



## STRONG FEASIBILITY STUDY RESULTS CONFIRM CASTLE HILL HEAP LEACH STRATEGY

ASX: PXG

### HIGHLIGHTS

- *Independent Heap Leach Definitive Feasibility Study (DFS) completed on core projects at Castle Hill and nearby satellite pits*
- *DFS presents strong financials, with total pre-tax net cash flow (after capex) of A\$70 million over the initial 7 year mine life<sup>1</sup>*
- *Reaffirms heap leaching as a key part of Phoenix Gold's staged development strategy combining wholly-owned and joint venture mining projects including Norton Gold Fields<sup>2</sup>*
- *Projects generate significant volumes of lower grade ore in addition to high grade ore mined for processing at a milling facility*
- *DFS assumes a standalone 2Mtpa heap leach processing facility at Castle Hill and ore feed available from the lower grade stockpiles, with no attributable mining costs*
- *Statutory approvals and heap leach project financing well advanced for a development decision in coming months*
- *The DFS demonstrates robust underlying economics with the following results:*

Key operating results – Heap Leach Definitive Feasibility Study <sup>1</sup>		
Total gold production	ounces	191,900
Initial mine life	years	7
Average annual gold production	ounces	27,000
Development time to first production	months	12 - 15
Total upfront capital cost	A\$M	34.4
C1 costs	A\$/oz	863
All in sustaining cash costs	A\$/oz	913
Key financial results (at A\$1,500 per ounce)		
Total Revenue	A\$M	287.8
Total net cash flow (after capex, before tax)	A\$M	70.0
NPV at 8% discount rate (pre-tax)	A\$M	40.6
Internal rate of return (IRR) over mine life (pre-tax)	%	45

Phoenix Gold Managing Director Jon Price said: "This DFS supports heap leaching of lower grade material mined and stockpiled from our core projects and has always been a key part of our strategy. The results of this study clearly demonstrate strong economic returns at current gold prices".

"We now look forward to finalising project financing and progressing towards commencing the relocation, refurbishment and recommissioning of the recently acquired plant, together with the construction of the heap leach pads and associated infrastructure over the next 18 months," Mr Price said.

**Phoenix Gold Ltd**  
ABN 55 140 269 316

73 Dugan Street  
PO Box 100  
Kalgoorlie WA 6430  
Phone +61 8 9021 2704  
Fax +61 8 9021 3393

[www.phoenixgold.com.au](http://www.phoenixgold.com.au)  
[info@phoenixgold.com.au](mailto:info@phoenixgold.com.au)

<sup>1</sup>Studies based on published Mineral Resources released to the ASX on 14 and 19 January 2015. See also qualification and forward looking statements on pages 14 and 15. See also Appendix 1

<sup>2</sup>Phoenix Gold and Norton Goldfields negotiating a formal license to Mine and Ore Sale Agreement over the Mick Adams and Wadi projects as announced on 5 August 2014



## Overview

Phoenix Gold Limited (ASX: PXG) ("Phoenix" or the "Company") is pleased to advise that a Definitive Feasibility Study (DFS) on heap leaching lower grade ore at its flagship Castle Hill Gold Project (Castle Hill) shows improved project economics and strong returns.

The projects are located on the highly prospective Zuleika and Kunanalling shear zones in the heart of the Western Australian Goldfields (Figure 1) less than 50 km from the regional mining centre of Kalgoorlie.

18<sup>th</sup> March 2015

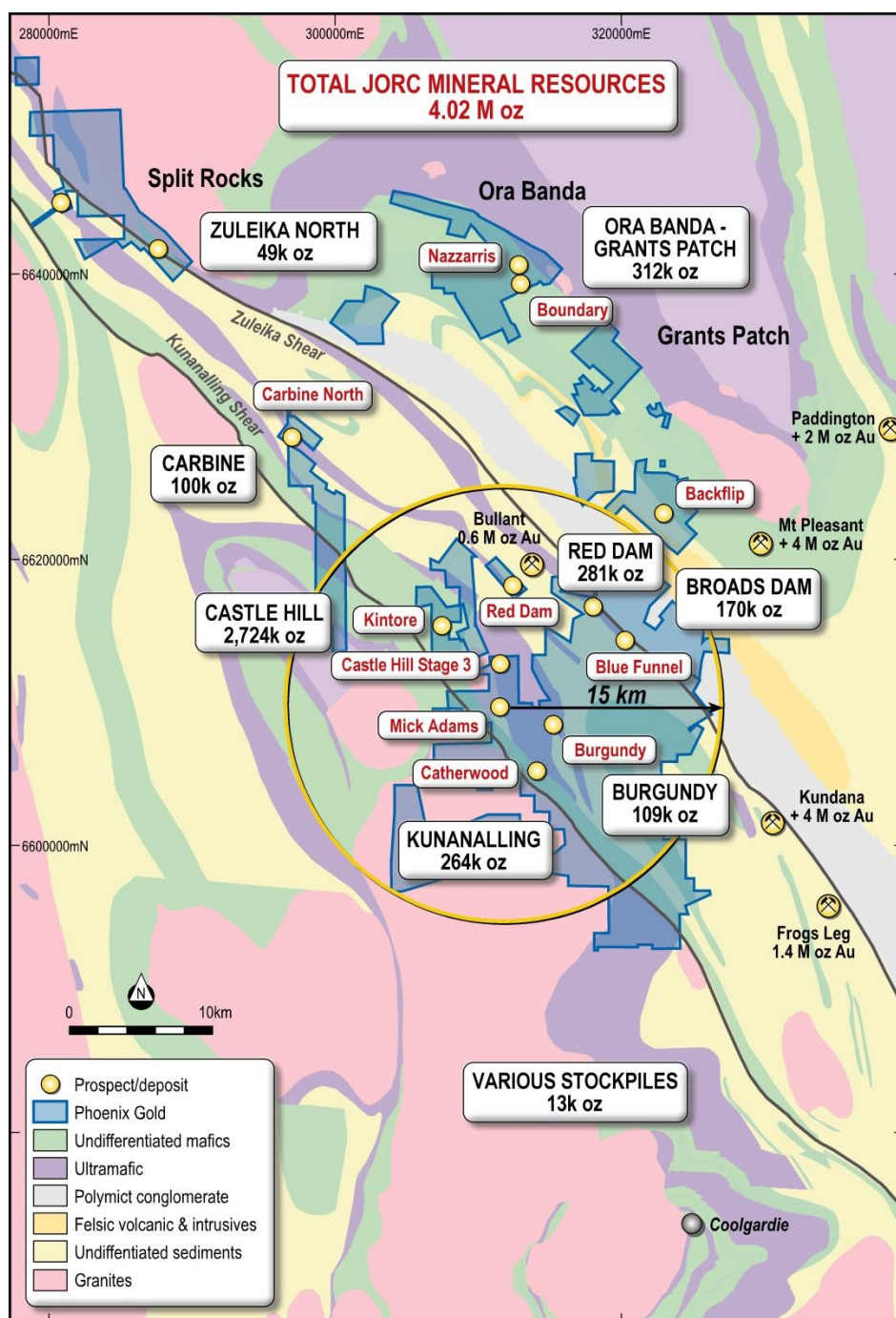


Figure 1: Project locations, Resources summary and regional geology



## ASX Announcements

18<sup>th</sup> March 2015

The delivery of the Heap Leach DFS is an important milestone, validating a key component of the Board's approach to grow the Company and generate cash flow streams under the staged development plan.

The Heap Leach DFS assessed the economics of processing lower grade ore mined at Castle Hill and nearby satellite pits at a heap leach facility, following the A\$2 million acquisition by Phoenix of a 2Mtpa standalone heap leaching plant from St Ives Gold Mines, announced 11 July 2014.

The DFS estimates total net cash flow to the Company (after capex, before tax) of A\$70 million over the project's current 7 year mine life. Based on a current gold price of A\$1,500 per ounce, the study demonstrates robust financials with a pre-tax net present value of A\$40.6 million (at an 8% discount rate) and strong IRR of 45%.

The DFS also incorporates increased Mineral Resources announced by Phoenix in January 2015. Under the DFS, current Mineral Resources for heap leaching totals 58.3Mt at 0.6g/t Au for 1.1M ounces<sup>3</sup> and current Ore Reserves for heap leaching totals 15Mt at 0.6g/t Au for 280,450 ounces<sup>3</sup>.

The heap leach ore will be sourced from the lower grade stockpiles mined from the Mick Adams-Kiora, Wadi, Kintore, Castle Hill Stage 3 and Burgundy open pits (Figure 2). The Mick Adams and Wadi projects are currently the subject of a License to mine and Ore Sale Agreement<sup>4</sup> negotiation with Norton Goldfields where Norton mine the project, haul high grade ore to their Paddington Mill for processing. The lower grade material is stockpiled separately and is available for heap leaching by Phoenix. The Relocation, refurbishment and recommissioning of the plant and construction of the heap leach pads will happen over a 12 to 15 month period.

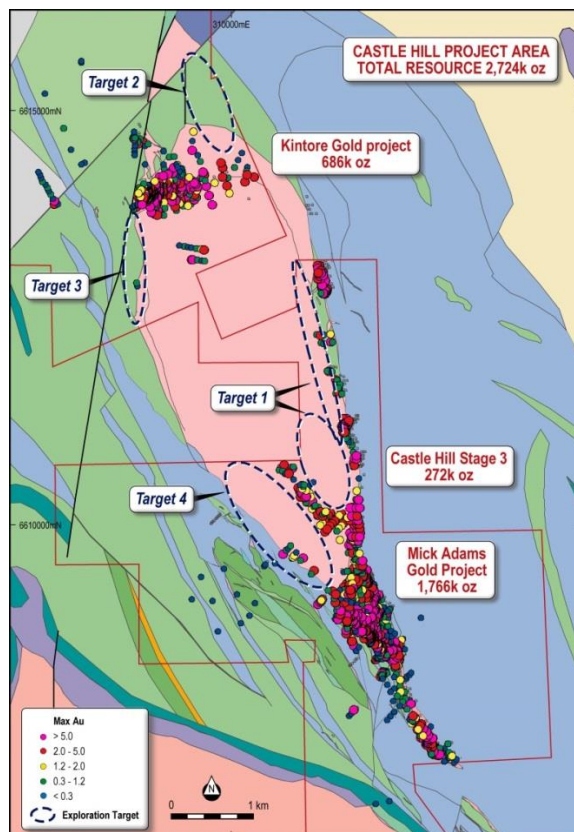


Figure 2: Castle Hill gold camp - Resources summary and regional geology

<sup>3</sup> As announced on 14 and 19 January 2015. See Resource and Reserve section on Page 9. See also qualification and forward looking statements on pages 14 and 15. See also Appendix 1

<sup>4</sup> As announced on 5 August 2014. Agreements summarised in the Solicitors Report within the Phoenix Prospectus dated 20 October 2010



## Heap Leach Feasibility Study<sup>5</sup>

18<sup>th</sup> March 2015

The DFS is an update on the work completed and announced to the ASX on 10 February 2014. It now includes the relocation, refurbishment and recommissioning of the St Ives 2Mtpa standalone processing plant at Castle Hill, and the construction of a heap leach pad and associated civil infrastructure to integrate with plant design. The Study was based on the current JORC 12 Mineral Resource released on the 14 and 19 January 2015 and the Ore Reserves as released on 9 January 2014, 4 February 2014 and 21 January 2015 (see Mineral Resources and Ore Reserves section further below) and forms the basis for reporting a production profile.

The Study has been completed under Phoenix management with major components completed by prominent independent consultants, including:

- Cube Consulting and Quantitative Group (geological modeling and Resource estimation)
- Golder Associates (Reserve estimation)
- Veritas Metallica (feasibility management and technical oversight)
- Como Engineering (HL process plant relocation and commissioning to +/- 15%)
- Worley Parsons (pad design and associated infrastructure)
- Independent Metallurgical Operations (heap leach metallurgical test work)
- Cardno BEC and Rockwater for energy and hydrology respectively

## Operating Parameters

Open cut mining at the Kintore project has commenced with heap leach feed ore stockpiled for treatment 4km to the north of the planned plant site. Development of the Mick Adams-Kiora and Wadi projects in joint venture with Norton Goldfields is expected in the coming year with these projects supplying the majority of ore feed to the plant in the first 4 years.

Where required, haulage of ore to the Castle Hill plant will utilise existing haul road infrastructure with pricing received from a number of local haulage contractors. Ore from the Mick Adams-Kiora and Wadi open pits will be delivered to the run of mine (ROM) pad by the contract mining fleet directly from the mine with significant cost savings.

The St Ives heap leach plant design has a nominal 2Mtpa throughput capacity utilising a primary, secondary and tertiary crushers (Figure 3) to generate an 80% passing -11mm product. This material is then fed through an agglomeration drum where lime and cement is mixed to form agglomerates for transport by conveyors to the heap leach pads via overland and grasshopper conveyors and radial stacking system.

Pad design comprises 12 cells with a 750m length and 75m width and designed to receive ore in 10m lifts. The initial pads will comprise 4 of the 12 cells designed capable of processing 6Mt of ore over the first 3 years of the operation. Cells 5 to 8 (Figure 4) will then be constructed using operational cash flow. A weak cyanide solution will then be introduced to the heaped cell and gold bearing solution collected on the impermeable plastic liner under the stacked ore (Figure 4 and 5).

Gold bearing solution will then be pumped to a 240m<sup>3</sup>/hr carbon in column circuit comprising 6 counter current carbon contact tanks for adsorption onto carbon (Figure 5). Loaded carbon is then removed periodically reporting to the elution circuit for gold recovery and subsequent electrowinning and smelting to gold bullion (Dore). The bullion is then shipped to the Perth Mint for refining.

