



## ISSUE OF SHORTFALL SHARES – SECTION 708A CLEANSING NOTICE

Phoenix Gold Limited (**ASX Code: PXG**) (**Company**) refers to its ASX Announcement of 15<sup>th</sup> July 2014 in relation to the placement of shortfall shares to both existing shareholders and new investors arising from the non-renounceable entitlement offer which closed on 17<sup>th</sup> April 2014.

The Company is pleased to advise that it has, on 15<sup>th</sup> July 2014, issued 36,400,000 fully paid ordinary shares in the Company (**Shares**) at an issue price of \$0.13 per Share to raise A\$4,732,00 (before costs).

The Company has issued the Shares without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**).

For the purposes of section 708A(5)(e) of the Corporations Act, the Company notifies ASX that:

- a) the Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- b) this notice is being given under section 708A(5)(e) of the Corporations Act;
- c) as at the date of this notice, the Company has complied with:
- d) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- e) section 674 of the Corporations Act; and
- f) as at the date of this notice, there is no information that is “excluded information” within the meaning of sections 708A(7) and 708A(8) of the Corporations Act.

*For further information please contact*

**JON PRICE**  
**MANAGING DIRECTOR**

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ASX: PXG, PXGOA

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## About Phoenix

16<sup>th</sup> July 2014

Phoenix Gold Ltd is an emerging Australian exploration and production 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 reserves, develop smaller low capital advanced mining projects utilising spare infrastructure in the region and unlock the potential of the lower grade ore mined through heap leaching technology.

The Castle Hill gold project is emerging as a flagship asset with the potential to become a multi-million ounce gold mine 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 (Mill Feed)	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 (Stage 1 - Mill)				18.09	1.5	894,000	7.64	1.3	317,000	25.73	1.5	1,211,000
Kintore (Castle Hill Stage 2)				2.38	1.5	116,000	3.17	1.6	167,000	5.55	1.6	283,000
Castle Hill Stage 3	0.18	3.5	20,000	0.15	3.1	15,000	0.67	1.9	40,000	1.00	2.3	75,000
Red Dam				2.46	2.0	155,000	2.02	1.6	107,000	4.48	1.8	262,000
Broads Dam				0.13	2.9	12,000	2.16	2.3	158,000	2.29	2.3	170,000
Kunanalling	0.41	2.4	32,000	1.33	1.6	69,000	4.40	1.7	242,000	6.14	1.7	343,000
Ora Banda				3.11	1.9	187,000	3.52	1.9	210,000	6.63	1.9	397,000
Carbine				1.70	1.6	86,000	0.21	2.1	14,000	1.91	1.6	100,000
Zuleika North				0.51	2.5	41,000	0.27	2.5	22,000	0.78	2.5	63,000
<b>Total</b>	<b>0.59</b>	<b>2.7</b>	<b>52,000</b>	<b>29.86</b>	<b>1.6</b>	<b>1,575,000</b>	<b>24.06</b>	<b>1.7</b>	<b>1,277,000</b>	<b>54.51</b>	<b>1.7</b>	<b>2,904,000</b>

  

Project (Heap leach feed)	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 (Stage 1 - HL)				21.54	0.6	400,000	15.07	0.6	273,000	36.61	0.6	673,000
Kintore (Castle Hill Stage 2)				3.03	0.6	55,000	9.05	0.6	161,000	12.08	0.6	216,000
Stockpiles				0.20	1.1	7,000				0.20	1.1	7,000
<b>Total</b>				<b>24.77</b>	<b>0.6</b>	<b>462,000</b>	<b>24.12</b>	<b>0.6</b>	<b>434,000</b>	<b>48.89</b>	<b>0.6</b>	<b>896,000</b>

  

<b>Total FEB 2014</b>	<b>0.59</b>	<b>2.7</b>	<b>52,000</b>	<b>54.63</b>	<b>1.2</b>	<b>2,037,000</b>	<b>48.18</b>	<b>1.1</b>	<b>1,711,000</b>	<b>103.40</b>	<b>1.1</b>	<b>3,800,000</b>
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## Qualification Statements

