Dated: 25th February 2015

GEOLOGICAL TARGETING STUDY HIGHLIGHTS GOLD EXPLORATION POTENTIAL OF ZULEIKA SHEAR IN WA

ASX: PXG

HIGHLIGHTS

- *4D mineral evolution research programme undertaken with University of Western Australia's Centre for Exploration Targeting*
- *Study focused on mapping major gold bearing fluid pathways in the region*
- *Detailed 3D inversion models generated for advanced exploration targeting*
- *Targeting and ranking models provide drilling locations and orientations with higher probability of exploration success*
- *Results delivered over 30 high priority drill targets on the Kunanalling and Zuleika shear zones*
- *Phoenix's tenure covers 15kms along Zuleika shear including Broads Dam and Kundana North directly along strike of +6Moz Kundana gold field*
- *The tenure has had limited to no exploration in the last 30 years*
- *Drilling programmes now being prepared to build on Phoenix's resource base*

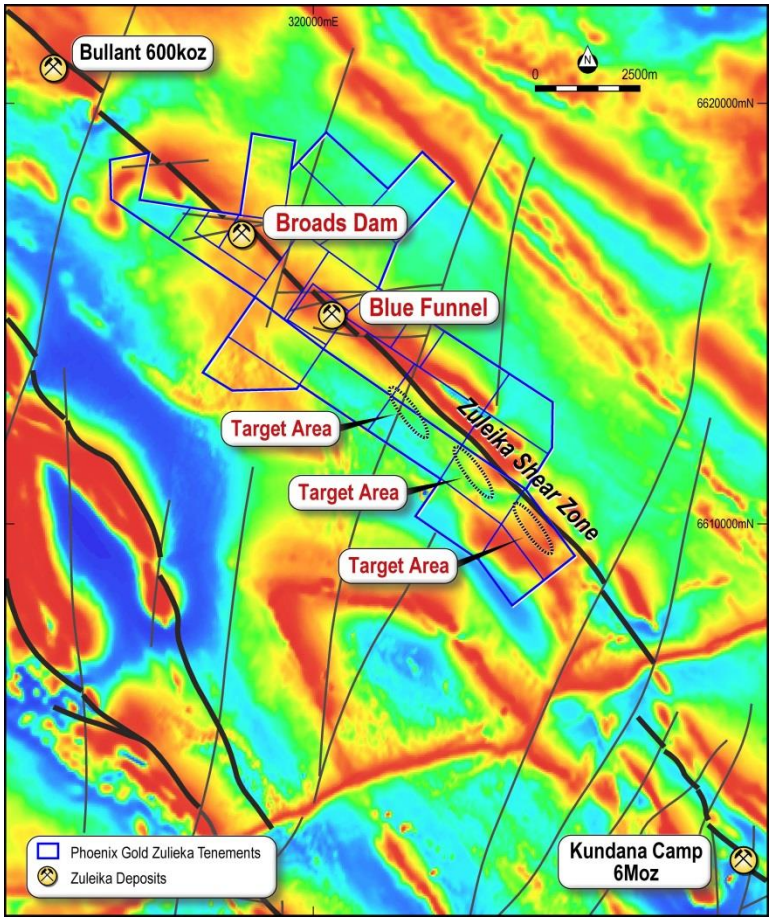

Figure 1: Phoenix's Zuleika shear tenure with target areas

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Overview

Phoenix Gold Limited (**ASX: PXG**) ("**Phoenix**" or the "**Company**") is pleased to announce the findings of an intensive research programme covering the Company's assets (Figure 2) conducted by the University of Western Australia's Centre for Exploration targeting ("CET"). The study was completed with a Phoenix geologist, Mr James Warren, who was sponsored to complete his PhD over a 3 year period.

