associated data from over **90 kilometres** of drilling and the average depth of this drilling, an important statistic which singular expresses the potential to expand the Castle Hill resource, is just over **50 metres deep**.

2012 Resource Estimate

Based on this vast dataset, Phoenix has constructed the first integrated resource model for the Castle Hill Project encompassing all deposits within the system and culminating in the current 1 million ounce, 2012 estimate for Castle Hill.

The estimate is based primarily on 895 RC percussion and 31 diamond drillholes, however data from aircore and RAB holes has also been useful to refine geological interpretation. In general, drill holes were drilled at 60 degrees to either 220 degrees or 050 degrees, dependant on the interpreted dip of each ore-zone. Within the Mick Adam deposit drilling has been completed at both orientations.

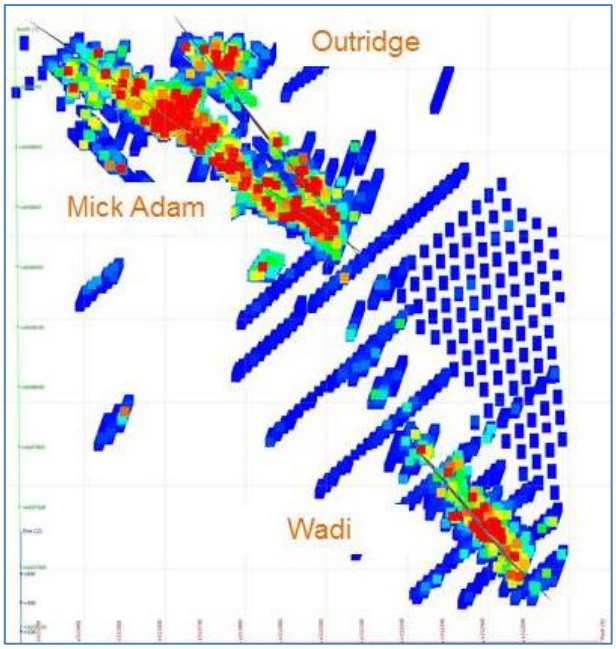
Records indicate that most RC drilling was completed using a face sample hammer with only a small proportion (10%) completed using a cross-over sub. Samples were collected on one metre down-hole intervals, riffle split (75:25 split) and submitted for assaying. Diamond core samples (HQ and HQ3) were collected as half core with the sample lengths determined by geological constraints, but typically one metre. Further information regarding the drilling is provided in appendix 2.



RC and diamond samples have been consistently assayed via fire assaying using either a 50g or 30g charge and AAS finish. Collection of routine QAQC data pre–2000 tends to be limited to laboratory repeats and standards. Post-2000, QAQC procedures consisted of certified standards and blanks at regular intervals (commonly at 20m or 30m intervals) and duplicate samples collected at regular intervals (again, every 20m to 30m). Goldfields, Cazaly and Phoenix have also used umpire assaying to further validate assay results.

Geological interpretations were completed for oxide and fresh weathering horizons, stockwork vein mineralisation within the tonalite, basalt-

hosted extensional shears and contact mineralisation along the eastern tonalite-basalt interface. Supergene gold between 10 and 30m below surface was interpreted and modelled separately from all primary mineralised zones. In total, 11 mineralisation solids were interpreted and used to constrain the grade interpolation. End projection distances were half the distance between drill sections to a maximum of 25 metres, hence end drill sections spaced greater than 50m were not included in the estimate.



Assay located within geological wireframes were top cut and composited to one metre prior to estimation. Top-cuts were based on the 99th percentile and ranged from 6g/t Au to 28g/t Au for tonalite and basalt hosted mineralisation (respectively).

Insitu bulk densities used in the estimate were based on 12 diamond core measurements and 30 measurements taken during previous mining. Mean bulk densities used were 2.0 for oxide, 2.5 for transitional and 2.8 for fresh rock.

The block model was generated using Datamine software. Blocks 9m (east) x 25m (north) x 2m (elevation) were defined and ordinary kriging was used to interpolate block grades within the mineralised solid boundaries. The search ellipse orientations and distances were derived from variogram parameters and grade interpolated using a minimum of 4 samples and a maximum of 16. Sub-celling was used to obtain a volumetric fit with the geological model, with the grade of the parent cell being assumed.

The estimate was validated on a quantitative and qualitative basis. This includes comparing the estimates with alternative algorithms (inverse distance and nearest neighbour), and to the input data (i.e. the average cut composited assays) on a global and section basis. The estimate was also reviewed on a sectional basis comparing blocks with surrounding grades and grade trends. All comparison demonstrated that the kriged model provided a close global estimate of the Castle Hill mineralisation.

