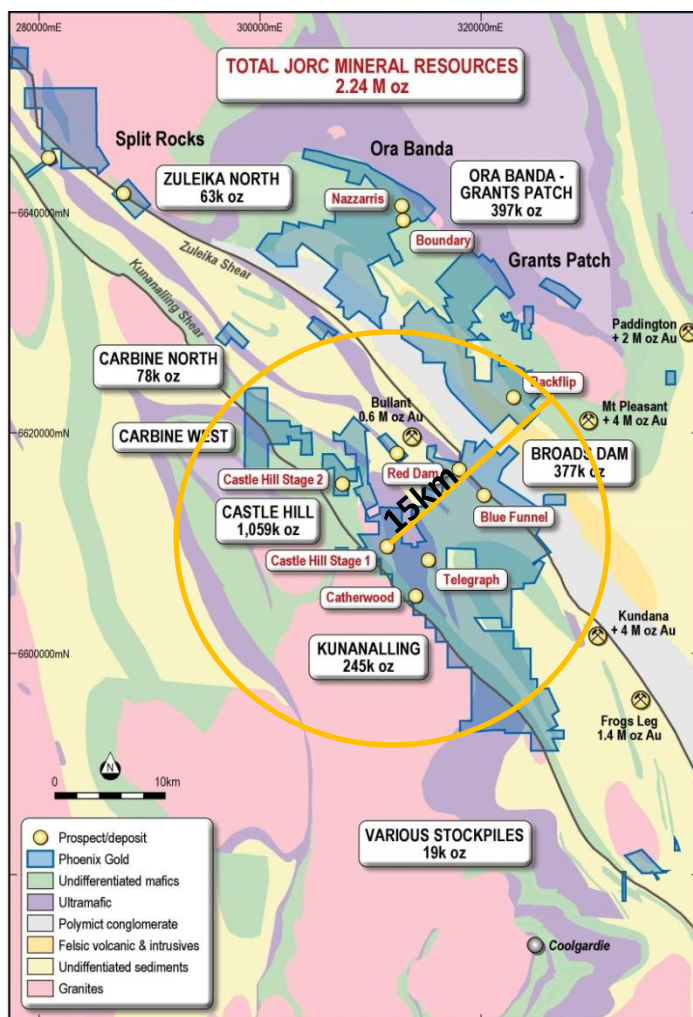


PHOENIX GROWS CASTLE HILL GOLD PROJECT RESOURCE BEYOND 1 MILLION OUNCES

ASX: PXG, PXGOA

HIGHLIGHTS

- Castle Hill grows 40% to 1,059,000 ounces with multi-million ounce potential¹
- Phoenix's total Resources increase to 41Mt grading 1.7g/t for 2.24 million ounces (Table 1)
- Resource envelope very shallow from surface to 80 metres depth
- Further Resource growth anticipated from recently completed deeper diamond drilling
- Conceptual Mining Study well advanced and due for completion in 8 weeks
- Low cost open cut mining, excellent metallurgy and close to infrastructure
- 1.7 million ounces of current Resource within 15km of Castle Hill on existing haul roads



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Figure 1: Project location, Phoenix tenements and centre of development

¹ See Note 3



Overview

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to advise that its Castle Hill gold project (Figure 2) has increased to **21.7Mt at 1.5g/t Au for 1.06 million ounces** (Table 1). 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.

This latest Resource update represents a four-fold increase since the project was first acquired in 2010. The Resource update at Castle Hill increases Phoenix's Total Mineral Resources for Phoenix to **40.5Mt at 1.7g/t Au for 2.24 million ounces** (Table 1). This is a **276%** increase in resources in less than 2 years. Importantly, over 1.6 million ounces of the total Resource base is within a 15km radius of the central development centre at Castle Hill (Figure 1) and is linked by existing haul roads in all directions.

"Castle Hill is fast becoming the latest large scale gold discovery in Western Australia's Goldfields and we have barely scratched the surface. The recent Kintore deal will give us near complete ownership over this large gold system and is clearly demonstrating its multi-million ounce potential," Managing Director Jon Price said.

"Our focus is now squarely on growing this resource below the current 80 metres and completing conceptual mining studies to determine optimal mining and processing routes including the construction of our own processing plant at Castle Hill," Mr Price said.

The upgrade includes the maiden Resource for Kintore that forms part of the Castle Hill gold system following the recent acquisition. A significant program of data validation, re-logging, re-assaying and survey was completed in June and July to bring the new Resource in line with internal reporting standards and JORC classification (Table1).

The current Resource envelope at Castle Hill extends only 80 metres from surface. Deeper Reverse Circulation ("RC") and diamond drilling commenced in May 2012 with results expected in the September Quarter. A further Resource upgrade is anticipated in the December Quarter as the new data is included into the current resource model. The project has delivered a significant endowment in the first 80m from surface and Phoenix believes there is considerable potential for the mineralisation to continue at depth to become a multi-million ounce gold project¹.

Conceptual mining studies including pit optimisations and designs, metallurgical reviews, schedules and economic evaluations have commenced using the updated resource model to determine optimal mining and processing pathways. These studies will assess the merit of including 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 processed by conventional milling with excellent metallurgical recoveries all within 50 km of Kalgoorlie.

A detailed synopsis of the Castle Hill Gold Project will be released in the coming weeks to highlight the geology of the mineralisation, the robustness of the gold system along strike and the endowment potential, particularly at depth.



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 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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