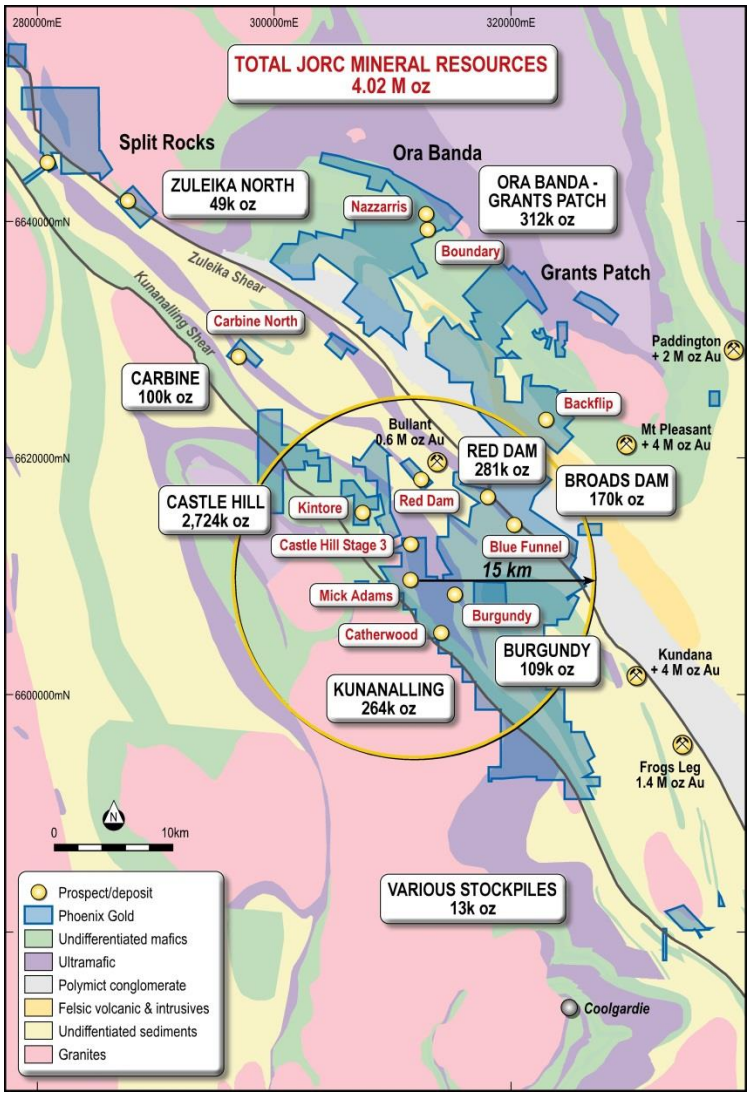

Figure 2: Project locations, Resources summary and regional geology

"While the focus has been on the large Castle Hill gold camp over the last few years, we have not forgotten about the significant exploration potential of our assets on the Zuleika shear zone. This comprehensive study across our entire portfolio has generated considerable excitement around the Broads Dam and Kundana North project areas with several high priority drill targets identified," Managing Director Jon Price said.

"My congratulations go to James and the team at the CET for this high quality programme using the latest in technology and modeling techniques. I encourage all mining companies to avail themselves of this world class expertise as we look to replenish our national Resource base," Mr Price said.

4D evolution study summary

The study is aimed at documenting the lithostratigraphic, structural evolution and associated gold mineralisation within the Coolgardie, Depot and Ora Banda Domains, in the south-eastern Yilgarn Craton, through the integration of the stratigraphic, structural, metamorphic and alteration histories of the region. Achieving the desired outcomes required detailed mapping of pit and surface rock exposures, drill-core logging, collection and implementation of geochemical and geophysical datasets, along with geochronology on key phases of the alteration history, structurally constrained intrusive rocks and host rock types.

Each of these datasets has been integrated and used to generate two and three dimensional geological models of the mineralising system in the Kunanalling-Zuleika belt with the data ultimately to be used to create a 4D (3D + time) tectonostratigraphic reconstruction of the study area. Such models provide a refined framework to aid the delineation of exploration strategies in a historical gold field and further the understanding of Archean lode gold mineralisation.

Using the above approach the study identified key targeting criteria for specific areas of the Phoenix Gold tenure which include, but is not limited to, the Kunanalling and Zuleika districts (Figure 1,2), the Powder Sill, Ora Banda and Carbine.

Zuleika Targeting

Recent work on the Zuleika district has highlighted a high degree of structural and lithological complexity which has been previously unrecognised. Historical maps of the Company's Zuleika tenements indicated that the stratigraphy to the SW of the Zuleika Shear Zone consisted of Black Flag volcaniclastic sediments with doleritic intrusions. It has been shown that segments of the underlying greenstone stratigraphy are present in the area (Figure 3) similar to the stratigraphic relationships observed at the Kundana Camp located directly SE of Phoenix's Zuleika tenements.

Significant mineralisation at Kundana has been identified on the lithological contacts adjacent to the main Zuleika structure, and these contacts represent sites of significant exploration potential in Phoenix's Zuleika tenure.

Although there has been significant historical, near surface drilling in the Zuleika area, lithological contacts have been poorly tested and represent highly prospective targets. An additional control on mineralisation is the presence of cross-cutting structures which have been demonstrated to be critical in the formation of gold deposits in places such as the Mount Pleasant mining camp (Micklethwaite and Cox, 2006) and at the nearby Kundana gold camp.

The significant depth of weathering in parts of the Zuleika corridor constrains bedrock geological information to areas where deep drilling has occurred and therefore some parts of the Zuleika tenure remain completely unexplored. Filtering and interpretation of geophysical datasets has also highlighted significant structures linking the Kunanalling and Zuleika shear zones which host mineralisation (e.g. Red Dam). These structures remain untested and represent new exciting targets.