The estimate was classified taking into account such factors as the spacing of drilling, data QAQC, the interpretation and estimation confidence, however, a reasonably conservative approach was maintained:

- Measured – close spaced drilling (i.e. 25 m x 25 m) and predominantly post – 2000 drilling
- Indicated – closed spaced drilling (i.e. 25 m x 25 m) consisting up to 50% pre – 2000 drilling
- Inferred – drilling at spacing greater than 25 m x 25m or consisting greater than 50% pre – 2000 drilling.

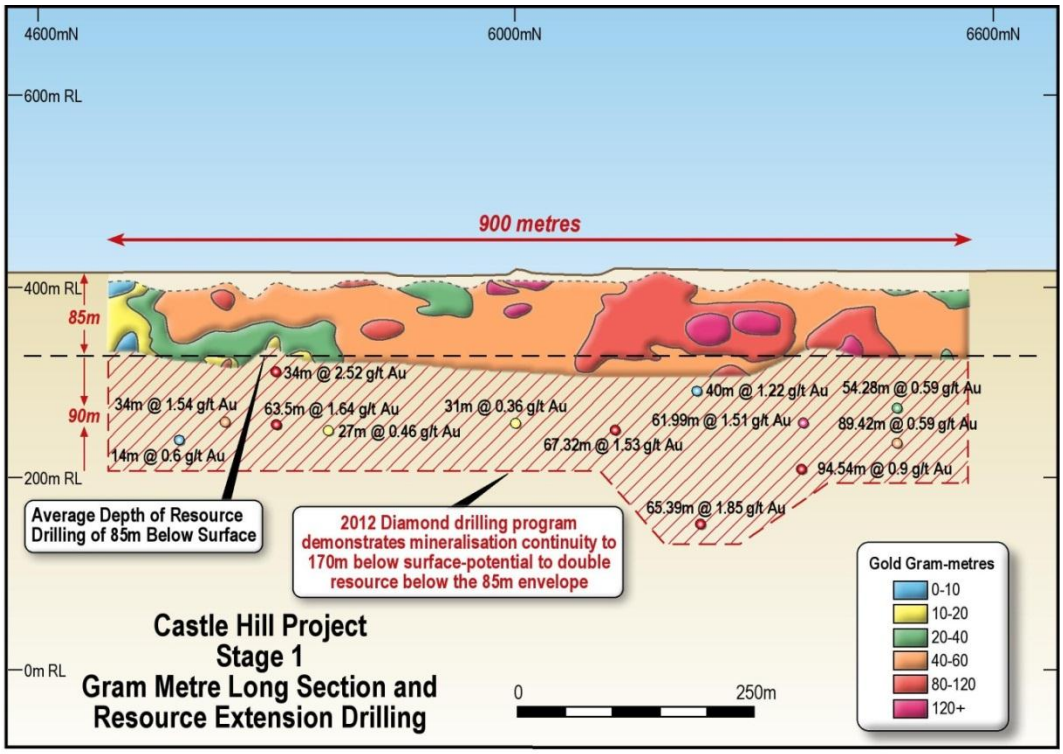
The 2012 Castle Hill Mineral Resource estimated and reported in accordance with JORC (2004) is as follows:

Classification	Mt	Au (g/t)	Au Oz
Measured	0.18	3.4	20,000
Indicated	7.28	1.5	356,000
Inferred	14.25	1.5	684,000
Total	**21.71**	**1.5**	**1,060,000**

Exploration Upside

Phoenix's strategy for the Castle Hill mineralised system includes extension drilling to define the economic limits to known resources and to continue exploration for new discoveries. The expectation is for these new discoveries to be analogous with known deposits; however, due to structural complexity of the mineralised system, new styles of mineralisation are not out of the question.

All deposits currently remain open in all directions and delineating their extents is a priority task which Phoenix has recently embarked on, starting with the Mick Adam deposit (Stage 1).



This successful drilling programme, reported in September 2012, represents some of the deepest holes drilled at Castle Hill and they have clearly demonstrated continuity of mineralisation to approximately 170m below surface, **doubling the known vertical extent** of this large, stock-work deposit.