<sup>5</sup> Studies based on published Mineral Resources released to the ASX on 14 and 19 January 2015. See also qualification and forward looking statements on pages 14 and 15. See also Appendix 1





18<sup>th</sup> March 2015



Figure 3: SGM heap leach 3 stage crushing and screening plant (courtesy SGM)

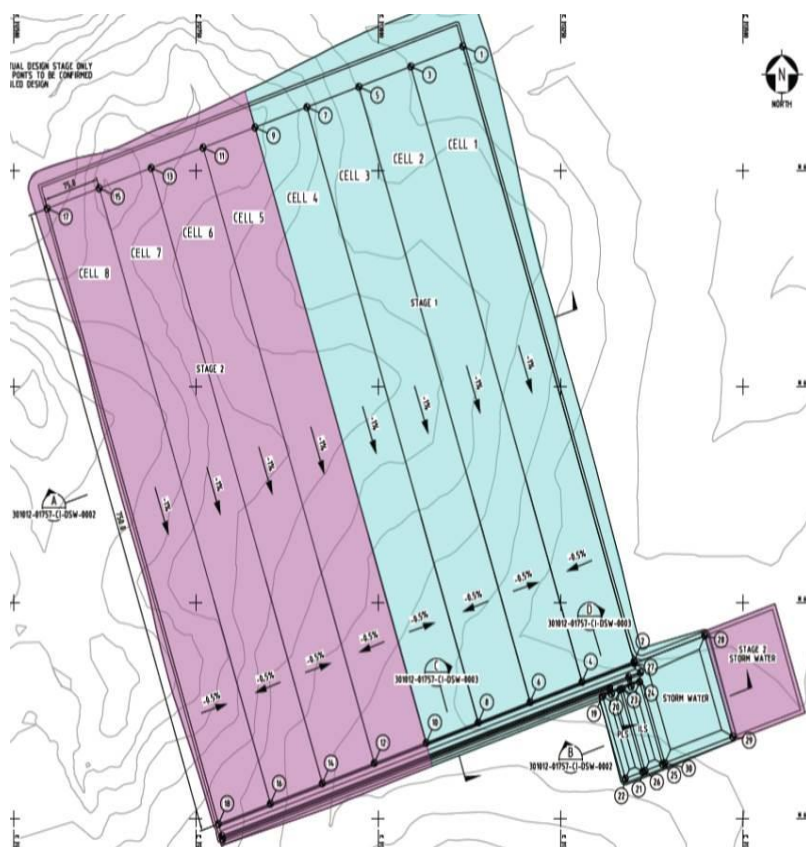
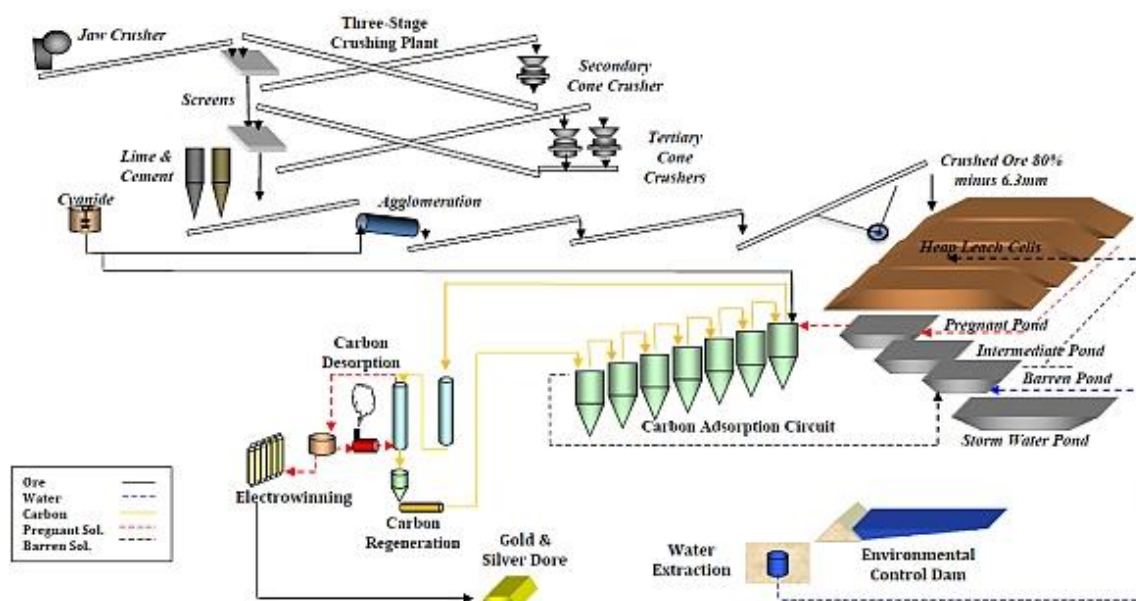


Figure 4: Heap leach pad design schematic showing 8 of 12 cells



18<sup>th</sup> March 2015



**Figure 5: Heap leach processing plant indicative schematic**

The results of the DFS show a robust project with the following operating parameters:

Heap leach physicals summary - All projects <sup>6</sup>		
Ore heaped	Mt	14.58
Gold grade	g/t Au	0.61
Recovery	%	67%
Recovered gold	Ounces	191,900
Average Annual throughput rate	Mtpa	2.0
Initial Project Life		
Mine life	years	7
Average annual production	ounces	27,000

## Capital Costs

Capital cost estimates for the purchase, relocation, refurbishment and recommissioning of the heap leach processing plant at the Castle Hill site have been derived by Como Engineers Pty Ltd to an accuracy level of +/- 15%. The estimate assumes the provision of local labour, crange and transport of the plant from St Ives via Kalgoorlie where Refurbishment of most items would be undertaken.

Capital cost estimates for the leach pad design and associated infrastructure have been derived by Worley Parsons Pty Ltd to an accuracy level of +/- 15%. Pad design was based on ore testwork and integration of the St Ives plant and utilised the actual design at St Ives as a baseline. Civil work costs have been derived from budget quotes from civil mining contractors and materials (liners, pumps, pipes, buildings etc.) derived from budget quotes from vendors.

<sup>6</sup> Studies based on published Mineral Resources released to the ASX on 14 and 19 January 2015. See also qualification and forward looking statements on pages 11 and 12. See also Appendix 1



Key capital cost components for the operation are summarised below:

18<sup>th</sup> March 2015

<b>Capital Costs – 2 Mtpa Castle Hill heap leach pads and processing plant</b>		
Remaining plant purchase cost	A\$M	1.80
St Ives plant dismantling and relocation	A\$M	3.49
Plant refurbishment	A\$M	1.64
Crushing plant reinstallation and commissioning	A\$M	5.37
Wet plant reinstallation and commissioning	A\$M	3.22
<b>Subtotal Plant (including 8% contingency)</b>	<b>A\$M</b>	<b>15.52</b>
Heap leach pad civil work (cells 1 to 4)	A\$M	6.56
Base liner system (cells 1 to 4)	A\$M	2.53
Base leachate collection system	A\$M	0.83
Heap leach monitoring system	A\$M	0.40
Services infrastructure	A\$M	5.10
Contingency	A\$M	3.47
<b>Subtotal leach pads and infrastructure</b>	<b>A\$M</b>	<b>18.89</b>
<b>Total capital cost</b>	<b>A\$M</b>	<b>34.41</b>

## Operating Costs

Phoenix conducted a pricing process for road haulage where required.

Operating costs for the processing plant have been estimated based on detailed metallurgical testwork completed by Independent Metallurgical Operations (IMO) and actual operating data. Adjustments were made for material type, reagent consumption, site services costs, labour, loader feed costs and spare parts. A large inventory of spare parts was purchased together with the plant and provides a significant saving in the first 2 years of operation.

This produced an operating cost for the plant of A\$10.85/t at a nominal 2Mtpa processing rate. The operating cost model assumes increased throughput rates for treatment of oxide material and nominal rates for transitional and fresh material.

One of the key advantages of the Castle Hill Gold Project is its close proximity to the city of Kalgoorlie-Boulder. The operations will leverage off well established mining infrastructure and services that exists in the region. The high skill level and experience of the labour force in the local community will minimise the need to employ staff from outside the Eastern Goldfields region. This will ensure a seamless transition from commissioning to operations with no requirement for an accommodation village or airstrip.

Phoenix will have a total site workforce of 30 employees across processing and maintenance, and administration - inclusive of Environmental, Health and Safety and management. Contractor numbers will vary during the course of the operation but shall approximate 6 for the first year of operations.



Key operating costs are detailed below:

18<sup>th</sup> March 2015

Life of mine cash operating costs		
Loader feed	\$/t	0.75
Crushing, agglomeration and stacking	\$/t	4.35
Adsorption, desorption and recovery	\$/t	4.25
Admin	\$/t	1.50
<b>Total Operating costs (milling and CIL processing)</b>	<b>\$/t</b>	<b>10.85</b>

## Permitting and Environmental Studies

The following environmental work has been completed in support of the proposed operation at Mick Adams/Kiora and Wadi:

- Flora and Fauna surveys (inclusive of studies for invertebrate-fauna)
- Surface water assessment
- Heritage surveys
- Waste rock characterisation
- Soil Characterisation
- Ground water assessment

There have been no significant matters identified as a result of the environmental studies that would impede the mining operations. Management strategies have been developed to address clearing of vegetation, wildlife interaction and rehabilitation of waste rock dumps. Waste rock characterisation studies have identified the main waste material to be non-acid forming. A suitable area has been identified within the bounds of the Phoenix tenure for the waste rock landform.

Clearing permits and Water Abstraction Licenses have been granted over the project area by the Department of Environmental Regulation and Department of Water. Mining Proposals (including Mine Closure Plans) jointly completed by Norton and Phoenix for the mining aspects of the project have been submitted prior to commencement of the mining operation. Meetings between Phoenix Gold and Government Regulators to determine the level of additional supporting information required for the Operating Licences, Works Approval applications and Mining Proposal/Mine Closure Plan submissions of the heap leach facility.

Miscellaneous Licences have been pegged and granted over a nearby borefield and water licences have been granted by the Department of Water. As part of the Mine Closure Planning process, discussions with stakeholders (local community, pastoralists) have been undertaken. Discussions with the pastoralist regarding post mining land use are in progress.

The Castle Hill Stage 1 Ore Reserve is situated on granted Mining Leases which have a grant life of 21 years and are renewable for a further 21 years. Applications for conversion of three surrounding prospecting licences have been submitted to the Department of Mines and Petroleum. These applications are for location of the heap leach facility.





## Infrastructure

18<sup>th</sup> March 2015

The proposed infrastructure utilised to generate cost estimates or required to support the operation in relation to the generation of Ore Reserves are as follows:

- A 2M tonne per annum CIC gold processing plant located at the Castle Hill operation, with operating costs and recoveries based on the actual plant operation and metallurgical test work
- Heap leach pads have been designed by Worley Parsons for placement of crushed and agglomerated heap leach material at a stacking rate of 2Mtpa (Figure 3)
- Support infrastructure including an administration building, workshop, store facility, reagents and fuel storage areas and water storage facilities.

## Mineral Resource and Ore Reserve

The current Mineral Resource for the heap leach project as announced to the ASX on 14 and 19 January 2015 stands at 58.34Mt at 0.6g/t Au for 1,109,000 ounces<sup>7</sup>.

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
<b>Total</b>				<b>35.25</b>	<b>0.6</b>	<b>670,000</b>	<b>22.05</b>	<b>0.6</b>	<b>417,000</b>	<b>58.34</b>	<b>0.6</b>	<b>1,109,000</b>

The current Ore Reserve for the heap leach project as announced to the ASX on 4 February 2014 stands at 14.96Mt at 0.58g/t Au for 280,000 ounces.

Project - Heap Leach Feed	Proven Ore Reserve			Probable Ore Reserve			Total Ore Reserve			Cut off
	Mt	Au (g/t)	Au Oz	Mt	Au(g/t)	Au oz	Mt	Au (g/t)	Au Oz	
Castle Hill				12.16	0.58	227,450	12.16	0.58	227,450	0.4-0.8
Kintore (Castle Hill Stage 2)				2.60	0.54	46,000	2.6	0.54	46,000	0.4-0.8
Stockpiles				0.20	1.10	7,000	0.20	1.10	7,000	
<b>Heap leach feed</b>				<b>14.96</b>	<b>0.58</b>	<b>280,450</b>	<b>14.96</b>	<b>0.58</b>	<b>280,450</b>	

Note: The reserve estimates have been modified with dilution and mining recovery factors (see Appendix 1)

Tonnes and ounces are rounded, rounding errors may occur

MT = million tonnes, Au (g/t) = gold in grams per tonne

<sup>7</sup> As announced to the ASX on 14 and 19 January 2015 and 4 February 2014. See also qualification and forward looking statements on pages 11 and 12. See also Appendix 1



## Metallurgy

Metallurgical test work yields high recoveries (72-88%) in the oxide and transitional material and lower recoveries in the fresh material (45-71%). The fresh material requires finer crushing to P80 minus 10mm to improve recovery to beyond 70%.

The ore schedule has been reviewed to provide the plant with a blend of maximum 60% fresh to 40% oxide and throughput rates reduced when crushing high fresh blends to ensure finer crushed product. Agglomeration will be conducted on all material types and testwork required low cement addition rates and acceptable slumpage.

## Geological Summary

The principal lithology to host gold mineralisation at Mick Adams-Kiora and Wadi (Castle Hill Stage 1) is the Kintore Tonalite a large intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The elliptical Kintore Tonalite attenuates to the south to form very long narrow (80m wide in plan) intrusion which hosts the Mick Adams and Wadi gold mineralisation and a dyke swarm to the south-east which hosts the Outridge and Kiora gold mineralisation. Gold mineralisation is also hosted along the eastern margin of the main body of the tonalite at Wookie and Picante. Gold mineralisation in this area is hosted within the tonalite and within the flanking mafic/ultramafic sequence. The Lady Alice gold mineralisation is associated with a fault array hosted entirely within the bulk of the tonalite intrusive. The Lady Alice fault array coincides with the boundary between de-magnetised tonalite to the east and magnetised tonalite to the west.