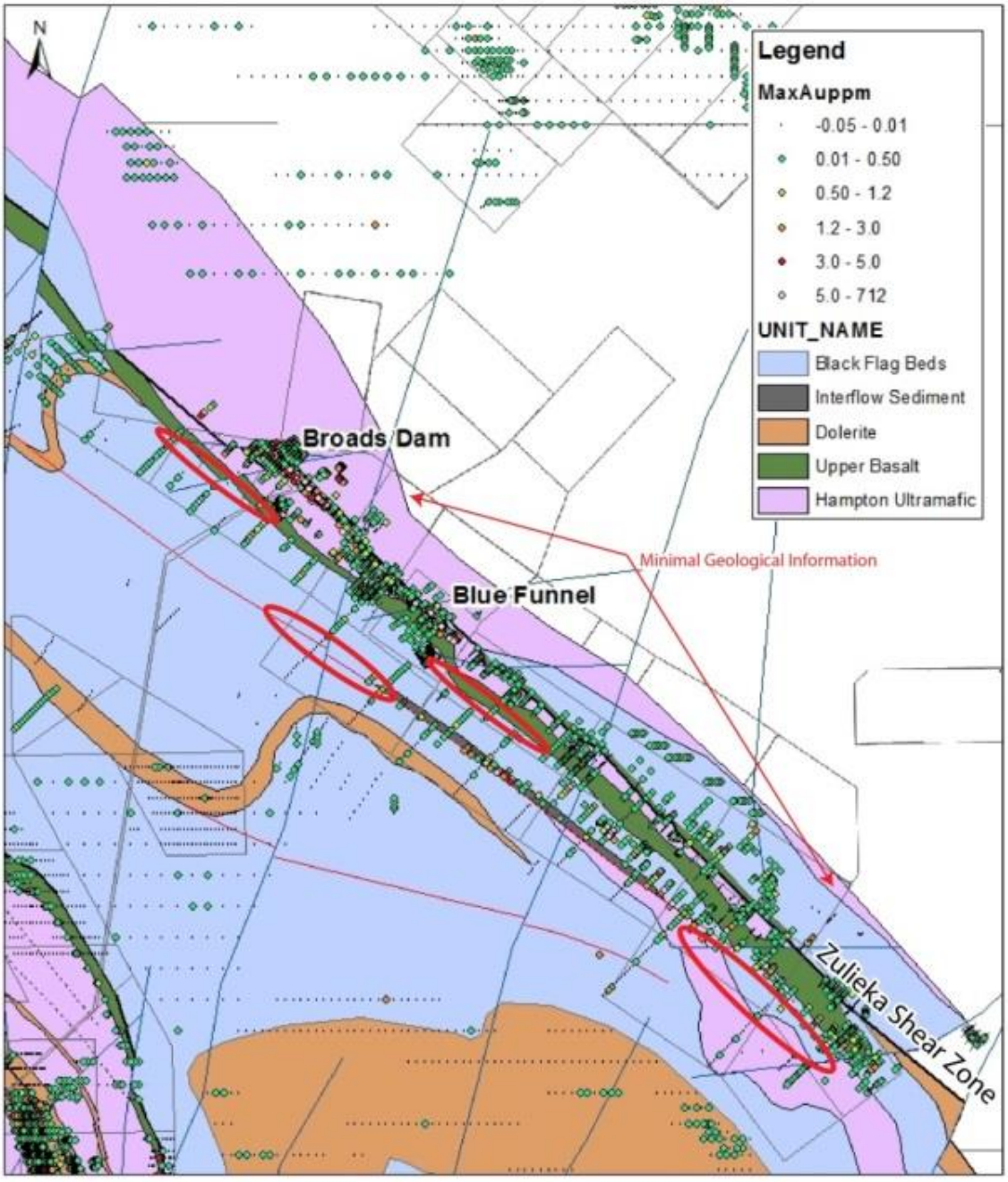

Figure 3: Interpreted bedrock geological map of Phoenix's Zuleika tenements with Max gold in hole values. Significant lengths of lithological contacts adjacent to the Zuleika Shear Zone remain untested.

Alteration and multi-element geochemical work has also highlighted more oxidised and reduced areas (Figure 4). This is important as mapping geochemical gradients can aid in the delineation of fluid pathways providing vectors to sites of mineralisation. At St Ives, studies (eg. Neumayr et al., 2008; Walshe and Hough, 2014) have successfully mapped redox gradients related to gold occurrences using zoning in alteration mineralogy.

