



LATEST DRILLING INTERCEPTS SIGNIFICANT MINERALISATION AT PHOENIX'S CASTLE HILL GOLD PROJECT

HIGHLIGHTS

- Significant drill results include:
 - 94m at 2.6g/t Au from 88m
 - 8m at 2.4g/t Au from 74m
 - 5m at 2.2g/t Au from 142m
 - 56m at 0.9g/t Au from 79m
 - 38m at 0.8g/t Au from 161m
 - 20m at 0.8g/t Au from 88m
- Drilling further demonstrates potential outside the current resource envelope
- Mineralisation remains open in all directions and at depth
- Further drilling results expected from Castle Hill early in the March Quarter

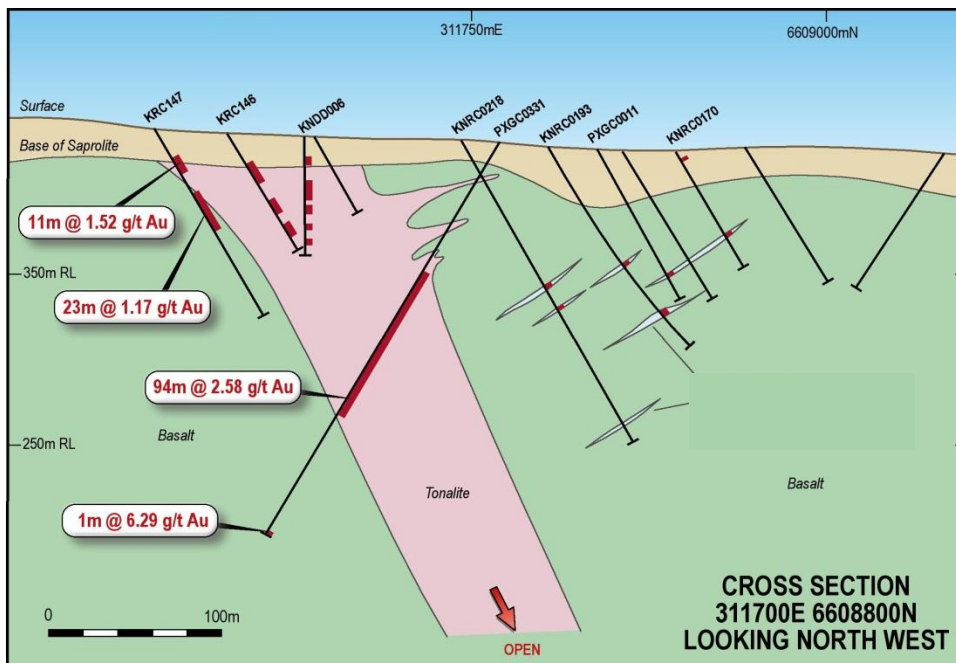


Figure 1: Castle Hill Stage 1 Cross section A-A' (See Figure 3)

"This result is by far the most significant and largest gram-metre intercept at Castle Hill and reinforces the potential strike and at depth. The project continues to exceed our expectations and is only 35 minutes' drive from Kalgoorlie-Boulder," Managing Director Jon Price said.

"We now look forward to releasing the rest of the assays in due course and updating the geological model for Castle Hill Stage 1 in the March Quarter next year," Mr Price said.

ASX: PXG, PXGOA

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ASX Announcements

Overview

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to announce results from its recently commenced drill programme at its flagship Castle Hill gold project. The project is located on the highly prospective Kuanalling shear zone in the heart of the Western Australian Goldfields (Figure 4) 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 Kuanalling Shear Zone (Figure 4). 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 extends to a depth of 85m below surface and will be updated this Quarter with the results from the diamond drilling completed in September (announced on 11th September 2012). A further Resource upgrade with these new results is expected in the March Quarter 2013.