Vertical vein arrays and kinematic indicators at Mick Adams and Kiora show the primary deformation at Castle Hill was extension with an east block down (sinistral normal) sense of movement, suggesting emplacement of the tonalite coincided 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. NE trending discrete faults are interpreted to be hard-linked transfer structures (perhaps zones of inherited weakness) which form jogs and hence local areas of dilation in the normal faults. Mick Adams and Wadi are separated by a NE trending fault which has generated an offset of 250m across strike. Both deposits dip shallowly to the east. NW trending shear zones which were re-activated during sinistral transpression accommodate much of the compressional strain and act to preserve the extensional domain.

Primary mineralisation within the tonalite at Mick Adams and Wadi occurs as discrete narrow west dipping quartz veins containing moderately to extremely high gold grades and as fine disseminated gold within the tonalite groundmass. Visible gold has been observed in drill core in both quartz veins and as blebs in the tonalite groundmass. The disseminated gold is commonly associated with minor blebs of pyrite, arsenopyrite and rare chalcopyrite. High gold grade veins are typically 10 to 20cm thick and commonly occur in extensional arrays of four to five veins generating high grade zones up to 10m in horizontal thickness. Extensional veins are more common along the eastern margin of the tonalite. At the southern end of Mick Adams extensional vein arrays have been intersected in the footwall of the mafic unit proximal to the tonalite contact.

Extensional shear zone arrays are also the host of the gold mineralisation at Kiora. Sheeted quartz veins are interpreted as the extensional veins propagating out from the shears. The veins within Kiora are hosted within the tonalite along the contact with ultramafic rocks and have been interpreted as having



undergone supergene enrichment. Gold mineralisation at Kiora is also hosted within fault fill veins formed by movement on a shallowly dipping normal fault. Primary mineralisation within the basalt which forms the immediate hangingwall of the Mick Adams mineralisation is characteristically associated with shearing, extensional veining and biotite alteration. This mineralisation has been called Outridge and comprises a number of zones which pinch and swell along strike and down dip. Outridge mineralisation has been interpreted as steeply dipping to the west.

Mick Adams Mineral Resource has the dimensions of 1290m (north) by 100m (east) and has been drilled to an average vertical depth of 275m. The Wadi Mineral resource has the dimensions of 580m (north) by 50m (east) and has been drilled to a depth of 150m.

## **Drilling Techniques**

Drilling data utilised in the mineral resource estimate includes a combination of reverse circulation (RC) and surface diamond core (DDC) drilling. A 5.5" face sampling hammer was used for collection of samples in all RC drill-holes. DDC sampling was a combination of PQ, HQ and NQ2 core sizes dependent on the purpose of the hole. Drill-hole collars were surveyed by a qualified contract surveyor prior to commencement of drilling and after completion of drilling. Down-hole survey measurements were collected by a specialised survey contractor; instruments used were calibrated to industry specifications. All rigs used during drilling were rated to a greater depth than those drilled.

## **Sampling and Subsampling Techniques**

RC percussion samples were collected on 1m intervals down the hole. A sub-sample of 2-4Kg (dependent partially on material type) was separated from the whole sample using a 1:8 cone splitter. Moisture from the samples was monitored and recorded. DDC was either half cut or quarter cut using an automatic diamond saw, for half cut core one half was stored and one half sampled. For quarter cut core one quarter was sampled and submitted for assay, one half was sampled and submitted for metallurgical test-work and the remainder stored in the core tray. The whole length of core was sampled; sample lengths were based on geological intervals logged by the geologist. The minimum sample length was 0.3m and maximum length was 1.2m. Field quality control procedures for RC percussion drilling involved assay standards, blanks and collection of a field duplicate.

## **Sample Analysis**

Assay laboratories in Kalgoorlie and Perth were used for assaying. Gold assays were determined using a fire assay with 40g charge and AAS finish. All samples were dried indirectly in a gas fired oven to temperature of between 85<sup>o</sup> and 105<sup>o</sup> dependent on the laboratory. The entire sample is crushed rotary split to a 1Kg subsample which is then pulverised to 85% passing 75um and an approximately 200g subsample collected for assay. A 40g is collected by spatula from the 200g subsample for fusion and weight recorded by balance. Laboratories used completed internal standard regimes and re-assayed every 20th sample. Diamond drill core submitted for gold analysis was first crushed in a jaw crusher to a nominal 10mm size before either splitting or pulverisation. Umpire checks were undertaken by different laboratory in Kalgoorlie and or Perth.

## **Estimation Method**

The block model was constructed using interpolation of grade via a combination of Ordinary Kriging (OK) and Multiple Indicator Kriging (MIK). The MIK interpolation was used for the Mick Adams and Wadi



deposits which contain the majority of concentrated drilling data and the bulk of the Castle Hill mineralisation. This method was chosen over the OK method to provide better local grade estimation for mining evaluation. The other deposits, which are much smaller, have so far less concentrated drilling and data points which are more suitable to OK method.

## **Cut-off Grade**

Cut-off grade for reporting is 0.4/t Au, in line with recommendations from the mining study completed by Golders Pty Ltd Both heap leach and milling options were reviewed with an average cut-off grade of 0.4g/t Au being selected as optimal for heap leach material and a cut-over grade of 0.8g/t Au selected to separate heap leach material from mill material

## **Mining and Metallurgical Methods**

The preliminary mining studies are based on open cut mining methods using a contract mining fleet and conventional drill and blast mining methods. Limited geotechnical drilling, as well as existing small open cut pits, indicate that ground conditions are suitable for this mining method. Expected mining recovery and dilution rates for mining vary between domains based on the geometry of the domains. No assumptions on mining methodology have been made. Metallurgical tests yielded recoveries of 92% to 98% with high gravity component. The project plans to construct both a conventional mill with cyanide vat leach and a heap leach facility with reticulated cyanide leach. Both processes are planned to use the same carbon absorption, electro win and smelting of gold Doré. At this stage it appears that the mineralisation is free milling and leachable for each of the deposits, for both hard (fresh) and soft rock (transition and oxide) material. Previous mining at Kiora appears to support this assumption.

## **Resource Classification**

Blocks have been classified as Indicated or Inferred essentially based on data spacing and using a combination of search volume and number of data used for the estimation. Indicated Mineral Resources are defined nominally on 50 x 25m to 25m x 25m spaced drilling. Inferred Mineral Resources are defined by data density greater than 50m x 25m spaced drilling and confidence that the continuity of geology and mineralisation can be extended along strike and at depth.

Classification limits may vary where grade and geology is extremely continuous even though drill spacing extends passed the nominal limits specified. For Mick Adams and Wadi, due to the bulk low grade nature and grade continuity over a large distance it is prudent to classify areas of the tonalite as Indicated if the search criteria were met. At Kiora, a portion of this mineralised zone has been mined in the past which has increased confidence sufficient for Indicated classification to be assigned.

Classification boundaries have been made extended at depth and made more consistent between Mick Adams and Wadi. Indicated boundaries generally lie 25-37.5m below the last drilling information. Inferred boundaries lie nominally 50m+ below the indicated boundary; this has been extended from previous model based on the new deep holes confirming the presence of tonalite hosted mineralisation to the base on most of the deep holes. Wadi boundaries were amended to be consistent with this guideline.

## **Modifying Factors**

No modifying factors have been applied to the resource estimate.





18<sup>th</sup> March 2015

## 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 definitive feasibility studies on core projects and to continue aggressive exploration.

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.

**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
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
<b>Total</b>	<b>0.49</b>	<b>2.0</b>	<b>31,000</b>	<b>30.68</b>	<b>1.6</b>	<b>1,618,000</b>	<b>22.99</b>	<b>1.7</b>	<b>1,263,000</b>	<b>54.16</b>	<b>1.7</b>	<b>2,913,000</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
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
<b>Total</b>				<b>35.25</b>	<b>0.6</b>	<b>670,000</b>	<b>22.05</b>	<b>0.6</b>	<b>417,000</b>	<b>58.34</b>	<b>0.6</b>	<b>1,109,000</b>

<b>Total Jan 2015</b>	<b>0.49</b>	<b>2.0</b>	<b>31,000</b>	<b>65.93</b>	<b>1.1</b>	<b>2,288,000</b>	<b>45.04</b>	<b>1.2</b>	<b>1,680,000</b>	<b>112.50</b>	<b>1.1</b>	<b>4,022,000</b>
-----------------------	-------------	------------	---------------	--------------	------------	------------------	--------------	------------	------------------	---------------	------------	------------------

Visit us at [www.phoenixgold.com.au](http://www.phoenixgold.com.au)

For further information please contact

## Investors

Jon Price, Managing Director - PXG  
(08) 90 212 704

[info@phoenixgold.com.au](mailto:info@phoenixgold.com.au)

## Media

Fiona Meiklejohn  
FTI Consulting

(08) 9485 8888 or 0415 660 076



## Qualification Statements

The information in this report that relates to Mineral Resource Estimation for Castle Hill Stage 1 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 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.

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 Materials, 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.



## 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



18<sup>th</sup> March 2015

## Appendix 1 Castle Hill gold and Burgundy projects

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of the Mineral Resource estimates for the Castle Hill deposit. Details relating to the current Reserve estimate for Castle Hill, please refer to the ASX announcements dated 27 December 2013 and 9 January 2014

### Section 1 Sampling Techniques and Data

Criteria	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Diamond Drill Core and RC chips are the two main sample types. Drilling has been completed on nominal 50m x 25m grid to 50m x 50m grid, with some infill down to 12.5m x 12.5m. Holes were generally angled at -60° toward 040° in the main deposit areas (Mick Adams, Wadi, Lady Alice and Wookie) with holes at Outridge/Kiora angled toward 220° at -60° to optimally intersect the gold mineralisation. Since the August 2013 resource estimate update, a total of 42 RC holes for 1,720m and 19 diamond holes for 5,843 metres were completed up to the December 2013 resource estimate cut-off date (27/11/2013).</li> <li>Castle Hill is defined by RC percussion and diamond drilling only. Drill hole locations were surveyed by a qualified surveyor and downhole measurements collected by a downhole survey contractor. Instruments used by both surveying contractors were calibrated to industry specifications.</li> <li>Diamond core was geologically logged and sampled to lithological contacts or changes in the nature of mineralisation. Maximum samples length of 1.2m with a minimum sample length of 0.3m. NQ core was half core sampled, HQ core was quarter core sampled.</li> <li>Metallurgical samples were assayed Fe, S, Ag, As, Cu, Ni, Sb, C by acid digest with ICP/MS and Au by 40g fire assay.</li> <li>Geotechnical holes are yet to be assayed, but will be assayed by 40g fire assay.</li> <li>Resource Definition holes were assayed by 40g fire assay.</li> <li>RC chips sampled at 1m downhole intervals from surface. This is riffle or cone split at the rig to produce a sample of approximately 3kg which was pulverised for a 40g fire assay.</li> <li>Selected holes surveyed using downhole gamma for density measurements. These were checked by selected samples being measured for SG by the water displacement method.</li> <li>Magnetic Susceptibility measurements taken.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>RC drilling, generally angled at -60° towards 040° or 220°</li> <li>RC drilling used a 5.5" face sampling hammer.</li> <li>RC drilling used 3 rigs with minimum specifications of 550CFM@350PSI with an 1150CFM@350PSI booster. All rigs rated to a deeper depth than drilled.</li> <li>Full diamond drilling, generally angled at -60° towards 040° or 220° using HQ sized core. One hole was drilled using PQ core.</li> <li>Diamond tails angled at -60° towards 040° or 220° using NQ sized core.</li> <li>Diamond tail lengths varied between 80 and 300m (mean 159m).</li> <li>13 Diamond holes drilled from surface 80 to 240m down hole (mean 153m)</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>RC samples were split using a 1:8 cone splitter.                             <ul style="list-style-type: none"> <li>Residue recovery was visually estimated and documented.</li> <li>No biases in sample recovery were observed.</li> <li>Samples were documented as being dry, moist or wet – in excess of 99.5% samples recovered were dry.</li> </ul> </li> <li>Diamond drill core loss (in metres) was measured in the core trays and core loss and recovery (%) recorded in geotechnical records.</li> <li>Most core loss associated with drilling through highly weathered regolith.</li> <li>In general core recoveries exceeded 95% so analysis of diamond tails recovery has not been</li> </ul>