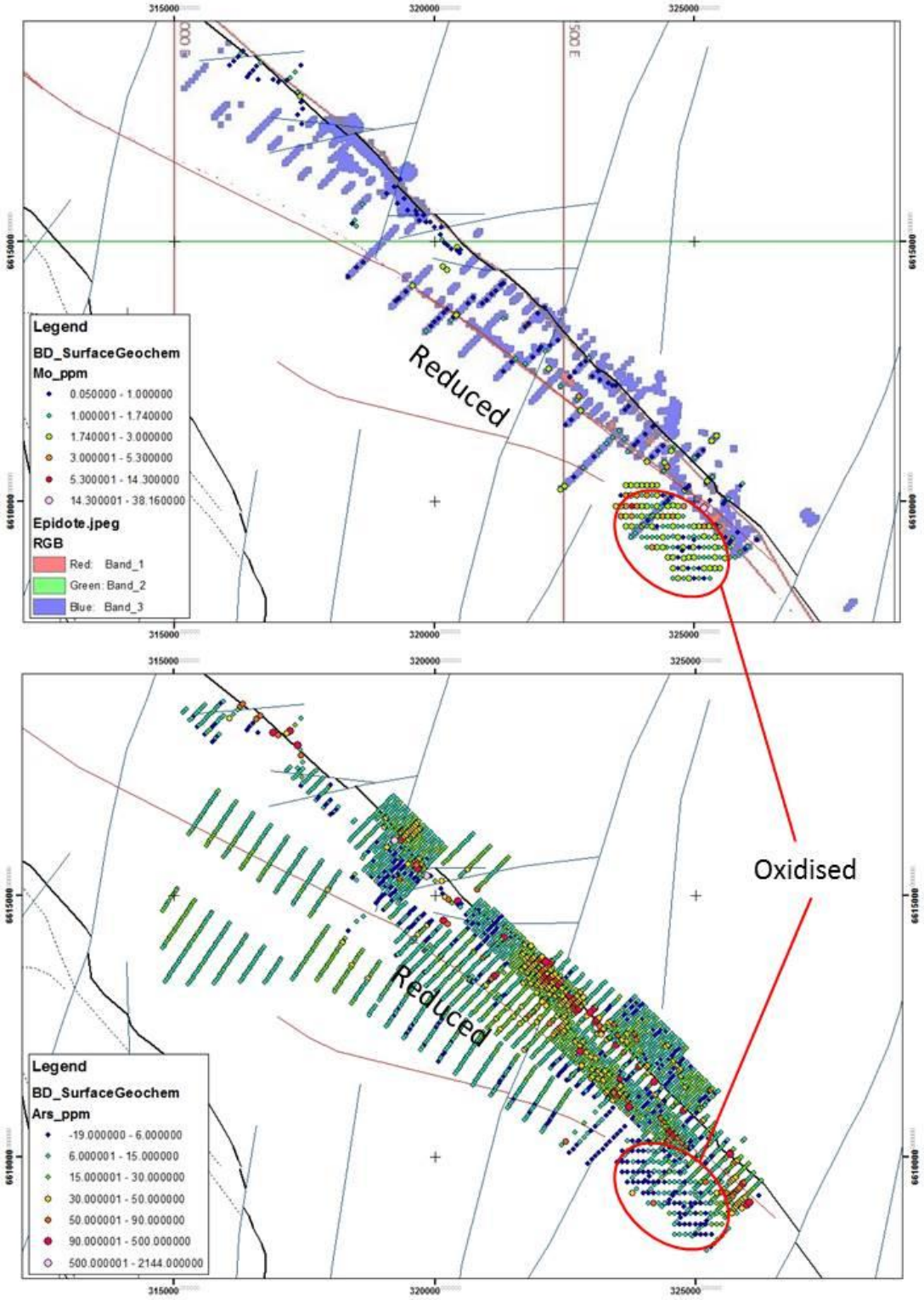

Figure 4: **Images showing the link between alteration and multi-element geochemistry. Molybdenum (Mo) multi-element data overlain on epidote alteration data showing the location of more oxidised vs reduced areas (top). Arsenic (Ars) multi-element data which shows the opposite trends to Mo data (bottom).**

Kunanalling Targeting

Detailed work along the Kunanalling Shear Zone and around the Kintore Tonalite highlighted the fundamental structural architecture, developed early in the deformation history of the terrane, as a major control on the location magmatism, fluid flow and gold mineralisation (Warren et al. 2015 in press). A contractional jog developed at a right stepping segment of the Kunanalling Shear Zone is the structural model used to describe the location of known mineralisation occurrences.

This model is not unique to the Kunanalling district with authors highlighting the propensity for contractional jog geometries to develop world class gold systems (eg. Chen et al., 2001). Using CSIRO's TESCAN integrated mineral analyser (TIMA) machine it has been shown that N-S trending structures form major fluid pathways between NW-SE trending bounding faults in the Castle Hill area (Figures 5 & 6). In the Kunanalling region, historical drilling has targeted NE-SW trending lithological contacts. As a result an adjustment of the exploration strategy to target proximal to N-S trending features can potentially delineate new resources at minimum expenditure in an area which has been the target of significant historical exploration. Using this strategy a number of targets have been highlighted which have remained untested after previous exploration and are considered highly prospective (Figure 7).

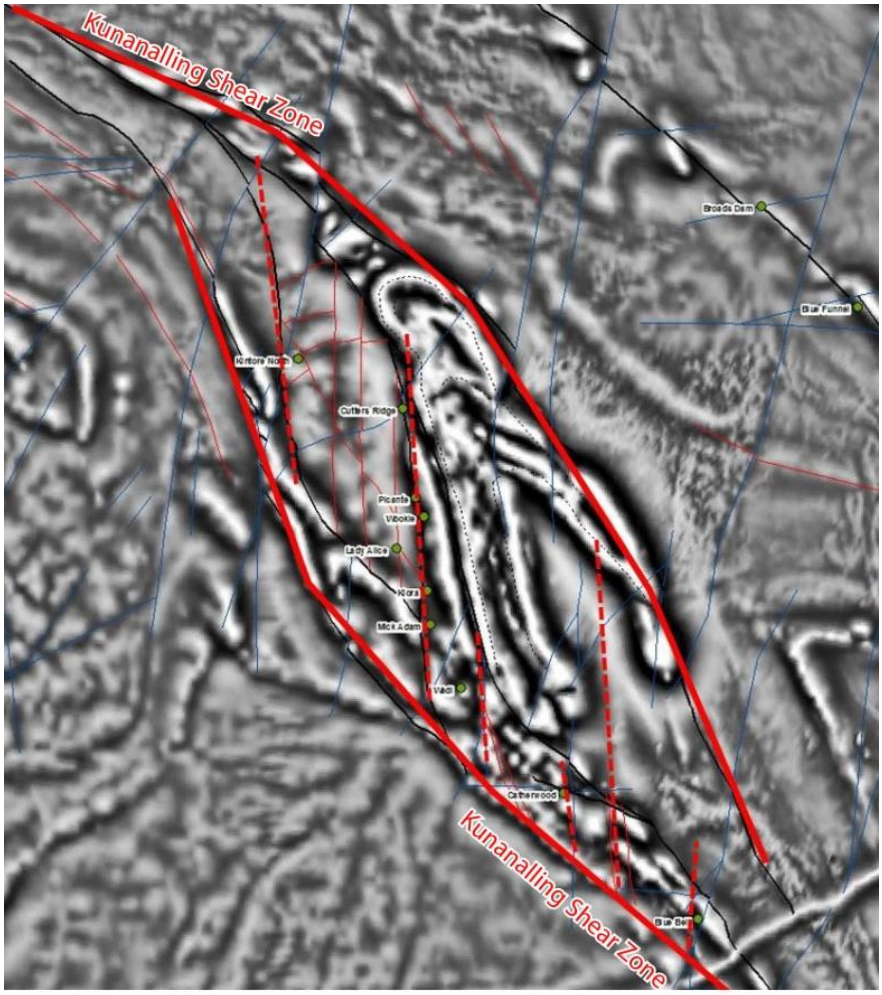

Figure 5: A first vertical derivative magnetics image with the Dynamic Range Compression filter applied highlighting the structural geometry of the Kunanalling district. This figure shows the contractional jog geometry with known deposits adjacent to N-S trending linking structures.