5th December 2012

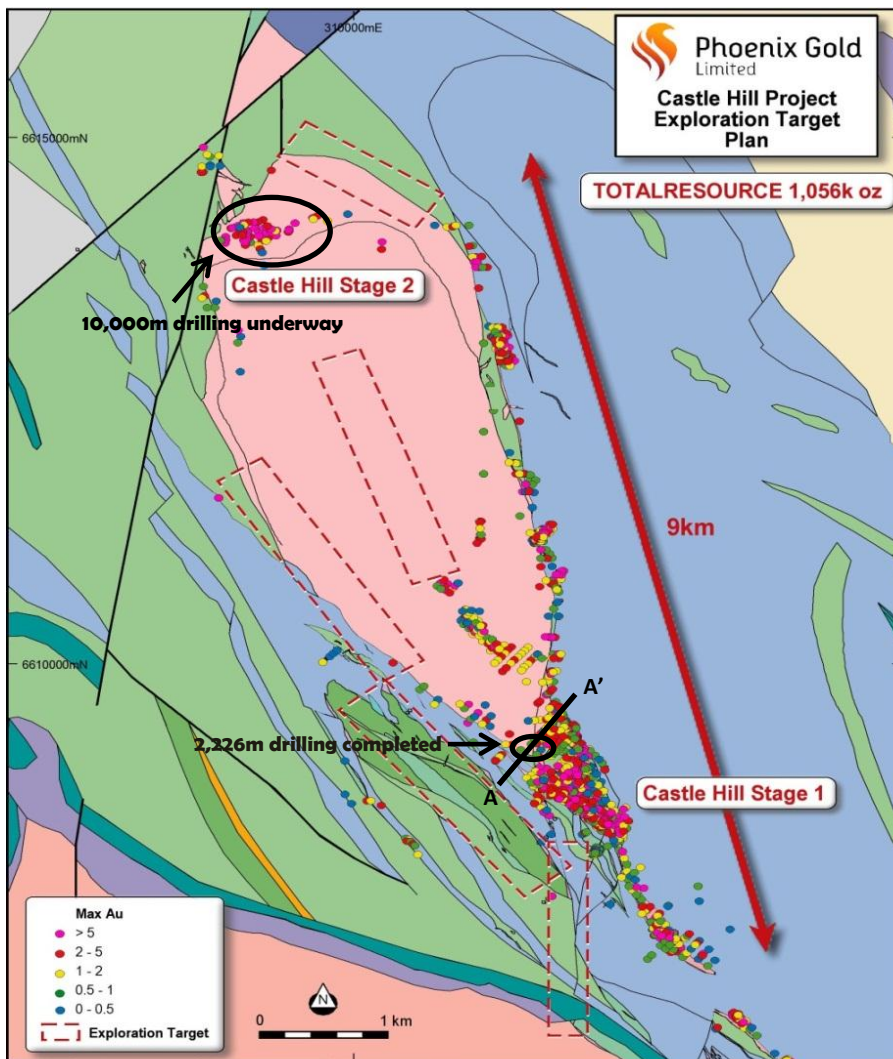


Figure 2: Castle Hill – regional geology, drilling and cross section location



ASX Announcements

In November, a total of 11 diamond drill holes totalling 2,226 metres were completed at Castle Hill Stage 1 (Figures 2 and 3). The programme was a combination of extensional drilling and infill drilling for improved geological confidence to bring mineralisation into resource and to convert Inferred material to an indicated category. Appendix 1 below lists the assays received to date.

The drilling programme produced a number of very substantial mineralised intersections beneath the current resource envelope including 94m at 2.58g/t Au from 88m in drill hole PXGC0331 (Figure 1). This hole, drilled to a depth of 260m, also ended in high grade mineralisation with an intercept of 1m at 6.39g/t Au from 259m.

These results, together with the diamond drill results announced on 9th September 2012 have clearly demonstrated the potential of the mineralisation to grow significantly at depth.