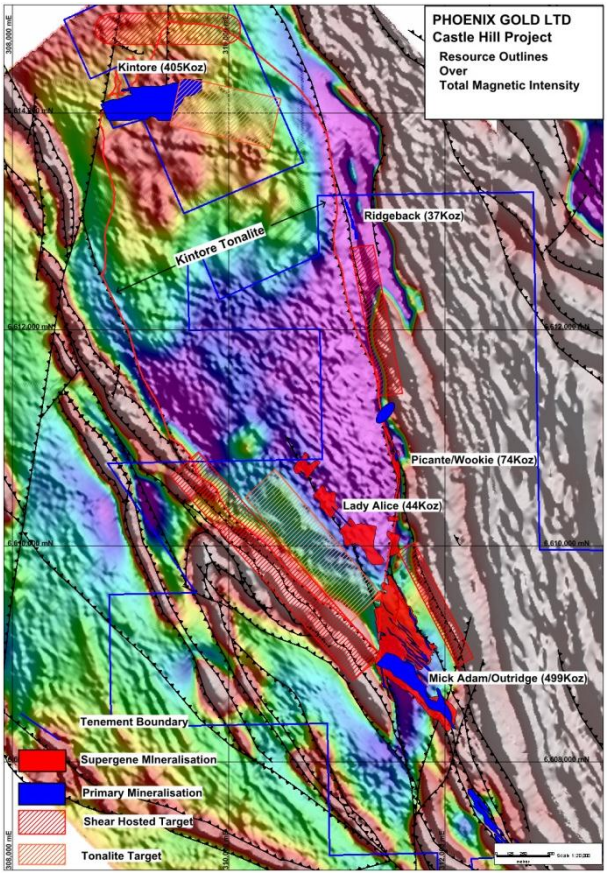
Based on this success, Phoenix will continue staged drilling programmes at Mick Adam with the aim of doubling the current resource towards 800,000 ounce and with **one million ounces**[1] clearly in sight.

Similarly, exploration at the Kintore deposit is at a very early stage, with the shallow drill coverage essentially confined to only the northwest corner of the tonalite. However, wider-spaced drilling outside this zone has intersected high grade gold intercepts and provides encouragement that the current 400,000 ounce resource is just a starting position and that Kintore also has the **potential to grow beyond 1 million ounces**[1].

Achieving this growth, the Castle Hill project has the potential to become a multi million ounce gold project and the platform for Phoenix to transition from explorer to producer.

1. See Note 3 and 4 on page14

With respect to the discovery of new deposits, Phoenix has embarked on studies which will enable it to tap into the latest technology and collective brains-trust of the University of Western Australia's Centre for Exploration Targeting with the ultimate aim of developing an integrated exploration strategy for the district.



The research project, being undertaken in the form of a PhD, will adopt a multidisciplinary approach at a range of scales from regional, to deposit and even to microscopic scale, aimed at improving our fundamental understanding of the sources, pathways and traps at the time of mineralisation.

Interrelated issues to be addressed for the Kintore Tonalite and Kunanalling Shear Zone include:

- The use of lithostratigraphy as a guide to early extensional architecture;
- Understanding the early, syn-depositional, architecture associated with mineralisation;
- Structural framework and geochronology to assist identification of favourable structures, and;
- Alteration assemblages associated with gold and what this says about gold bearing fluids.

Existing geophysics has already provided valuable insight into the structural fabric of known resources and assisted in identifying prospective new structures, both along strike of known mineralisation and new, untested structures. These include:

- A prominent magnetic high east of Castle Hill which is interpreted as a layered ultramafic-mafic sill emplaced over the Black Sediments on a low angle D1 thrust fault. The sill abuts the eastern margin of the Kintore Tonalite along a steep magnetic gradient interpreted as a D2 sinistral normal shear zone.

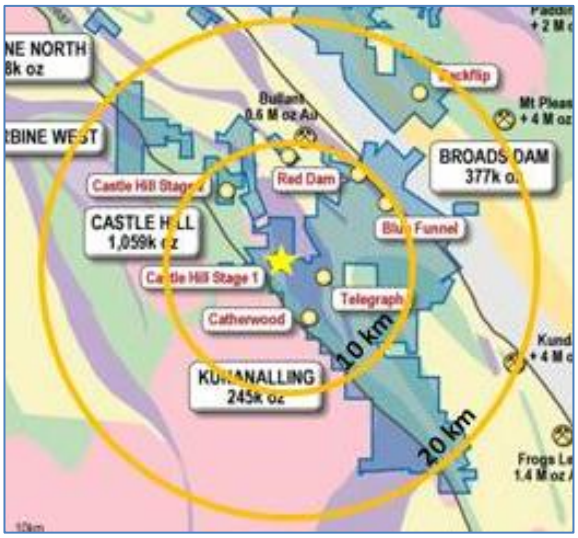
- The Kintore Tonalite appears to feed into mineralised tonalite at Mick Adam and appears to continue south to Catherwood as a series of porphyry intrusions. A number of elliptical magnetic anomalies have been delineated within the Kintore Tonalite, these are typically expressed as areas of anomalously low magnetism. These are inferred to represent alteration systems causing magnetite destruction. The most prominent of these are at Kintore.