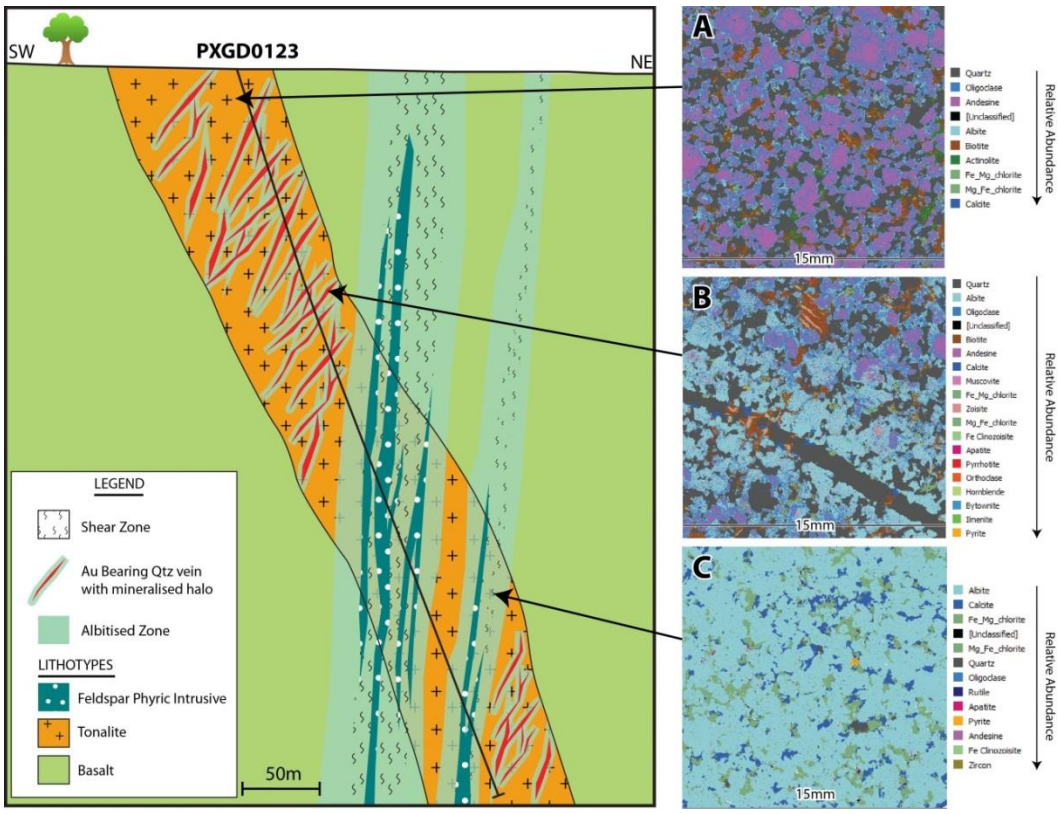

Figure 6: **Cross-section through diamond drill-hole PXGD0123 showing the relative mineralogy, obtained from TIMA mineral mapping, from least altered to most altered tonalite (A through C). N-S structures (here represented by the strongly albitised zone) form major fluid pathways for the transport of auriferous fluids from a deep crustal source.**

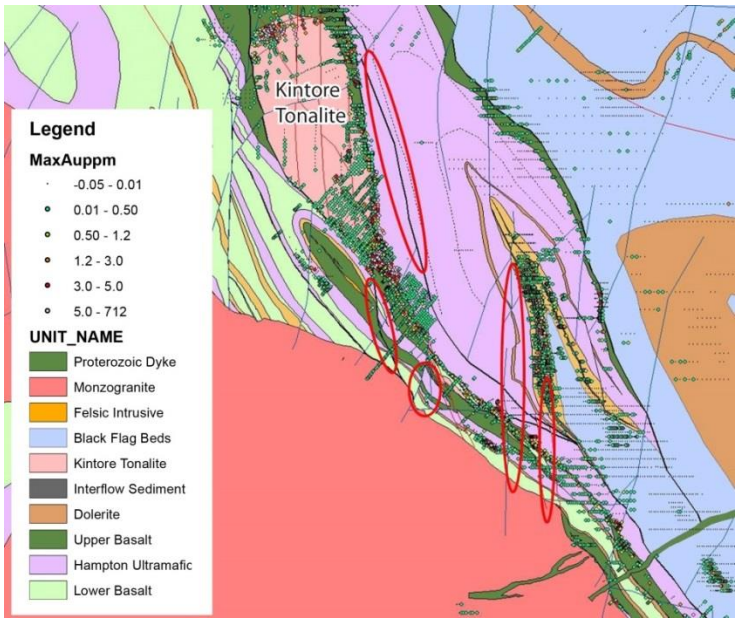

Figure 7: **Geological map of the Kunanalling district with max gold in drill-hole assay values. The figure highlights the highly prospective targets which have remained untested during historical exploration programmes.**

Other Targets

Outside of the major Kunanalling and Zuleika areas are a number of highly prospective targets. Among these are the western limb of the Powder Sill, Ora Banda and Carbine.

The Powder Sill is a folded and differentiated intrusive mafic body of dolerite composition with the eastern limb intersecting the Zuleika Shear Zone in the vicinity of the Kundana gold camp (Figure 8). Doleritic rocks provide a rheological and chemically favourable lithology for the formation of gold deposits and are an ore-body scale control on mineralisation (McCuaig and Kerrich, 1998). In particular, the magnetite unit within a differentiated dolerite is a particularly favourable host rock.

Although a number of other factors are critically important for the development of an ore deposit, such as structural complexity and proximity to auriferous fluid bearing structures, this stratigraphic unit is a highly prospective target. A region which has been identified through this study is the western limb of the Powder Sill, proximal to the Kunanalling Shear Zone, which satisfies the aforementioned criteria and is the location of magnetic and gravimetric geophysical anomalies (Figure 8).