# ASX Announcements

18<sup>th</sup> March 2015

Criteria	Commentary
	conducted.
<b>Logging</b>	<ul style="list-style-type: none"> <li>Diamond core and RC chips have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation.</li> <li>All drillholes were logged in full.</li> <li>Logging has been conducted both qualitatively and quantitatively – full description of lithologies, alteration and comments are noted, as well as percentage estimates on alteration, veining and sulphide amount.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>Diamond Core was half core sampled. The core was cut using an automatic core saw, to divide the mineralisation consistently down the hole, the right hand side of the core (looking down the hole) was selected to provide an unbiased sample.</li> <li>5 Diamond holes were assayed from quarter core. The half core was retained for metallurgical testwork.</li> <li>The whole length of core was sampled.</li> <li>A minimum sample size of 0.3m and a maximum size of 1.2m, separated on lithology. <ul style="list-style-type: none"> <li>Certified Standard reference material was inserted after the 11<sup>th</sup> sample and then after every 37 samples.</li> <li>Blank material inserted after 26 samples and then after every 37 samples.</li> <li>Blank material was inserted after samples containing visible gold.</li> <li>Samples containing visible gold were identified for separate screen fire assay.</li> </ul> </li> <li>RC percussion samples were collected on 1m intervals. A subsample of 2-4kg was separated using a 1:8 cone splitter. Moisture from the samples was recorded. <ul style="list-style-type: none"> <li>Certified Standard reference material was inserted every 30m starting from 15m.</li> <li>Blank and field duplicate samples were inserted every 30m starting from 30m.</li> </ul> </li> <li>Sample size of 2-3 kg is appropriate for grain size of material.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>Assay laboratories in Kalgoorlie and Perth were used for assaying.</li> <li>Gold assays were determined using a fire assay with 40g charge and AAS finish. Other elements were assayed using an acid digest with ICP-MS finish.</li> <li>Laboratories used completed internal standard regimes and re-assayed every 20<sup>th</sup> sample.</li> <li>Umpire checks were undertaken by different laboratory in Kalgoorlie and or Perth.</li> <li>QAQC for the programme showed acceptable performance.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>RC samples are collected into pre-numbered bags at the rig.</li> <li>A geologist or field assistant cross-checked the bag numbers against the meter interval before recording them in triplicate into a sample submission book.</li> <li>Some randomisation of sample numbers was conducted.</li> <li>Diamond core was cut to lengths documented by the geologist who logged the core.</li> <li>Data was transferred to excel spreadsheets utilising data validation to improve data quality, prior to loading into Datashed. Validation against assay, lithological and drill meta-data is completed by the software prior to consolidation within the main database.</li> <li>Primary field data is collated into a file for each drill programme and is stored in the Kalgoorlie office. Electronic data is stored in Datashed, where it can only be changed by a database administrator.</li> <li>Intercepts have been calculated using Datashed. Selected intercepts have been verified by manual calculation.</li> <li>The primary returned assay result was used for reporting of all intersections and in mineral resource estimation, no averaging with field duplicates or laboratory repeats was undertaken so as not to introduce volume bias.</li> <li>Database was viewed by Cube Consulting, who went through sample collection, submission, and entry protocols as part of the resource estimation process.</li> <li>Historic holes were twinned with RC percussion infill holes. Results confirmed the initial intersection mineralisation and geology.</li> </ul>
<b>Location of</b>	<ul style="list-style-type: none"> <li>Collar locations were routinely surveyed by Minecomp using a differential GPS with an</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
<b>data points</b>	<p>accuracy of <math>\pm 2</math>cm. DGPS was referenced back to state survey mark (SSM) network. Elevation values were in AHD RL, no additions or subtractions were made to this measurement.</p> <ul style="list-style-type: none"> <li>• All holes were routinely downhole surveyed using open hole gyro methods using a mix of true north-seeking and non-true north seeking surveys.</li> <li>• Diamond tails have been surveyed approximately 30m using a digital electronic magnetic survey tool.</li> <li>• Drilling was planned and executed using the MGA94 zone 51 grid.</li> <li>• Visual inspection in GIS programmes did not identify any inaccuracies with the spatial position of the drillholes.</li> <li>• Topography surveyed in immediate drilling area by qualified surveyor using a Trimble R8 RTK GPS, this was meshed with 2012 30cm Lidar contours.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• Drill Data spacing appropriate to the resource infill aim of the drill programme. The majority of drilling is 50m x 25m, which reduces in areas to approximately 25m x 25m.</li> <li>• This spacing is adequate to determine the geological and grade continuity for reporting of Mineral Resources.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• Drilling orientated normal to the dip and plunge of the major mineralisation bodies. The different orientations were selected to target different portions of the mineralisation.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>• Samples were collected and documented each weekday. Samples submitted on the day they were collected.</li> <li>• Chain of custody supported by the sample logbook and sample reconciliation reports from the laboratories.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>• An internal review of diamond procedures was conducted prior to commencing drilling.</li> </ul>

## Section 2 Reporting of Exploration Results

Criteria	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>• Tenements P16/2429, M16/24, M16/40, M16/152, M16/189, M16/195 and P16/2426 are held 100% by Hayes Mining Pty Ltd.</li> <li>• Royalty payable on all tenements.</li> <li>• Historic agreements in place with Paddington Gold Pty Ltd. Refer to the solicitors report in the prospectus dated 20 October 2010</li> <li>• P16/2426 and P16/2429 are in application for conversion to Mining Lease.</li> <li>• Mining Leases have 21 year life renewable for a further 21 years on a continuing basis.</li> <li>• No native title claims are current over these tenements.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>• Explorations has been conducted by a number of parties previously, including Electrum Resources NL (1985-1989), Castle Hill Resources NL (1989-1996), Goldfields Exploration Ltd (2001) and Cazaly Resources Ltd (2004-2008)</li> <li>• The historical data &amp; database has been appraised and is of acceptable quality.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>• The Castle Hill Stage 1 resource comprised eight deposits from south to north: Wadi, Mick Adams, Lady Alice, Outridge, Kiora, Wookie, Picante and Ridgeback. All of the deposits are structurally linked, with Wadi and Mick Adams being fault offsets of a single mineralised system. In the December 2012 resource statement the resource estimates for the seven deposits were combined. In both the August 2013 and December 2013 resource updates Picante and Ridgeback have been excluded from the Castle Hill Stage 1</li> </ul>



Criteria	Commentary
	<p>resource estimate as these deposits have not been included in the work completed by Cube Consulting</p> <ul style="list-style-type: none"> <li>The principal lithology to host gold mineralisation at Castle Hill Stage 1 is the Kintore Tonalite a large intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The elliptical Kintore Tonalite attenuates to the south to form very long narrow (80m wide in plan) intrusion which hosts the Mick Adams and Wadi gold mineralisation and a dyke swarm to the south-east which hosts the Outridge and Kiora gold mineralisation. Gold mineralisation is also hosted along the eastern margin of the main body of the tonalite at Wookie and Picante. Gold mineralisation in this area is hosted within the tonalite and within the flanking mafic/ultramafic sequence.</li> </ul> <p>The Lady Alice gold mineralisation is associated with a fault array hosted entirely within the bulk of the tonalite intrusive. The Lady Alice fault array coincides with the boundary between de-magnetised tonalite to the east and magnetised tonalite to the west.</p> <p>Vertical vein arrays and kinematic indicators at Mick Adams and Kiora show the primary deformation at Castle Hill was extension with an east block down (sinistral normal) sense of movement, suggesting emplacement of the tonalite coincided 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. NE trending discrete faults are interpreted to be hard-linked transfer structures (perhaps zones of inherited weakness) which form jogs and hence local areas of dilation in the normal faults. Mick Adams and Wadi are separated by a NE trending fault which has generated an offset of 250m across strike. Both deposits dip shallowly to the east. NW trending shear zones which were re-activated during sinistral transpression accommodate much of the compressional strain and act to preserve the extensional domain.</p> <p>Primary mineralisation within the tonalite at Mick Adams and Wadi occurs as discrete narrow west dipping quartz veins containing moderately to extremely high gold grades and as fine disseminated gold within the tonalite groundmass. Visible gold has been observed in drill core in both quartz veins and as blebs in the tonalite groundmass. The disseminated gold is commonly associated with minor blebs of pyrite, arsenopyrite and rare chalcopyrite. High gold grade veins are typically 10 to 20cm thick and commonly occur in extensional arrays of four to five veins generating high grade zones up to 10m in horizontal thickness. Extensional veins are more common along the eastern margin of the tonalite. At the southern end of Mick Adams extensional vein arrays have been intersected in the footwall of the mafic unit proximal to the tonalite contact.</p> <p>Extensional shear zone arrays are also the host of the gold mineralisation at Kiora. Sheeted quartz veins are interpreted as the extensional veins propagating out from the shears. The veins within Kiora are hosted within the tonalite along the contact with ultramafic rocks and have been interpreted as having undergone supergene enrichment. Gold mineralisation at Kiora is also hosted within fault fill veins formed by movement on a shallowly dipping normal fault. Primary mineralisation within the basalt which forms the immediate hangingwall of the Mick Adams mineralisation is characteristically associated with shearing, extensional veining and biotite alteration. This mineralisation has been called Outridge and comprises a number of zones which pinch and swell along strike and down dip. Outridge mineralisation has been interpreted as steeply dipping to the west.</p>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>Location of data for drilling previously reported on 11th September 2013 shown in Table 4.</li> </ul>
<b>Data aggregation</b>	<ul style="list-style-type: none"> <li>Exploration results reported as length weighed averages (intercepts) using a lower cut of 0.3ppm and/or 0.8ppm dependant on mineralisation. A maximum of 2m internal</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
<b>methods</b>	<ul style="list-style-type: none"> <li>dilution.</li> <li>Cutting of high grades was not applied.</li> <li>Sample lengths from RC percussion drilling are all 1m lengths. Diamond core cut to geological boundaries so incorporates shorter sample length, length weighting is used to ensure a logical mean grade is determined.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>Drilling grids have been designed to intersect the mineralisation orthogonal to dip and strike, in instance of Mick Adams and Wadi deposit it is known the deposit dips toward 040 at 60 to 70 degrees, so drilling is predominantly designed facing 220 dipping at 60 degrees. Historic drilling was completed both toward 040 and 220 to test internal distribution of the gold mineralisation. Statistical analysis of this data has indicated there is no bias in either direction. Drilling toward 040 enables interception of lithological boundaries, while generation of a reasonable approximation of the horizontal width of the deposit.</li> <li>True thickness depends on the mineralisation style.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections are shown in the 11<sup>th</sup> September 2013 announcement.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Significant results are shown in the 11<sup>th</sup> September 2013 announcement.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Magnetic susceptibility relates to the rock type.</li> <li>Density measurements taken by downhole surveys of 11 RC holes. Further select samples from diamond drilling were assessed through the water displacement method.</li> <li>Metallurgical drilling (5 diamond holes) was assayed for a multi-element suite.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>A staged design study and ore schedule is underway for this area with the intention of bringing the area into production in the near future.</li> </ul>

## Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
<b>Database integrity</b>	<ul style="list-style-type: none"> <li>Drilling Database is maintained by Phoenix Gold in Datashed software, look-up tables and fixed formatting are used for entering logging, spatial and sampling data for the deposit databases. Sample numbers are uniquely coded and pre-numbered bags used. Data transfer for downhole survey and assaying information is electronic via email or USB data stick. Historical data is validated and formatted into the Phoenix standard field settings for each record category. These workflow methods minimise the potential of errors.</li> <li>Cube received data directly exported from Datashed in ASCII format, then completed validation checks on the database comparing collar points to the topography, maximum hole depths checks between tables and the collar data, duplicate numbering, missing data, and interval error checks using validation rules in MS Excel before importing records into MS Access. Cube then verified the data using visual inspection of the drillholes in Surpac v6.3.2, in 3D to identify inconsistencies of drill hole traces.</li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>Brian Fitzpatrick (Senior Consultant – Cube Consulting) who is the Competent Person conducted 5 site visits. Two site visits included viewing of the diamond drill core for Mick Adams, Wadi, Kintore and Red Dam. During the site visits, Brian Fitzpatrick inspected the deposit area including old workings, RC drilling and sampling, and the core farm. Notes and photographs were taken along with discussions with site personnel regarding geology and mineralisation of the deposits, procedures, sampling and database procedures, and Quality Control procedures. Minor recommendations were made during</li> </ul>





Criteria	Commentary
	<p>a visit to the RC rig involving sample splitting. Also minor recommendations were reported for Quality Control practises. It was recommended during the first site visit that more sampling for Bulk Density Determinations was required and this was being addressed in subsequent site visits. No other major issues were encountered.</p> <ul style="list-style-type: none"> <li></li> </ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>The confidence in the geological interpretation of the Castle Hill Deposits is good as a result of recent infill RC and diamond core drilling programs. The Castle Hill Stage 1 deposits are structurally linked, with Wadi and Mick Adams being fault offsets of a single mineralised system. The principal lithology to host gold mineralisation at Castle Hill Stage 1 is the Kintore Tonalite a large intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The elliptical Kintore Tonalite attenuates to the south to form very long narrow (80m wide in plan) intrusion which hosts the Mick Adams and Wadi gold mineralisation and a dyke swarm to the south-east which hosts the Outridge and Kiora gold mineralisation. Gold mineralisation is also hosted along the eastern margin of the main body of the tonalite at Wookie and Picante. Gold mineralisation in this area is hosted within the tonalite and within the flanking mafic/ultramafic sequence.</li> <li>Historical open pit workings provide exposure to some of the deposit rock types, structures and styles of mineralisation. Petrography and multi element geochemistry have been completed on recent drilling. Structural logging and analysis has been carried out on oriented diamond drill core and assisted with interpretation and modelling.</li> <li>The main deposits are hosted within the tonalite lithologies with broad domains and recent drilling has refined the outer limits of the tonalite boundary and deeper extensions. The narrower deposits hosted within contact margins and thin dyke units have been refined as new infill drilling has confirmed continuity or distinctions between supergene mineralisation and primary mineralisation.</li> <li>Primary mineralisation is predominantly hosted within the tonalite at Mick Adams and Wadi, and occurs as discrete narrow west dipping quartz veins containing moderately to extremely high gold grades and as fine disseminated gold within the tonalite groundmass. Extensional shear zone arrays are also the host of the gold mineralisation at Kiora. The veins within Kiora are hosted within the tonalite along the contact with ultramafic rocks and have been interpreted as having undergone supergene enrichment. Gold mineralisation at Kiora is also hosted within fault fill veins formed by movement on a shallowly dipping normal fault. Primary mineralisation within the basalt which forms the immediate hangingwall of the Mick Adams mineralisation is characteristically associated with shearing, extensional veining and biotite alteration. This mineralisation domain has been called Outridge and comprises a number of zones which pinch and swell along strike and down dip. Outridge mineralisation has been interpreted as steeply dipping to the west.</li> <li>The Mick Adams tonalite hosted mineralisation is a broadly consistent zone, but it is likely to contain a series of stacked wide sub-domains of mineralisation separated by discrete zones of poor mineralisation. Where extensional veins are more common at Mick Adams and Wadi, gold mineralisation has greater continuity as is the case along the eastern margin of the tonalite. The smaller deposits continuity and size controlled by where the tonalite dykes pinch and swell, and extensional shear zone arrays host mineralisation. The shear zones occur along the contact with ultramafic rocks. Supergene mineralisation is well developed over the central portions of the high grade domains.</li> </ul>
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>The Castle Hill Stage 1 Mineral Resource area has dimensions of 4 km (strike length) by 500 m (width) and 480 m (elevation). The maximum depth known to date for the deepest mineralisation at Mick Adams is 480m below the surface. Multiple lode systems exist within this area, dominated by the Mick Adams main tonalite-hosted lode and the Wadi Tonalite. Mick Adams and Wadi are separated by a NE trending fault which has generated an offset of 250m across strike.</li> </ul>