The information in this report that relates to Ore Reserves relating to Castle Hill is based on information compiled by Mr Glenn Turnbull who is a Fellow of the Institute of Material, Minerals and Mining. Mr Glenn Turnbull is a full time employee of Golder Associates Ltd and has sufficient experience which is relevant to the engineering and economics of the types of deposits which are covered in this report and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Glenn Turnbull consents to the inclusion in this report of matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves other than Castle Hill is based on information compiled by Mr William Nene who is a member of The Australian Institute of Mining and Metallurgy. Mr William Nene is a full time employee of Goldfields Mining Services Pty Ltd and has sufficient experience which is relevant to the engineering and economics of the types of deposits which are covered in this report and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004



edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. William Nene consents to the inclusion in this report of matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resource Estimation for Castle Hill Stage 1 and Red Dam is based on information compiled by Mr Brian Fitzpatrick, Senior Consulting Geologist for Cube Consulting. Mr Fitzpatrick is a Member of the Australasian Institute of Mining and Metallurgy and is also an accredited Chartered Professional Geologist. Mr Fitzpatrick has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves" (JORC Code). Mr Fitzpatrick consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Exploration Results and other Resources are based on information compiled by Ian Copeland who is an employee of the company and fairly represent this information. Mr Copeland is a Member of the Australasian Institute of Mining and Metallurgy. Mr Copeland have sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Copeland consents to inclusion in this report of the matters based on information in the form and context in which it appears.

16<sup>th</sup> July 2014

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

PHOENIX GOLD LIMITED

ABN

55 140 269 316

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Fully paid ordinary shares ( <b>Shares</b> ).  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 36,400,000 Shortfall Shares<br><br>Issued by placement of shortfall shares from the Entitlement Offer announced to ASX on 20 March 2014 which closed on 17 April 2014. |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares.  |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes, the Shares will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares of the Company.</p>
<p>5 Issue price or consideration</p>	<p>\$0.13 per Share.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The proceeds will be used to:-</p> <ul style="list-style-type: none"> <li>i) Purchase the heap leach processing facility and complete detailed engineering and updated feasibility study;</li> <li>ii) Contribute to the relocation and refurbishment of the heap leach plant; and</li> <li>iii) Provide working capital,</li> </ul> <p>as more particularly described in the investor presentations released to ASX on 20 March 2014 and 11 July 2014.</p>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the <sup>+</sup>securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>29 November 2013.</p>

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<sup>+</sup> See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	Nil.
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil.
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil.
6f	Number of +securities issued under an exception in rule 7.2	36,400,000 Shares.
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A.
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A.
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR 7.1 – 10,544,574 Shares LR7.1A – 6,963,508 Shares
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	15 July 2014.

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		333,632,330 + 36,400,000 <u>370,032,330</u>  35,983,350	Ordinary fully paid shares.   Options exercisable at 25 cents on or before 30 November 2014.
9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		5,000,000	Incentive options exercisable at 37 cents on or before 1 September 2014.
		6,000,000	Options exercisable at 25 cents on or before 28 August 2015.
		1,600,000	Options exercisable at 40 cents on or before 18 September 2014.
		5,100,000	Options exercisable at 33 cents on or before 10 June 2016.
		500,000	Options exercisable at 33 cents on or before 4 October 2016.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Dividends are not yet paid.	

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+ See chapter 19 for defined terms.

## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the <sup>+</sup> securities will be offered	N/A
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	N/A
15	<sup>+</sup> Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A

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+ See chapter 19 for defined terms.



## Appendix 3B

### New issue announcement

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25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	<sup>+</sup> Issue date	N/A

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☒ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

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<sup>+</sup> See chapter 19 for defined terms.

## Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

## Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought
- 39 +Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?
- If the additional +securities do not rank equally, please state:
- the date from which they do
  - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
  - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another <sup>+</sup>security, clearly identify that other <sup>+</sup>security)

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- 42 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (*including* the <sup>+</sup>securities in clause 38)

Number	<sup>+</sup> Class

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<sup>+</sup> See chapter 19 for defined terms.

### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

  
.....  
(Company Secretary)

Date: 16 July 2014.

Print name:

Ian Gregory

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

#### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	240,397,255
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	<p><u>36,400,000</u> fully paid ordinary shares issued on 15 July 2014 by placement of the shortfall from the Entitlement Offer which closed on 17 April 2014.</p> <p><u>33,235,075</u> fully paid ordinary shares issued on 30 April 2014 pursuant to the Entitlement Offer.</p> <p>Nil</p>
<b>Subtract</b> the number of fully paid ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	310,032,330

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	46,504,849
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	35,960,275 under Placement on 31 March 2014
<b>“C”</b>	<b>35,960,275</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<b>“A” x 0.15</b> <i>Note: number must be same as shown in Step 2</i>	46,504,849
<b>Subtract “C”</b> <i>Note: number must be same as shown in Step 3</i>	35,960,275
<b>Total [“A” x 0.15] – “C”</b>	10,544,574 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	310,032,330
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	31,003,233
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	24,039,725 under Placement on 31 March 2014
<b>“E”</b>	24,039,725

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+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	31,003,233
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	24,039,725
<b>Total</b> [“A” x 0.10] – “E”	6,963,508 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.