5th December 2012

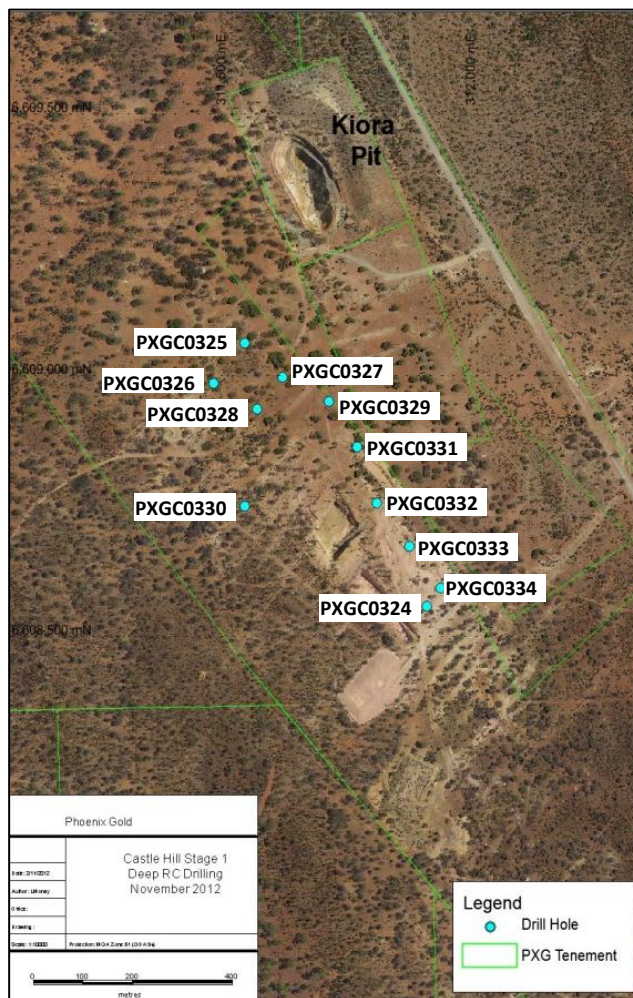


Figure 3: Castle Hill – Drill hole location plan



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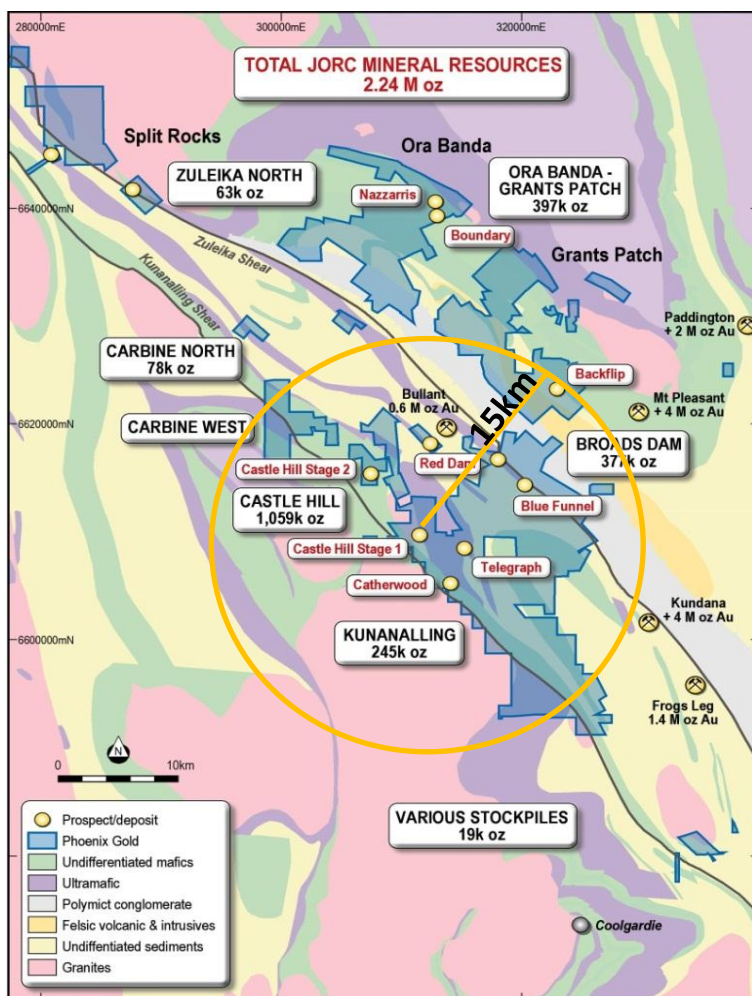