Criteria	Commentary
<b>Estimation and modelling techniques</b>	<ul style="list-style-type: none"> <li>The block model was constructed using interpolation of grade via a combination of Ordinary Kriging (OK) and Multiple Indicator Kriging (MIK). The MIK interpolation was used for the Mick Adams and Wadi deposits which contain the majority of concentrated drilling data and the bulk of the Castle Hill mineralisation. This method was chosen over the OK method to provide better local grade estimation for mining evaluation. The other deposits are much smaller have so far less concentrated drilling and data points which are more suitable to OK method.</li> <li>The influence of extreme grade values was reduced by top-cutting where required. The top-cut levels were determined using a combination of top-cut analysis tools (grade histograms, log probability plots and CVs). Top-cuts were reviewed and applied on a domain basis.</li> <li>For each deposit mineralised domains were digitised on to cross-section using 3D strings and then wireframed to generate solids. Geology was used to separate the different mineralised zones, within these zones a threshold grade of 0.3g/t Au was used to separate mineralised rock from un-mineralised rock. Sub-domains were generated to represent each material type across each of the primary mineralised zones. Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains and oxidation surfaces. Sample data was composited to either one metre or two metre downhole length using a best fit-method. There were consequently no residuals. Intervals with no assays were excluded from the compositing routine.</li> <li>Changes in the estimation parameters for the December 2013 estimate included the following: 1. Re-interpretation of Variogram Model – The addition of close-spaced drillholes to the Mick Adams dataset has resulted in better definition of the short range structure in the variogram model, which influences the recoverable resource methodology (LMIK) used at Mick Adams. The short range structure has been reduced from 40m (Aug 13) to 20m (Dec 13). This results in a reduction in grade above the 0.8g/t cut-off and displaces tons and metal to lower grades; 2. Application of the Information Effect Correction – The information effect correction is applied to take account of the fact that even following tight grade control drilling, imperfect block selections will be made during mining. This correction was applied to the Dec 13 resource, but not the Aug 13 resource.</li> <li>For mineralised domains estimated using OK method, interpolation parameters were set to a minimum number of 4 composites and a maximum number of 24 composites for the estimate. Maximum search ellipse of 100 metres was used.</li> <li>The maximum distance of extrapolation from data points was half the drill spacing.</li> <li>Computer software used for the modelling and estimation was Surpac v. 6.3.2 with Isatis software used to conduct geostatistical analysis and grade interpolation for MIK estimation for specific lode domains.</li> <li>This Mineral Resource is updated from the August 2013 Mineral Resource statement for Castle Hill. Comparison tables were setup to compare previous model estimates, and OK versus MIK estimates in order to check the impact of new infill drilling and to assess the appropriateness of the different estimation techniques.</li> <li>There has been previous mine production at Mick Adams and Wadi where shallow open pit mining has taken place, and at Kiora, where a small open pit operation took place.</li> <li>No by-product recoveries were considered.</li> <li>Arsenic (ppm) was assayed for the most recent drilling, but not estimated. Although some arsenopyrite has been seen in high grade veins at Mick Adam, the visible gold in these veins do not appear to be associated directly with the sulphides.</li> <li>The parent block size used is 10mN, 10m E and 2.5m RL and sub-blocked to 5.0mN x 2.5mE x 1.25mRL. The bulk of the drilling data was on 50m x 25m and 25 x 25m spaced sections.</li> <li>No assumptions of selective mining units were made.</li> <li>No correlation between gold and other elements has been assessed for any of the deposits.</li> <li>The mineralised domains acted as a hard boundary to control the Mineral Resource</li> </ul>

18<sup>th</sup> March 2015



Criteria	Commentary
	<p>estimate.</p> <ul style="list-style-type: none"> <li>Composite gold grade distributions within these zones assessed to determine if a high grade cut should be applied. In general only a very small number of outlier values are included in the estimation domains that required top-cut values to be applied.</li> <li>Block model validation was conducted by the following means:</li> <li>Visual inspection of block model estimation in relation to raw drill data on a section by section basis.</li> <li>Volumetric comparison of the wireframe/solid volume to that of the block model volume for each domain.</li> <li>A global statistical comparisons of input and block grades, and local composite grade (by northing and RL) relationship plots (swath plots), to the block model estimated grade for each domain.</li> <li>Comparison the cut grade drill hole composites with the block model grades for each lode domain in 3D.</li> <li>Limited open pit mining has taken place and therefor no reconciliation data is available.</li> </ul>
<b>Moisture</b>	<ul style="list-style-type: none"> <li>The tonnages are estimated on a dry basis.</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>Cut-off grade for reporting is 0.4/t Au, in line with recommendations from the mining study completed by Golders Pty Ltd Both heap leach and milling options were reviewed with an average cut-off grade of 0.4g/t Au being selected as optimal for heap leach material and a cut-over grade of 0.8g/t Au selected to separate heap leach material from mill material.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>The preliminary mining studies are based on open cut mining methods using a contract mining fleet and conventional drill and blast mining methods. Limited geotechnical drilling, as well as existing small open cut pits, indicate that ground conditions are suitable for this mining method. Expected mining recovery and dilution rates for mining vary between domains based on the geometry of the domains. No assumptions on mining methodology have been made.</li> </ul>
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>Initial metallurgical tests yielded recoveries of 92% to 98% with high gravity component. The project plans to construct both a conventional mill with cyanide vat leach and a heap leach facility with reticulated cyanide leach. Both processes are planned to use the same carbon absorption, electro win and smelting of gold Dior. At this stage it appears that the mineralisation is free milling and leachable for each of the deposits, for both hard (fresh) and soft rock (transition and oxide) material. Previous mining at Kiora appears to support this assumption.</li> </ul>
<b>Environmental factors or assumptions</b>	<ul style="list-style-type: none"> <li>Initial flora and fauna surveys at Castle Hill have not discovered any significant impediments to the proposed operations at this stage. The project does lie within the Great Western Woodlands. Stygofauna surveys are yet to be completed but it is unlikely, based on similar nearby studies to be an issue. The major host rock for the deposits is a tonalite. There are very few sulphides associated with either the mineralisation or the waste material. It is not expected that either the tailings, or waste land forms are going to contain any deleterious elements. There is limited topsoil coverage over the project area. Saprolite clays in existing pits appear to support vegetation recovery without rehabilitation. There is very limited ground water in the project area, so mining and processing effects on the water table are not expected to be significant. Studies are on-going to confirm these initial observations and assumptions.</li> </ul>
<b>Bulk density</b>	<ul style="list-style-type: none"> <li>Bulk densities derived from dry density measurements of drill core and open pit measurements from the Mick Adam/Wadi deposits. Densities were also based on historic measured data by Mikado Resources in 1998, and from assumptions.</li> <li>The current density measurements completed include selected holes surveyed using downhole gamma for density measurements. These were checked by selected samples being measured for SG by the water displacement method. Density measurements have also been taken by downhole surveys of 11 RC holes. Further select samples from</li> </ul>

18<sup>th</sup> March 2015



# ASX Announcements

18<sup>th</sup> March 2015

Criteria	Commentary
	<p>diamond drilling were assessed through the water displacement method.</p> <ul style="list-style-type: none"> <li>Bulk density was assigned within the block model attribute 'density' according to the weathering profiles and rock types.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>Blocks have been classified as Indicated or Inferred essentially based on data spacing and using a combination of search volume and number of data used for the estimation. Indicated Mineral Resources are defined nominally on 50 x 25m to 25m x 25m spaced drilling. Inferred Mineral Resources are defined by data density greater than 50m x 25m spaced drilling and confidence that the continuity of geology and mineralisation can be extended along strike and at depth.</li> <li>Classification limits may vary where grade and geology is extremely continuous even though drill spacing extends passed the nominal limits specified. For Mick Adams and Wadi, due to the bulk low grade nature and grade continuity over a large distance it is prudent to classify areas of the tonalite as Indicated if the search criteria were met. At Kiora, a portion of this mineralised zone has been mined in the past which has increased confidence sufficient for Indicated classification to be assigned.</li> <li>For the December 2013 classification the following changes were made - the classification boundaries have been made extended at depth and made more consistent between Mick Adams and Wadi. Indicated boundaries generally lie 25-37.5m below the last drilling information. Inferred boundaries lie nominally 50m+ below the indicated boundary, this has been extended from previous model based on the new deep holes confirming the presence of tonalite hosted mineralisation to the base on most of the deep holes. Wadi boundaries were amended to be consistent with this guideline.</li> <li>The Mineral Resource estimate appropriately reflects the Competent Person's view of the deposit.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The Castle Hill Mineral Resource estimates have been updated from the August 2013 model. Interpretations and wireframing were completed by Phoenix Gold and updated by Cube following additional drilling data in December 2013. Block modelling of Mick Adams and Wadi work completed in August 2013 by Phoenix and Cube was updated and expanded in December 2013. The satellite resource areas of Outridge, Kiora, Wookie and Lady Alice have not been changed from the August model. Audits and peer reviews of work carried out by Phoenix and Cube in 2013 have been conducted by other Cube staff.</li> </ul>
<b>Discussion of relative accuracy/ confidence</b>	<ul style="list-style-type: none"> <li>The recent input drill data is comprehensive in its coverage of the gold mineralisation at Castle Hill Stage 1. This information has increased the knowledge of the geological controls on mineralisation which has been used to develop the current Mineral Resource estimate. The MIK estimation provides a better estimate of local grade estimate for mining evaluation over OK estimation and is also a robust estimate for a broad bulk mineralised zone within which local variability in grade will be high. Outside of Mick Adams and Wadi Deposits, local variations can be expected within the interpreted mineralised domains. The use of OK has assisted in reducing the risk associated with any high nugget observed in the gold distribution. The additional benefit of OK is it inherently assists in declustering the data during the estimate.</li> <li>The Mineral Resources constitute a global resource estimate.</li> <li>Modelling has provided an understanding of the global grade distribution – but not the local grade distribution. Close spaced grade control drilling is required to gain an understanding of the local grade distribution and local mineralisation controls. Understanding of these aspects will play an important role in the project's success. Although the Mick Adam deposit has been trial mined before, the standard of sampling and record keeping is not sufficient for this trial to be used to reconcile against the current model.</li> </ul>

## Section 4 Estimation and Reporting of Ore Reserves



# ASX Announcements

18<sup>th</sup> March 2015

Criteria	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<ul style="list-style-type: none"> <li>The Mineral Resource for the Mick Adams-Kiora and Wadi pits have been estimated by Cube Consulting Pty Ltd and announced on 15 and 19 January 2015 at a cut-off of 0.8 g/t</li> <li>The Mineral Resources are reported as wholly inclusive of the Ore Reserves.</li> </ul>
<i>Site visits</i>	<ul style="list-style-type: none"> <li>A site visit was made to the Castle Hill operations on the 9 October 2013 with Mr Grant Haywood (PXG) and Mr Glenn Turnbull (Golders).</li> </ul>
<i>Study status</i>	<ul style="list-style-type: none"> <li>Some previous mining activities have been carried out in the Castle Hill area, with shallow open pits having been abandoned relatively recently.</li> <li>A Feasibility Study has been completed with the Ore Reserves part of this study.</li> </ul>
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <li>A 0.4 g/t cut-off grade has been used and was selected on the basis of \$US1,173/oz gold exchange rate of 0.87.</li> </ul>
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <li>The method used to convert Mineral Resource to Ore Reserves is based upon a pit optimisation identifying the economic shell within which a practical mining design has been applied.</li> <li>The mining method chosen is conventional open pit mining.</li> <li>The nature of the tonalite and grade profile lends itself to flitch mining within 10 m mining benches.</li> <li>An ore loss allowance of 5%.</li> <li>Geotechnical design criteria have been provided by Golder geotechnical and incorporated within the mine design parameters for the pits.</li> <li>A mining dilution of 5% is anticipated with this type of operation based upon experience in similar scale and type of operations.</li> <li>No inferred material has been scheduled within the pit designs.</li> <li>The site will require haul road establishment, and provision of services include water and power. A semi-portable workshop and office facilities will be provided by the successful mining contractor as part of the mining contract.</li> </ul>
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <li>A dedicated process (HL) plant is planned for the operation, to process the lower grade material not suitable for Toll Mill treatment.</li> <li>Bulk and laboratory sample test have been carried out by &lt;Lab and Test Results Here&gt;</li> <li>Metallurgical testwork was undertaken by Independent Metallurgical Operations Ltd inclusive of master composites for ore sources and 12 variability domains. Testwork included Comminution Testwork, Gravity and Leaching Testwork, Rheology Testwork, Ore Characterisation, Materials Handling, , Site Water Characterisation, Leach and CIL Amenability Testwork, Oxygen Uptake and Gravity, CIL Optimisation Testwork, Adsorption Characterisation Testwork, Slurry Detoxification, Flotation Testwork, Bulk Grind and Leach for External Tailings Testwork. Conservative recovery factors are 94% process plant, 60% Heap Leach Fresh ore, 70% Heap Leach Transitional ore and 78% Heap Leach Oxide ore.</li> <li>Levels of deleterious elements sampled are sufficiently low in content.</li> </ul>
<i>Environmental</i>	<ul style="list-style-type: none"> <li>Soil and Waste Characterisation, Flora and Fauna surveys, Surface Water Assessments and Hydrogeological Assessments of the areas involved in Castle Hill Stage 1 have all been undertaken. There have been no significant impacts identified as a result of the studies that could impede mining the deposits, however management strategies for potential impacts have been developed to address clearing (vegetation/topsoil/drainage), wildlife interaction, waste and environmental incidents. The material within the pit is non-acid forming (NAF) and sterile land to north west of the</li> </ul>