- A number of NNW trending (dextral plus normal) and ENE trending (sinistral) faults have been interpreted. These clearly offset the earlier structures on the magnetic images. The London shear which coalesces with the Lady Alice shear coincides with a splay off one of these faults.

Where prospective structures have been drilled previously, the coverage tends to be sparse and the depth shallow, and with an **average depth of drilling of only 50m**, most of these targets can be regarded as untested to under-explored at best.

Phoenix is updating regional datasets and geophysics and geochemistry are examples where the Company can benefit from applying modern technologies and aims to acquire new, more detailed data and apply modern processing, imaging and interpretation techniques aimed at further improving targeting.

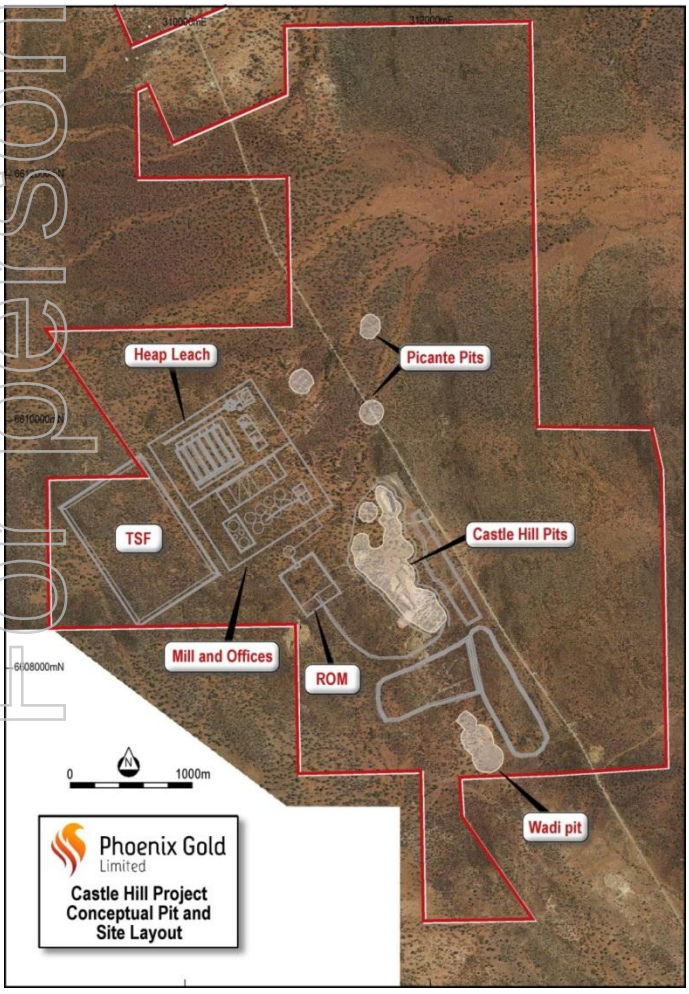
Exploration within a 15 kilometre radius of Castle Hill is also being progressed as Phoenix anticipates further increases at neighbouring deposits such as Telegraph and the higher-grade, Kundana-style mineralisation at Broads Dam and Blue Funnel.



Conceptual Mining Studies

With a focus on Castle Hill as its first production centre, Phoenix has commenced conceptual mining studies and is on track to transition from explorer to producer in the next 24-36 months.

Castle Hill's 1 million ounces will provide the bulk of the ore supplemented with the relatively higher-grade deposits such as Red Dam. It is significant to note that a further 500,000 ounces remain in resource within a 15 kilometre radius of the proposed mill site and will be brought into the mine plan as it develops.



The relatively shallow Resource will, to an extent, limit this initial phase of mine planning as the optimised shells tend to bottom-out at the base of drill information.

Regardless, the aim is to determine optimal mining and processing pathways and will incorporate pit optimisations and designs, metallurgical reviews, production schedules, economic evaluations and assess the merits of a standalone processing plant at Castle Hill versus alternative processing options through neighbouring, third-party mills.