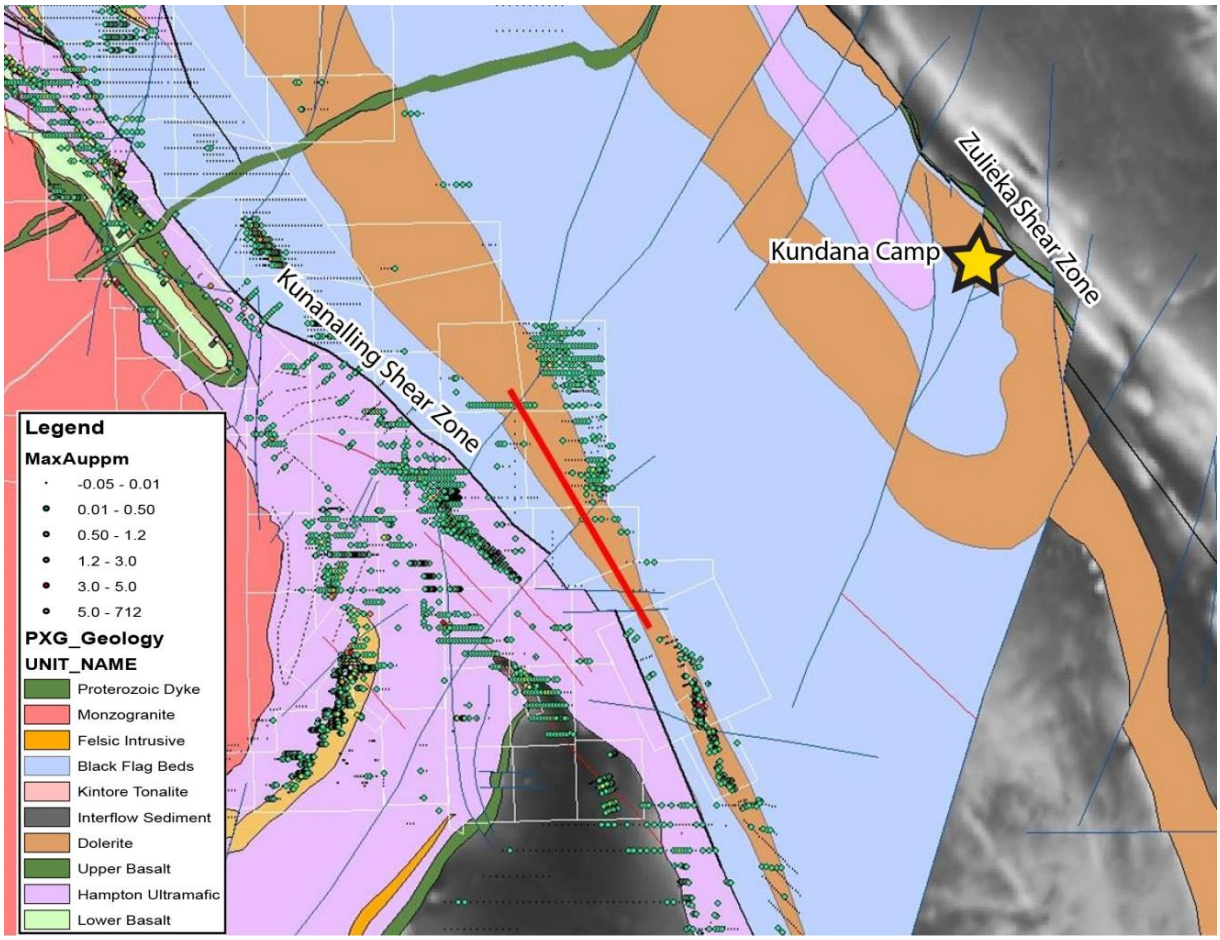

Figure 8: Geological map of the Powder Sill and the target area situated on the western limb of the folded unit.

The Ora Banda district has had a long history of gold exploration and production. A reinterpretation of the stratigraphy and structure of the area has highlighted areas in the northern part of Phoenix's tenure, along strike from major deposits such as Enterprise, have not been adequately tested through historical drilling (Figure 9). Tripp and Vearncombe (2004) show the importance of NE-SW trending structures in the development deposits in the Ora Banda district with the intersection of these structures and lithological contacts targets for future exploration on Phoenix's Ora Banda leases.