# ASX Announcements

18<sup>th</sup> March 2015

Criteria	Commentary
	Mick Adams deposit has been identified as suitable for waste rock landforms. The design of the waste rock landform has been developed based on the characterised materials to allow the best outcomes for rehabilitation/closure, this includes <18° batters, 10m backward sloping berms for every 10ms in height. Mining Proposals for the project are drafted and will be submitted three months prior to mining. Water licencing applications are submitted to the Department of Water and dewatering licences will be submitted to the Department of Environmental Regulation. Field studies and monitoring of rehabilitation will be ongoing to continually improve the knowledge of the area to allow successful rehabilitation outcomes.
<i>Infrastructure</i>	<ul style="list-style-type: none"> <li>Material will be processed at the nearby Paddington Mill. On-site infrastructure will include offices, laydown area and workshop</li> </ul>
<i>Costs</i>	<ul style="list-style-type: none"> <li>Costs have been estimated based on mining and processing rates supplied by Norton. These are estimated from mining and processing of nearby Norton open pits utilising various fleet configuration.</li> <li>Royalty has been estimated based on the WA Governments formula for calculating gold revenue mining royalties.</li> </ul>
<i>Revenue factors</i>	<ul style="list-style-type: none"> <li>Head grade and metal content are derived from the Mineral Resource and modifying factors described above.</li> <li>The financial analysis in this report is based on a gold price of US \$1,173/oz and 0.87 exchange rate.</li> <li>The gold doré is planned to be transported via recognised security service from the gold room of the Castle Hill processing plant to the gold refinery at Perth International Airport, Western Australia.</li> <li>Refined gold (99.5% pure) is sold into the spot market through AGR Matthey and bullion banks.</li> <li>Contract payments and terms are expected to be typical of similar contracts for the refining and sale of doré produced from other operations elsewhere in Australia.</li> </ul>
<i>Market assessment</i>	<ul style="list-style-type: none"> <li>Historical gold price and forward looking estimates have been used for the gold price. Price flexing has been carried out to determine the robustness of the project viability.</li> </ul>
<i>Economic</i>	<ul style="list-style-type: none"> <li>Inputs to economic analysis include factors described above including ore &amp; metal quantities from mining/processing schedule, (incl. described recovery/processing parameters), cost quotes and estimates and price assumptions.</li> <li>Discount rate derived from LIBOR rate calculations</li> </ul>
<i>Social</i>	<ul style="list-style-type: none"> <li>Access agreements with pastoral leases are in progress.</li> </ul>
<i>Other</i>	<ul style="list-style-type: none"> <li>An updated Mine Management Plan will need to be submitted with the Western Australia Department of Mines. There is no reason to suggest approvals and authorisations will not be provided.</li> </ul>
<i>Classification</i>	<ul style="list-style-type: none"> <li>Indicated Resources have been converted to Probable Ore Reserves. There are no Measured Mineral Resources within the Castle Hill Stage 1 deposits.</li> <li>The estimated Ore Reserves and mining method are in the opinion of the Competent Person appropriate for this style of deposit.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>All inputs to the estimation of ore reserves have been subject to internal reviews.</li> </ul>
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <li>The assessment of relative accuracy using statistical or geostatistical techniques is not considered appropriate.</li> <li>The local estimate of Ore Reserves available for technical and economic evaluation is 8.7 Mt of Toll Mill feed material at 1.51 g/t for 423,700 ounces of contained gold prior to processing. A further 7.1Mt at 0.57 g/t for 131,800 ounces of contained gold prior to processing is to be processed through an on-site Heap Leach processing facility. The</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<p>combined Ore Reserves available for technical and economic evaluation is 15.8 Mt at 1.09 g/t for 555,500 ounces of contained gold prior to processing.</p> <ul style="list-style-type: none"> <li>There are no additional factors or areas of uncertainty remaining to be disclosed which could have material adverse impacts on project viability.</li> </ul>

## Castle Hill Stage 3

### Section 1 – Sampling technique and Data

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>RC percussion drilling was used to collect samples. Drilling has been completed on 50m (E-W) x 50m (N-S) and 50m (E-W) by 100m (N-S) grid. The majority of the new drilling was angled at -60° toward 270°. A total of 41 RC percussion holes for 6,040m were completed up to November 2013.</li> <li>Drill hole locations were surveyed by a qualified surveyor and downhole. Measurements collected by a downhole survey contractor. Instruments used by both surveying contractors were calibrated to industry specifications.</li> <li>All samples collected from the RC percussion drilling were assayed for Au by 40g fire assay.</li> <li>RC chips sampled at 1m downhole intervals from surface. The RC samples were cone split at the rig to produce a sample of approximately 3kg which was pulverised for a 40g fire assay.</li> <li>Magnetic Susceptibility measurements taken.</li> <li>All holes were geologically logged.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>RC drilling generally angled at -60° towards 270°.</li> <li>RC drilling used a 5.5" face sampling hammer.</li> <li>RC drilling used 1 rig with minimum specifications of 550CFM@350PSI with an 1150CFM@350PSI booster. All rigs rated to a greater depth than drilled.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>RC samples were split using a 1:8 cone splitter. <ul style="list-style-type: none"> <li>Residue recovery was visually estimated and documented.</li> <li>No biases in sample recovery were observed.</li> <li>Samples were documented as being dry, moist or wet – in excess of 99.0% samples recovered were dry.</li> </ul> </li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>RC percussion chips have been geologically logged to a level of detail to support appropriate Mineral Resource classification.</li> <li>All drillholes were logged in full.</li> <li>Logging has been conducted both qualitatively and quantitatively – full description of lithologies, alteration and comments are noted, as well as percentage estimates on alteration, veining and sulphide amount.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>RC percussion samples were collected on 1m intervals. A subsample of 2-4kg was separated using a 1:8 cone splitter. Moisture from the samples was recorded. <ul style="list-style-type: none"> <li>Certified Standard reference material was inserted every 30m starting from 15m.</li> <li>Blank and field duplicate samples were inserted every 30m starting from 30m.</li> </ul> </li> <li>Sample size of 2-3 kg is appropriate for grain size of material.</li> <li>Drilling was supervised by experienced geologists.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>Assay laboratories in Kalgoorlie and Perth were used for assaying.</li> <li>Gold assays were determined using a fire assay with 40g charge and AAS finish.</li> <li>Laboratories used completed internal standard regimes and re-assayed every 20th sample.</li> <li>Umpire checks were undertaken by different laboratory in Kalgoorlie and or Perth.</li> <li>QAQC for the programme showed acceptable performance.</li> </ul>
<i>Verification of</i>	<ul style="list-style-type: none"> <li>RC samples are collected into pre-numbered bags at the rig.</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
<i>sampling and assaying</i>	<ul style="list-style-type: none"> <li>A geologist or field assistant cross-checked the bag numbers against the meter interval before recording them in triplicate into a sample submission book.</li> <li>Sample submission form is signed by the Geologist or Field Technician prior to delivery to the Laboratory. The laboratory validates number of samples and sample identification codes against submission and reports any errors.</li> <li>Some randomisation of sample numbers was conducted.</li> <li>Data was transferred to excel spreadsheets utilising data validation to improve data quality, prior to loading into Datashed. Validation against assay, lithological and drill meta-data is completed by the software prior to consolidation within the main database.</li> <li>Primary field data is collated into a file for each drill programme and is stored in the Kalgoorlie office. Electronic data is stored in Datashed, where it can only be changed by a database administrator.</li> <li>Intercepts have been calculated using Datashed. Selected intercepts have been verified by manual calculation.</li> <li>The primary returned assay result was used for reporting of all intersections and in mineral resource estimation, no averaging with field duplicates or laboratory repeats was undertaken so as not to introduce volume bias.</li> <li>The drilling database was reviewed by Cube Consulting. The review included sample collection, submission, and entry protocols as part of the resource estimation process.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>Collar locations were routinely surveyed by Minecomp Pty Ltd using a differential GPS with an accuracy of <math>\pm 2</math>cm. DGPS was referenced back to state survey mark (SSM) network. Elevation values were in AHD RL, no additions or subtractions were made to this measurement.</li> <li>RC holes were routinely downhole surveyed using open hole gyro methods using a mix of true north-seeking and non-true north seeking surveys.</li> <li>Drilling was planned and executed using the MGA94 zone 51 grid.</li> <li>Visual inspection in GIS programmes did not identify any inaccuracies with the spatial position of the drillholes.</li> <li>Topography of the area was generated from 2012 30cm Lidar contours.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>Drill Data spacing appropriate to the resource infill aim of the drill programme. The drilling spacing is 25m (E-W) x 50m (N-S) increasing to 50m (E-W) by 100m (N-S) at the northern end of the drilled area.</li> <li>This spacing is adequate to determine the geological and grade continuity for reporting of Mineral Resources.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>Drilling orientated normal to the dip and plunge of the major mineralisation bodies.</li> <li>The orientation was selected to target the mineralisation based on current understanding of the orientation of the mineralised structures.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>Samples were collected and documented each weekday. Samples submitted on the day they were collected.</li> <li>Chain of custody supported by the sample logbook and sample reconciliation reports from the laboratories.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>An internal review of RC percussion procedures was conducted prior to commencing drilling.</li> </ul>

## Section 2 - Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure</i>	<ul style="list-style-type: none"> <li>Tenements M16/24, M16/248, M16/532 and M16/141 are held by Hayes Mining Pty Ltd a wholly owned subsidiary of Phoenix Gold Ltd.</li> <li>Third Party Royalty payable on the tenement.</li> </ul>



Criteria	Commentary
<i>status</i>	<ul style="list-style-type: none"> <li>• Mining Leases have 21 year life renewable for a further 21 years on a continuing basis.</li> <li>• No native title claims are current over these tenements.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>• Previous exploration over the tenement area has been conducted by a number of parties, including Castle Hill Resources Pty Ltd, and Cazaly Resource Ltd.</li> <li>• The historical data &amp; database has been appraised and is of acceptable quality.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>• The Castle Hill Stage 3 resource comprised three deposits from south to north: Wookie, Lady Alice and Picante. All of the deposits are structurally linked.</li> <li>• The principal lithology to host gold mineralisation at Castle Hill Stage 3 is the Kintore Tonalite a large intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The elliptical Kintore Tonalite attenuates to the south to form very long narrow (80m wide in plan) intrusion which hosts the Mick Adam and Wadi gold mineralisation and a dyke swarm to the south-east which hosts the Outridge and Kiora gold mineralisation. Gold mineralisation is also hosted along the eastern margin of the main body of the tonalite at Wookie and Picante. Gold mineralisation in this area is hosted within the tonalite and within the flanking mafic/ultramafic sequence.</li> </ul> <p>The Lady Alice gold mineralisation is associated with a fault array hosted entirely within the bulk of the tonalite intrusive. The Lady Alice fault array coincides with the boundary between de-magnetised tonalite to the east and magnetised tonalite to the west.</p> <p>Vertical vein arrays and kinematic indicators at Mick Adam and Kiora show the primary deformation at Castle Hill was extension with an east block down (sinistral normal) sense of movement, suggesting emplacement of the tonalite coincided 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. NE trending discrete faults are interpreted to be hard-linked transfer structures (perhaps zones of inherited weakness) which form jogs and hence local areas of dilation in the normal faults. Mick Adam and Wadi are separated by a NE trending fault which has generated an offset of 250m across strike. Both deposits dip shallowly to the east. NW trending shear zones which were re-activated during sinistral transpression accommodate much of the compressional strain and act to preserve the extensional domain.</p> <p>Primary mineralisation within the tonalite at Mick Adam and Wadi occurs as discrete narrow west dipping quartz veins containing moderately to extremely high gold grades and as fine disseminated gold within the tonalite groundmass. Visible gold has been observed in drill core in both quartz veins and as blebs in the tonalite groundmass. The disseminated gold is commonly associated with minor blebs of pyrite, arsenopyrite and rare chalcopyrite. High gold grade veins are typically 10 to 20cm thick and commonly occur in extensional arrays of four to five veins generating high grade zones up to 10m in horizontal thickness. Extensional veins are more common along the eastern margin of the tonalite. At the southern end of Mick Adam extensional vein arrays have been intersected in the footwall of the mafic unit proximal to the tonalite contact.</p> <p>Extensional shear zone arrays are also the host of the gold mineralisation at Kiora. Sheeted quartz veins are interpreted as the extensional veins propagating out from the shears. The veins within Kiora are hosted within the tonalite along the contact with ultramafic rocks and have been interpreted as having undergone supergene</p>