Assumptions of the study include:

- 1.5 - 2Mt per annum conventional CIL processing plant,
- Preferentially feed high-grade ore targeting minimum 80,000 ounce production per annum,
- An optional 1-2Mt per annum heap leach facility for lower grade ores,
- Heap leach ore to be sourced from Castle Hill Stages 1 and 2,

- Mining dilution of 10% and mining recovery of 95%,
- Metallurgical recovery of 94% for mill and 75% for heap leach ore,
- Double shift operation for PC1250 at a productivity of 5,000-7,000bcm / day,
- Double Shift operation for PC1800 productivity of 12,600bcm/day.

All pits are based on the optimised shells at gold price of A$1,500/oz. Shells are selected on the basis of mill feed tonnes and maximum NPV. The Project is likely to be developed in stages as a large, low-strip ratio (average 5) open cut mine coupled with conventional processing with capacity in the order of 2 Mtpa with an intense gravity gold recovery circuit (test-work indicates up to 35% of gold will report to gravity).

A number of detailed independent metallurgical test work programmes have been conducted on the Castle Hill project including heap leach characterisation and conventional milling assessments to ascertain the optimal processing pathway.

Conventional gravity leach studies confirmed overall gold recoveries ranging from 90% to 96% with a moderate to high gravity recoverable gold component ranging from 25-35%. Reagent consumptions were low to moderate dependant on water quality and optimal grind size of the milled ore was 106 microns.

In addition to conventional processing, heap leaching is being assessed due to the relatively high background values of tonalite (between 0.2to 0.5g/t) which will be removed from the pit during stripping. Studies completed by two metallurgical laboratories in Perth confirmed the ore to be readily amenable to heap leaching with recoveries ranging from 65-88%. Slumpage characteristics were positive and reagent consumption was low to moderate. The ore required crushing to a nominal 12mm product size and agglomeration of the crushed product was recommended.

Further metallurgical test work will be conducted on representative composites of existing samples and, in particular, new samples provided from material at depth. Given historic mining and treatment of ore at depth in close proximity to Castle Hill produced metallurgical recoveries consistent with the test work completed, it is anticipated that recoveries will continue to be in the low to mid 90s.

The conceptual mining studies on Castle Hill and three additional advanced projects will be completed early in the December Quarter.

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 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 mine[1] 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 – Description of Drilling

RAB and Aircore drilling has been completed on broad spaced lines, nominally 200m (N-S) by 200m (E-W), while the spacing of the RC and diamond drilling, used to define the resources, ranges from 10m (N-S) by 10m (E-W) up to 50m by 20m.

Records indicate that most RC percussion drilling was completed using a face sample hammer with only a small proportion (10%) completed using a cross-over sub. RAB and Aircore samples were collected on 1m intervals, riffle split and composited to 4m samples; anomalous samples (>0.2g/t Au) were re-sampled at 1m intervals and re-assayed. RC percussion were collected on 1m downhole intervals, riffle split (75:25 split) and submitted for assaying. Diamond drilling samples were collected as half core from HQ and HQ3 core with the sample length were determined by geological constraints, but typically 1 metre.

RAB and Aircore samples have been assayed by either aqua-regia or fire assay (50g or 30g charge). RC and diamond samples have been consistently assayed via fire assaying using either a 50g or 30g charge and AAS finish.

Collection of routine QAQC data pre– 2000 tends to be limited to laboratory repeats and the insertion of certified standard at variable intervals within the sample sequence. Post-2000, QA/QC procedures consisted of certified standards and blanks at regular intervals (commonly at 20m or 30m intervals). Duplicate QAQC samples have also been collected at regular 20m to 30m intervals. Goldfields, Cazaly and Phoenix have also used umpire assaying to further validate assay results.

Phoenix has also started a program of comparing fire assay results against bulk assaying techniques (e.g. Leachwell, and screen-fire) to ascertain if there is any bias in assay results generated from under or over sampling the coarse gold proportion. This work is ongoing, however, initial indications suggest grades may be under-called using traditional techniques utilising small charges.

Pre – 2000 RC percussion and diamond drill holes were surveyed at the collar and at various downhole intervals, ranging from 50m to a single survey at the bottom of the hole using either an Eastman single shot or multi-shot camera. Post – 2000 drilling was typically downhole surveyed using a gyro compass, with the most recent drilling surveyed using a gyro compass with continuous read out.