Figure 4: Castle Hill Stage 1 and Phoenix tenements

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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 significantly grow its JORC-classified resources, complete a definitive feasibility study on core projects 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



Appendix 1

5th December 2012

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

Hole_ID	Depth	Collar Location MGA_51			Dip	Azi	From (m)	To (m)	Grade (g/t Au)	Width (m)	Description
		East	North	RL							
PXGC0324	110	311887	6608556	426	-60	40	38	39	0.31	1	1m @ 0.31 g/t Au
							74	82	2.39	8	8m @ 2.39 g/t Au
							88	108	0.81	20	20m @ 0.81 g/t Au
PXGC0326	185	311470	6608985	429	-60	220	15	16	0.33	1	1m @ 0.33 g/t Au
							39	40	0.77	1	1m @ 0.77 g/t Au
							50	59	0.55	9	9m @ 0.55 g/t Au
							83	84	0.38	1	1m @ 0.38 g/t Au
							92	94	1.14	2	2m @ 1.14 g/t Au
							97	100	0.25	3	3m @ 0.25 g/t Au
							124	126	0.66	2	2m @ 0.66 g/t Au
							142	147	2.24	5	5m @ 2.24 g/t Au
							150	151	0.41	1	1m @ 0.41 g/t Au
							155	160	0.58	5	5m @ 0.58 g/t Au
PXGC0329	256	311703	6608948	426	-60	220	22	23	0.34	1	1m @ 0.34 g/t Au
							29	34	1.12	5	5m @ 1.12 g/t Au
							107	108	0.39	1	1m @ 0.39 g/t Au
							120	142	0.61	22	22m @ 0.61 g/t Au
							161	199	0.79	38	38m @ 0.79 g/t Au
							203	219	1	16	16m @ 1.00 g/t Au
							230	235	0.47	5	5m @ 0.47 g/t Au
							240	245	0.73	5	5m @ 0.73 g/t Au
							248	249	0.82	1	1m @ 0.82 g/t Au
							253	254	0.54	1	1m @ 0.54 g/t Au
PXGC0331	260	311751	6608865	425	-60	220	88	182	2.58	94	94m @ 2.58 g/t Au
							185	187	1.63	2	2m @ 1.63 g/t Au
							200	203	0.27	3	3m @ 0.27 g/t Au
							259	260	6.29	1	1m @ 6.29 g/t Au
PXGC0332	145	311801	6608755	426	-60	220	63	66	0.45	3	3m @ 0.45 g/t Au
							69	74	0.43	5	5m @ 0.43 g/t Au
							79	135	0.92	56	56m @ 0.92 g/t Au
PXGC0333	180	311864	6608671	430	-60	220	1	2	0.51	1	1m @ 0.51 g/t Au
							7	8	0.4	1	1m @ 0.40 g/t Au
							52	57	1.66	5	5m @ 1.66 g/t Au
							69	72	1.54	3	3m @ 1.54 g/t Au
PXGC0334	180	311899	6608565	426	-60	220	0	1	0.57	1	1m @ 0.57 g/t Au
							17	23	0.7	6	6m @ 0.70 g/t Au
							27	36	0.38	9	9m @ 0.38 g/t Au
							42	55	0.6	13	13m @ 0.60 g/t Au
							58	59	0.65	1	1m @ 0.65 g/t Au
							65	66	0.36	1	1m @ 0.36 g/t Au
							79	80	0.35	1	1m @ 0.35 g/t Au
							85	86	0.45	1	1m @ 0.45 g/t Au
							89	94	0.87	5	5m @ 0.87 g/t Au
							97	99	0.54	2	2m @ 0.54 g/t Au
103	109	0.43	6	6m @ 0.43 g/t Au							

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