18<sup>th</sup> March 2015

Criteria	Commentary
	enrichment. Gold mineralisation at Kiora is also hosted within fault fill veins formed by movement on a shallowly dipping normal fault.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>Not Applicable</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>Exploration results reported as length weighed averages (intercepts) using a lower cut of 0.4ppm and/or 20ppm. Assays greater than 20ppm have been composited separately from surround mineralisation, if mineralisation occurs above and below a 20ppm assay result then these have been aggregated as two composites. A maximum of 2m internal dilution.</li> <li>Cutting of high grades was not applied.</li> <li>Sample lengths from RC percussion drilling are all 1m lengths.</li> <li>No metal equivalent has been reported.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>Drilling grids have been designed to intersect the mineralisation orthogonal to dip and strike, so most drilling is predominantly designed facing 315° dipping at 60°.</li> <li>Statistical analysis of this data has indicated there is no bias in this direction.</li> <li>True thickness depends on the mineralisation style and amount of internal dilution included in the mineralisation interpretation.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Not Applicable</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Not Applicable</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Magnetic susceptibility generally relates to the rock type.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>A pre-feasibility study is underway for this area with the intention of bringing the area into production in the near future.</li> </ul>

## Section 3 - Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> <li>Drilling Database is maintained by Phoenix Gold in Datashed software, look-up tables and fixed formatting are used for entering logging, spatial and sampling data for the deposit databases. Sample numbers are uniquely coded and pre-numbered bags used. Data transfer for downhole survey and assaying information is electronic via email or USB data stick. Historical data is validated and formatted into the Phoenix standard field settings for each record category. These workflow methods minimise the potential of errors.</li> <li>Cube received data directly exported from Datashed in ASCII format, then completed validation checks on the database comparing collar points to the topography, maximum hole depths checks between tables and the collar data, duplicate numbering, missing data, and interval error checks using validation rules in MS Excel before importing records into MS Access. Cube then verified the data using visual inspection of the drillholes in Surpac v6.3.2, in 3D to identify inconsistencies of drillhole traces.</li> </ul>
<i>Site visits</i>	<ul style="list-style-type: none"> <li>Cube staff conducted 5 site visits during 2013. During the site visits, Cube inspected the deposit area including old workings, RC drilling and sampling, and the core farm. Notes and photographs were taken along with discussions with site personnel regarding geology and mineralisation of the deposits, procedures, sampling and database procedures, and Quality Control procedures. No other major issues were encountered.</li> </ul>
<i>Geological</i>	<ul style="list-style-type: none"> <li>The confidence in the geological interpretation Castle Hill Stage 3 areas is good as</li> </ul>





18<sup>th</sup> March 2015

Criteria	Commentary
<i>interpretation</i>	<p>a result of recent infill RC drilling programs for Wookie and historical close spaced drilling at Picante. The Castle Hill Stage 3 mineralised zones are structurally linked, with Wookie and Picante being hosted in the same lithological unit as Mick Adam and Wadi and are interpreted as being part of a single mineralised system. The principal lithology to host gold mineralisation at Castle Hill Stage3 is the Kintore Tonalite a large intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The elliptical Kintore Tonalite attenuates to the south to form very long narrow (80m wide in plan) intrusion. Gold mineralisation is hosted along the eastern margin of the main body of the tonalite at Wookie and Picante. Gold mineralisation is hosted within the tonalite and bounded on the hanging wall side by the flanking ultramafic/mafic sequence.</p> <ul style="list-style-type: none"> <li>• Petrography and multi element geochemistry have been completed on recent drilling for the Mick Adam resource to the south which has the same host rock and a similar style of mineralisation.</li> <li>• The main deposits are hosted within the tonalite lithologies with broad domains and recent drilling has refined the mineralised domain boundaries of the tonalite boundary and deeper extensions. The new infill drilling has confirmed strike continuity of the tonalite hosted mineralisation and resulted in changes to the distinctions between supergene mineralisation and primary mineralisation, and simplified the main tonalite mineralisation at Wookie.</li> <li>• Primary mineralisation is predominantly hosted within the tonalite and occurs as discrete narrow west dipping quartz veins containing moderately to extremely high gold grades and as fine disseminated gold within the tonalite groundmass.</li> <li>• The tonalite hosted mineralisation is a broadly consistent zone, but it is likely to contain a series of stacked wide sub-domains of mineralisation separated by discrete zones of poor mineralisation. Where extensional higher grade veins are more common, gold mineralisation has greater continuity as is the case along the eastern hanging wall margin of the tonalite. Supergene mineralisation is not as well developed as in other Castle Hill deposits. There is some evidence of supergene enrichment over the central portions of the high grade domain at Picante.</li> <li>• For mineralised domain interpretation and 3D modelling, lithological contact on the hanging wall was used as boundary for wireframing, with the footwall contact less certain. A nominal lower grade limit (0.3g/t) was applied for the footwall limit, corresponding with a lower grade log-normal population threshold.</li> <li>• Gaps in mineralisation along the N-S trend were mostly due to less drilling information.</li> </ul>
<i>Dimensions</i>	<ul style="list-style-type: none"> <li>• The Castle Hill Stage 3 Mineral Resource area has dimensions of 1.8 km (strike length) by 130 m (maximum width) and 175 m (elevation). The maximum depth known to date for the deepest mineralisation at Picante is 220 below the surface. The gold mineralisation system exists along a sheared contact margin with ultramafic hanging wall, and the host mineralisation dominated by a broad main tonalite unit extending from the Wookie tonalite hosted mineralisation to the Picante tonalite unit where the mineralisation plunges steeply north. The Wookie mineralised zones and Picante are separated by gaps in drilling information with no apparent structural breaks noted to date.</li> </ul>
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> <li>• The block model was constructed using interpolation of grade via a combination of Ordinary Kriging (OK) and Local Uniform Conditioning (LUC). The LUC interpolation was used for the tonalite hosted mineralisation for Picante and Wookie which contain the majority of concentrated drilling data and the bulk of the mineralisation for the Castle Hill Stage 3 model. This method was chosen over the OK method to provide better local grade estimation for mining evaluation at an SMU scale. The method potentially, provides more representative grades where there is a mixture of high grade veins and diffuse lower grades in the broad</li> </ul>



Criteria	Commentary
	<p>tonalite unit. OK estimation was carried out for comparison analysis and whether it was more appropriate for parts of the mineralisation which are more sparsely drilled. The smaller supergene mineralisation has far less drilling and data points and was estimated using the OK method alone.</p> <ul style="list-style-type: none"> <li>Resource modelling summary for domain coding and compositing: <ul style="list-style-type: none"> <li>Only RC and DD sample data was used for the resource estimation work;</li> <li>Mineralised domains were digitised on to cross-section using 3D strings and then wireframed to generate solids;</li> <li>Geology was used to separate the different mineralised zones, within these zones a threshold grade of 0.3g/t Au was used to separate mineralised rock from un-mineralised rock;</li> <li>Sub-domains were generated to represent each weathering material type across each of the mineralised zones (oxide, transition, fresh);</li> <li>Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation domains and oxidation surfaces;</li> <li>Sample data was composited to 2 metre downhole length using a best fit-method. There were consequently no residuals. Intervals with no assays were excluded from the compositing routine.</li> </ul> </li> <li>Resource modelling exploratory &amp; spatial data analysis summary: <ul style="list-style-type: none"> <li>Statistical analysis for Au undertaken for each domain to identify the distribution of each population and detect statistical outliers;</li> <li>Composite gold grade distributions within domains was assessed including comparison analysis between tonalite domains and between oxide zones within a mineralised domain;</li> <li>The influence of extreme grade values was reduced by top-cutting where required. The top-cut levels were determined using a combination of top-cut analysis tools (grade histograms, log probability plots and CVs);</li> <li>Top-cuts were reviewed and applied on a domain basis for the OK estimation.</li> <li>Variogram analysis was conducted on all domains to assess against interpreted orientation of mineralised domains and build variogram model parameters for Au grade interpolation.</li> </ul> </li> <li>For mineralised domains estimated, interpolation parameters were set to a minimum number of 14 composites and a maximum number of 40 composites for the estimate. Maximum search ellipse of 160metres was used.</li> <li>The maximum distance of extrapolation from data points was half the drill spacing.</li> <li>Computer software used for the modelling and estimation was Surpac v. 6.3.2 with Isatis software used to conduct geostatistical analysis and grade interpolation for LUC estimation for specific lode domains.</li> <li>This Mineral Resource is updated from the August 2013 Mineral Resource statement for Wookie and an update of the December 2012 Mineral Resource statement for Picante. During the validation process, comparison tables were setup to compare previous model estimates, and OK versus LUC estimates in order to check the impact of new infill drilling and to assess the appropriateness of the different estimation techniques.</li> <li>Changes in the estimation parameters for the Picante December 2012 estimate (based on 2005 resource model) included the following: <ul style="list-style-type: none"> <li>Differences in 3D wireframe interpretation, mostly due to the different criteria used for mineralised domain boundary – the 2014 model used a grade threshold of 0.3 g/t whereas the 2005 model used a grade boundary of 0.8-1.0g/t;</li> <li>Composite length for samples was 2m lengths for 2014 model vs 1m for 2005 model;</li> <li>Estimation methodology - LUC local estimation method (2014) vs ID<sup>2</sup> estimation method (2005);</li> <li>Cut-off grade - 0.8g/t Au (2014) vs 1.0g/t Au (2005). ;</li> </ul> </li> </ul>



Criteria	Commentary
	<ul style="list-style-type: none"> <li>▪ Significant changes in classification – no Measured category in 2014 model, whereas 2005 model has a significant proportion of the resource as Measured;</li> <li>▪ Overall total metal content difference between the two models is 3%.</li> <li>• There has been no previous mining activity at Picante and Wookie</li> <li>• No by-product recoveries were considered.</li> <li>• Arsenic (ppm) was assayed for the most recent drilling, but not estimated. Although some arsenopyrite has been seen in high grade veins in the tonalite hosted mineralisation locally, the visible gold in these veins do not appear to be associated directly with the sulphides.</li> <li>• The parent block size used is 10mN, 10m E and 2.5m RL and sub-blocked to 5.0mN x 2.5mE x 1.25mRL. The bulk of the drilling data was on 100/50m x 25m (Wookie) and 20 x 20m (Picante) spaced sections.</li> <li>• No assumptions of selective mining units were made.</li> <li>• No correlation between gold and other elements has been assessed for any of the deposits.</li> <li>• The mineralised domains acted as a hard boundary to control the Mineral Resource estimate.</li> <li>• Composite gold grade distributions within these zones were assessed to determine if a high grade cut should be applied. In general only a very small number of outlier values are included in the estimation domains that required top-cut values to be applied.</li> <li>• Block model validation was conducted by the following means: <ul style="list-style-type: none"> <li>▪ Visual inspection of block model estimation in relation to raw drill data on a section by section basis;</li> <li>▪ Volumetric comparison of the wireframe/solid volume to that of the block model volume for each domain;</li> <li>▪ A global statistical comparisons of input and block grades, and local composite grade (by northing and RL) relationship plots (swath plots), to the block model estimated grade for each domain; and</li> <li>▪ Comparison the cut grade drillhole composites with the block model grades for each lode domain in 3D.</li> </ul> </li> <li>• No previous mining has taken place and therefor no reconciliation data is available.</li> </ul>
<i>Moisture</i>	<ul style="list-style-type: none"> <li>• The tonnages are estimated on a dry basis.</li> </ul>
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <li>• Cut-off grade for reporting is 0.8/t Au and 0.4g/t Au, in line with recommendations from Phoenix Gold based on economic considerations and previous optimisation studies for the Castle Hill Projects - bulk open pit mining at 5m bench height. Both heap leach and milling options were reviewed with the selected cut-off grades being optimal for each processing path.</li> </ul>
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <li>• The preliminary mining studies are based on open cut mining methods using a contract mining fleet and conventional drill and blast mining methods. Limited geotechnical drilling, as well as existing small open cut pits, indicate that ground conditions are suitable for this mining method. Expected mining recovery and dilution rates for mining vary between domains based on the geometry of the domains. No assumptions on mining methodology have been made.</li> </ul>
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <li>• Metallurgical tests yielded recoveries of 92% to 98% with high gravity component. The project plans to construct both a conventional mill with cyanide vat leach and a heap leach facility with reticulated cyanide leach. Both processes are planned to use the same carbon absorption, electro win and smelting of gold Dior. At this stage it appears that the mineralisation is free milling and leachable for each of the deposits, for both hard (fresh) and soft rock (transition and oxide) material. Previous mining at Kiora appears to support this assumption.</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> <li>Flora and fauna surveys at Castle Hill have not discovered any significant impediments to the proposed operations at this stage. The project does lie within the Great Western Woodlands. Stygofauna surveys are yet to be completed but it is unlikely, based on similar nearby studies to be an issue. The major host rock for the deposits is a tonalite. There are very few sulphides associated with either the mineralisation or the waste material. It is not expected that either the tailings, or waste land forms are going to contain any deleterious elements. There is limited topsoil coverage over the project area. Saprolite clays in existing pits appear to support vegetation recovery without rehabilitation. There is very limited ground water in the project area, so mining and processing effects on the water table are not expected to be significant.</li> </ul>
<i>Bulk density</i>	<ul style="list-style-type: none"> <li>Bulk density determinations are assumed and have been assigned to each weathering type based on data typical of the host material in similar geological settings at Mick Adam with measurements described as follows: <ul style="list-style-type: none"> <li>Bulk densities derived from dry density measurements of drill core and open pit measurements from the Mick Adam/Wadi deposits;</li> <li>Bulk densities were also based on historic measured data by Mikado Resources in 1998, and from assumptions;</li> <li>The current bulk density measurements completed include selected holes surveyed using downhole gamma for density measurements. These were checked by selected samples being measured for SG by the water displacement method;</li> <li>Density measurements have also been taken by downhole surveys of 11 RC holes;</li> <li>Further selected samples from diamond drilling were assessed through the water displacement method.</li> </ul> </li> <li>Bulk density was assigned within the block model attribute 'density' according to the weathering profiles and rock types</li> </ul>
<i>Classification</i>	<ul style="list-style-type: none"> <li>Blocks have been classified as Indicated or Inferred essentially based on data spacing and using a combination of search volume and number of data used for the estimation. Indicated Mineral Resources are defined nominally on 50 x 25m to 25m x 25m spaced drilling. Inferred Mineral Resources are defined by data density greater than 50m x 25m spaced drilling and confidence that the continuity of geology and mineralisation can be extended along strike and at depth.</li> <li>Classification limits may vary where grade and geology is extremely continuous even though drill spacing extends passed the nominal limits specified. For Wookiee, due to the bulk low grade nature and grade continuity over a large distance it is prudent to classify areas of the tonalite as Indicated if the search criteria were met. For Picante, with the close spaced drilling at 20m x 20m, this has increased confidence sufficient for Indicated classification to be assigned for a large portion of the mineralised envelope..</li> <li>The Mineral Resource estimate appropriately reflects the Competent Person's view of the deposit.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>The Castle Hill Stage 3 Mineral Resource estimates for June 2014 have been updated from the December 2013 estimates. A review and updating of previous interpretations and modelling were completed by Cube following additional drilling data provided by Phoenix Gold up to February 2013. A previous resource estimate completed in 2005 for Picante was updated in May 2014 by Cube. The satellite resource areas of Lady Alice have not been changed from the August model. Peer reviews of work carried out by Cube in 2014 have been conducted by other Cube staff.</li> </ul>
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <li>The recent input drill data has increased the knowledge of the extent of mineralisation which has been used to develop the current Mineral Resource estimate. The LUC estimation provides a better estimate of local grade estimate</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<p>for mining evaluation over OK estimation and is also a robust estimate for a broad bulk mineralised zone within which local variability in grade will be high. Outside of the main Picante and Wookie mineralised domains, local variations can be expected within the interpreted mineralised domains. The use of OK has assisted in reducing the risk associated with any high nugget observed in the gold distribution. The additional benefit of OK is it inherently assists in declustering the data during the estimate.</p> <ul style="list-style-type: none"> <li>• The Mineral Resources constitute a global resource estimate.</li> <li>• Modelling has provided an understanding of the global grade distribution – but not the local grade distribution. Close spaced grade control drilling is required to gain an understanding of the local grade distribution and local mineralisation controls. Understanding of these aspects will play an important role in the project's success. There are no historical records available and no recent mining activity has taken place on these areas to reconcile against the current model.</li> </ul>