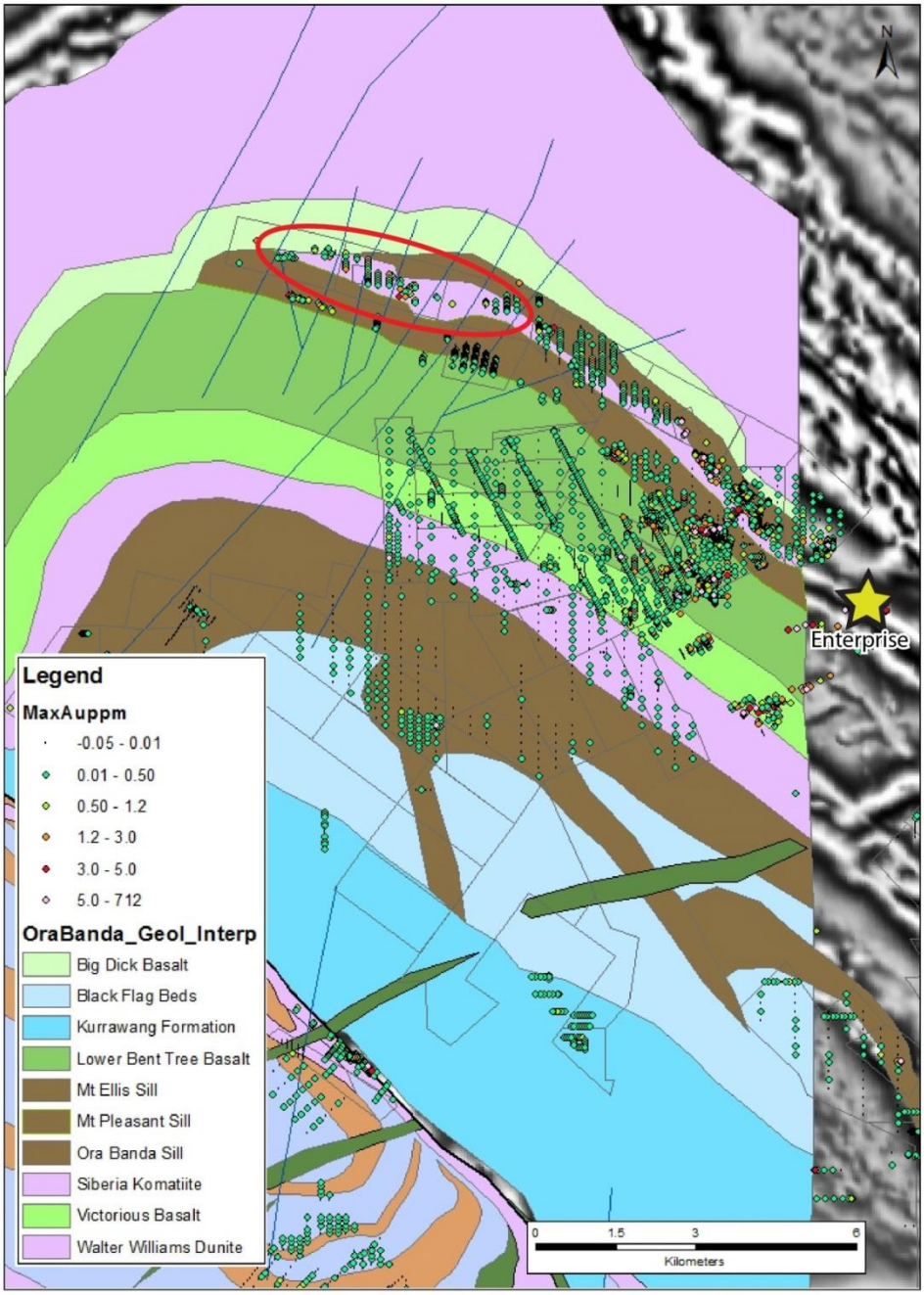

Figure 9: Geological map of the Ora Banda leases highlighting the target area along strike from the enterprise deposit with high fracture density. The intersection of NE trending structures and lithological contacts represent highly prospective targets for the Ora Banda area.

The Company's Carbine leases represent an area which has had very little historical exploration conducted and represents a brownfields exploration target. The leases are dominated by granitic rocks with the Zuleika Shear Zone bisecting the tenements and the Kunanalling Shear Zone proximal to the west (Figure 10). Historically the bulk of historical exploration within the Eastern Yilgarn has been conducted in greenstone stratigraphy, but a number of significant deposits more recently have been located in granitoid rocks, such as Castle Hill Tarmoola and Granny Smith, and these granites represent vast underexplored areas. The Carbine leases proximity to two major gold bearing structures in the Kunanalling and Zuleika Shear Zones and the high degree of structural complexity make it an ideal area to target granitoid hosted lode gold deposits.

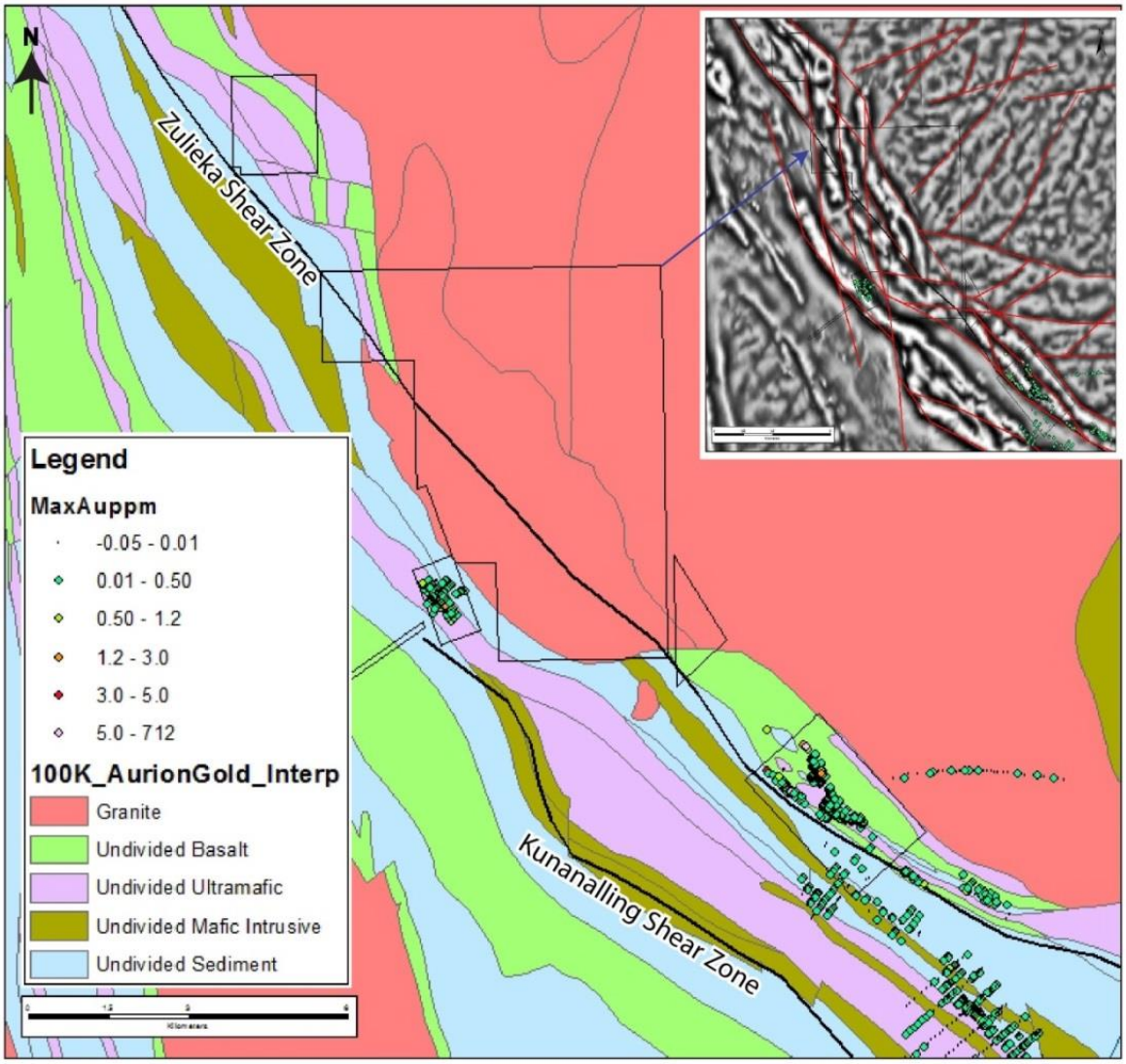

Figure 10: Geological map of the Carbine area showing the Zuleika Shear Zone bisecting the tenements package and propagating through the granitic pluton. The inset shows a detailed structural interpretation from a first vertical derivative magnetics image with Dynamic Range Compression filter applied. The Zuleika Shear Zone, and proximal to it, become a major brownfields target.

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, stage develop core projects with minimal capital and develop a continuous production profile in the near 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 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.

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
Mick Adams/Wadi				18.09	1.5	894,000	6.39	1.3	274,000	24.48	1.5	1,168,000
Kintore				3.03	1.6	160,000	4.21	1.8	239,000	7.24	1.7	399,000
Castle Hill Stage 3				2.38	1.4	109,000	1.36	1.3	59,000	3.74	1.4	168,000
Red Dam				2.05	2.1	140,000	1.04	2.2	74,000	3.09	2.2	214,000
Broads Dam				0.13	2.9	12,000	2.16	2.3	158,000	2.29	2.3	170,000
Burgundy	0.49	2.0	31,000	0.40	2.3	29,000	0.09	1.5	4,000	0.98	2.0	65,000
Kunanalling				0.46	2.4	35,000	4.12	1.7	229,000	4.58	1.8	264,000
Ora Banda				2.36	2.0	149,000	2.79	1.8	163,000	5.15	1.9	312,000
Carbine				1.70	1.6	86,000	0.21	2.1	14,000	1.91	1.6	100,000
Zuleika North							0.62	2.5	49,000	0.62	2.5	49,000
Stockpiles				0.08	1.4	4,000				0.08	2.5	4,000
Total	0.49	2.0	31,000	30.68	1.6	1,618,000	22.99	1.7	1,263,000	54.16	1.7	2,913,000

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
Mick Adams/Wadi				21.54	0.6	400,000	10.98	0.6	198,000	32.52	0.6	598,000
Kintore				6.68	0.6	131,000	7.87	0.6	156,000	14.55	0.6	287,000
Castle Hill Stage 3				3.80	0.6	68,000	2.01	0.6	36,000	5.81	0.6	104,000
Burgundy	1.04	0.6	22,000	0.86	0.6	18,000	0.22	0.6	4,000	2.12	0.6	44,000
Red Dam				1.89	0.7	44,000	0.97	0.7	23,000	2.86	0.7	67,000
Stockpiles				0.48	0.6	9,000				0.48	0.6	9,000
Total				35.25	0.6	670,000	22.05	0.6	417,000	58.34	0.6	1,109,000

Total Jan 2015	0.49	2.0	31,000	65.93	1.1	2,288,000	45.04	1.2	1,680,000	112.50	1.1	4,022,000

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Qualification Statements

The information in this report that relates to Mineral Resource Estimation for Castle Hill Stage 1 and Castle Hill Stage 3 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 Mineral Resource Estimation for Red Dam and Burgundy is based on information compiled by Dr Sia Khosrowshahi Principal Consulting Geologist for Golder Associates Pty Ltd. Dr Khosrowshahi is a Member of the Australasian Institute of Mining and Metallurgy. Dr Khosrowshahi 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). Dr Khosrowshahi 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 reporting of Exploration Results and Resources other than those mentioned above 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.

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Forward Looking Statements

This release contains forward-looking statements. Wherever possible, words such as "intends", "expects", "scheduled", "estimates", "anticipates", "believes", and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, The Company cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward- looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause the Company's actual results, events, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements.

Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended, including those risk factors discussed in the Company's public filings. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements.

Any forward-looking statements are made as of the date of this release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law. This release may contain certain forward looking statements and projections regarding: estimated resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives.

Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of the Company. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. The Company does not make any representations and provides no warranties concerning the accuracy