## Kintore Gold Project

### Section 1 – Sampling Technique and Data

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>• RC percussion drilling was used to collect samples. Drilling has been completed on 50m (E-W) x 50m (N-S) grid. The majority of the new drilling was angled at -60° toward 315° alternate orientations (predominately -60° toward 270°) were drilled to test for mineralisation continuity. Historic mining footprints in the area had an average strike of 055°. A total of 102 RC percussion holes for 1,125m were completed up to October 2014.</li> <li>• The drill hole locations were designed and orientated to allow for the spatial spread of samples across the mineralised zones and to test for further extensions of the mineralisation to the north and east of the known zones.</li> <li>• Drill hole locations were surveyed by a qualified surveyor and downhole measurements collected by a downhole survey contractor. Instruments used by both surveying contractors were calibrated to industry specifications.</li> <li>• All samples collected from the RC percussion drilling were assayed by 40g fire assay.</li> <li>• RC chips sampled at 1m downhole intervals from surface. The RC samples were cone split at the rig to produce a sample of approximately 3kg which was pulverised for a 40g fire assay. Samples were submitted to a commercial laboratory for assay. Sample preparation included oven dry between 85° and 105°; pulverisation to &gt;85% passing 75um from which a 40g fire assay charge was analysed via a AAS finish.</li> <li>• Magnetic Susceptibility measurements taken.</li> <li>• All holes were geologically logged in their entirety on a 1m basis. Where no sample is returned due to voids or lost sample it is logged and recorded.</li> </ul>
<i>Drilling techniques &amp; Sample Preparation</i>	<ul style="list-style-type: none"> <li>• RC drilling generally angled at -60° towards 315°.</li> <li>• RC drilling used a 5.5" face sampling hammer.</li> <li>• RC drilling used 2 rigs with minimum specifications of 550CFM@350PSI with an 1150CFM@350PSI booster. All rigs rated to a greater depth than drilled.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• RC samples were split using a 1:8 cone splitter. <ul style="list-style-type: none"> <li>○ Residue samples were visually logged for estimated moisture, sample recovery and contamination. Any recovery issues were recorded and acted on in the field.</li> <li>○ No biases in sample recovery were observed.</li> <li>○ Samples were documented as being dry, moist or wet – in excess of 99.0%</li> </ul> </li> </ul>





# ASX Announcements

18<sup>th</sup> March 2015

Criteria	Commentary
	<p>samples recovered were dry.</p> <ul style="list-style-type: none"> <li>○ All samples submitted to the laboratory are weighed and monitored to ensure they are representative.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• RC percussion chips have been geologically logged to a level of detail to support appropriate Mineral Resource classification.</li> <li>• All holes were geologically logged in their entirety on a 1m basis. Where no sample is returned due to voids or lost sample it is logged and recorded.</li> <li>• Logging has been conducted both qualitatively and quantitatively – full description of lithologies, alteration and comments are noted, as well as percentage estimates on alteration, veining and sulphide amount.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• RC percussion samples were collected on 1m intervals. A subsample of 2-4kg was separated using a 1:8 cone splitter. Moisture from the samples was recorded. <ul style="list-style-type: none"> <li>○ Certified Standard reference material was inserted every 30m starting from 15m.</li> <li>○ Blank and field duplicate samples were inserted every 30m starting from 30m.</li> </ul> </li> <li>• Sample size of 2-4 kg is appropriate for grain size of material.</li> <li>• Drilling was supervised by experienced geologists.</li> <li>• Select downhole intervals were sampled to exhaustion to test repeatability of primary assay results.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>• Assay laboratories in Kalgoorlie and Perth were used for assaying.</li> <li>• Certified Reference Material (CRM's) manufactured by Geostats Pty Ltd were inserted into the sample stream for each and every hole at regular intervals.</li> <li>• Certified blank material supplied by SGS Laboratory Pty Ltd was also inserted into the sample stream for each and every hole at regular sample intervals.</li> <li>• Assay laboratories included internal assay standards and blanks, reported in full to Phoenix.</li> <li>• Gold assays were determined using a fire assay with 40g charge and AAS finish.</li> <li>• Laboratories used completed internal standard regimes and re-assayed every 20th sample.</li> <li>• Umpire checks were undertaken by different laboratory in Kalgoorlie and or Perth.</li> <li>• QAQC for the programme showed acceptable performance.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• RC samples are collected into pre-numbered bags at the rig.</li> <li>• A geologist or field assistant cross-checked the bag numbers against the meter interval before recording them in triplicate into a sample submission book.</li> <li>• Sample submission form is signed by the Geologist or Field Technician prior to delivery to the Laboratory. The laboratory validates number of samples and sample identification codes against submission and reports any errors.</li> <li>• Some randomisation of sample numbers was conducted.</li> <li>• Data was transferred to excel spreadsheets utilising data validation to improve data quality, prior to loading into Datashed. Validation against assay, lithological and drill meta-data is completed by the software prior to consolidation within the main database.</li> <li>• Primary field data is collated into a file for each drill programme and is stored in the Kalgoorlie office. Electronic data is stored in Datashed, where it can only be changed by a database administrator.</li> <li>• Intercepts have been calculated using Datashed. Selected intercepts have been verified by manual calculation.</li> <li>• The primary returned assay result was used for reporting of all intersections and in mineral resource estimation, no averaging with field duplicates or laboratory repeats was undertaken so as not to introduce volume bias.</li> <li>• The drilling database was reviewed by Runge Pincock and Monaco. The review included sample collection, submission, and entry protocols as part of the resource</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	estimation process.
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>• Collar locations were routinely surveyed by Cardno Survey Pty Ltd using a differential GPS with an accuracy of <math>\pm 2\text{cm}</math>. DGPS was referenced back to state survey mark (SSM) network. Elevation values were in AHD RL, no additions or subtractions were made to this measurement.</li> <li>• RC holes were routinely downhole surveyed using open hole gyro methods using a mix of true north-seeking and non-true north seeking surveys.</li> <li>• Drilling was planned and executed using the MGA94 zone 51 grid.</li> <li>• Visual inspection in GIS programmes did not identify any inaccuracies with the spatial position of the drillholes.</li> <li>• Topography surveyed in immediate drilling area by qualified surveyor using a Trimble R8 RTK GPS, this was meshed with 2012 30cm Lidar contours.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• Drill Data spacing appropriate to the resource infill aim of the drill programme. The drilling spacing is 50m (E-W) x 50m (N-S) in the main area of mineralisation.</li> <li>• This spacing is adequate to determine the geological and grade continuity for reporting of Mineral Resources.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• Drilling orientated normal to the dip and plunge of the known trends of the gold mineralisation.</li> <li>• The orientation was selected to target the mineralisation based on current understanding of the orientation of the mineralised structures, alternate orientations were drilled to test for gold mineralisation oblique to the grid used. No orientation bias was recognized in the drilling.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• Samples were collected and documented each weekday. Samples submitted on the day they were collected.</li> <li>• Chain of custody supported by the sample logbook and sample reconciliation reports from the laboratories.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• An internal review of RC percussion procedures was conducted prior to commencing drilling.</li> </ul>

## Section 2 - Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• Tenements M16/538, P16/2682, M16/16, M16/215 and M16/444 are held 100% by Phoenix Gold Ltd.</li> <li>• Third Party Royalty payable on the tenement.</li> <li>• Mining Leases have 21 year life renewable for a further 21 years on a continuing basis.</li> <li>• No native title claims are current over these tenements.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>• Previous explorations over the tenement area has been conducted by a number of parties, including Pavlinovich (1986-1989), Magnetic Mineral Ltd (1987), Coolgardie Gold NL (1990-1996), Herald Resources Ltd (1996-2000), Goldfields Exploration Pty Ltd (2001), Pavlinovich (2002), Jaguar Minerals Ltd (2004-2010), Allen (2011-2012) and Phoenix Gold Ltd (2012 - )</li> <li>• The historical data &amp; database has been appraised and is of acceptable quality.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>• The regional geological setting for the Kintore project is located on the western margin of the Norseman-Wiluna Greenstone Belt, situated in the Depot Domain, of the Archaean Kalgoorlie Terrain. The western boundary of the Coolgardie domain is marked by the Kunananling shear zone, which acts as the dominant structural feature of the project area.</li> <li>• Locally, Kintore project covers the area northern margin of the syn-tectonic</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<p>granitoid intrusion the Kintore Tonalite. At the northern end of the tenements the northern margin of the tonalite contacts a sequence of tholeiitic and high-magnesian basalts, which have been metamorphosed to hornfels adjacent to the contact. The Kintore tonalite is a fine to medium grained massive granitoid of granodioritic composition which is elliptical in plan. The 2km wide tonalite intrudes ultramafic rocks of the Burbanks Formation in the Telegraph syncline to the east, and mafic/ultramafic rocks of the Burbanks and Hampton Formations to the west. The tonalite thins to the south to an average width of 70m.</p> <ul style="list-style-type: none"> <li>The dominant structural feature of the project area is the Kunanalling Shear Zone marking the western boundary of the Coolgardie Domain. It has been interpreted as an east dipping listric fault that does not extend below the supra-crustal rocks.</li> </ul> <p>Four styles of mineralisation have been observed on the Kintore tenements to date:</p> <p><b>Cement or palaeo-drainage mineralisation:</b></p> <ul style="list-style-type: none"> <li>Much of the gold mined from the Kintore region in the early part of the nineteenth century was taken from what are called "cement deposits". This mineralisation consisted auriferous material associated with two east-west trending Tertiary drainage system which appear to have been draining the north-eastern margin of the Kintore tonalite. The palaeo-drainages appear to coalesce further to the east. Gold mineralisation is associated with a thin (0.75m) basal horizon within the channels consisting of quartz grit with a cryptocrystalline quartz-kaolin matrix and with a pebbly to conglomeratic base. Gold occurs within the matrix (cement) and mined grades occur where the coarser clastic sections occurred at the base of the channel. The basal horizon is overlain by poorly stratified cemented sand which in turn is overlain by a kaolin bed and surficial ironstone and gravels. Historic records indicate that an estimated 20,160 tonnes at an average grade of 20.4g/t Au.</li> </ul> <p><b>Laterite mineralisation:</b></p> <ul style="list-style-type: none"> <li>Pisolitic capping covers the south-eastern portion of the tenement area and is commonly mineralised from surface to the weathered tonalite contact. Thicker higher grade zones relate either to root zones along underlying mineralised veins/structures or the presence of auriferous ferricrete-silcrete nodules at the laterite-weathering tonalite contact. Gold mineralisation within the pisolite cap has been interpreted as being geochemically remobilized from the underlying rock during laterisation.</li> </ul> <p><b>Supergene Mineralisation:</b></p> <ul style="list-style-type: none"> <li>Gold mineralisation is also hosted within a sub-horizontal zone at the interface between the upper and lower saprolite which has been interpreted as supergene gold mineralisation generated by re-mobilisation of gold along redox fronts. To the west supergene mineralisation is poorly developed forming a sheet of moderate grades up 2m in thickness. To the east supergene mineralisation is more strongly developed forming up to three sub-parallel zones up to 250m wide and 400m in strike length, with thickness varying from 2m up to 10m. Gold grades within the supergene generally increase with quartz content, indicating enriched grades associated with primary quartz veining.</li> </ul> <p><b>Primary Mineralisation:</b></p>



18<sup>th</sup> March 2015

Criteria	Commentary
	<ul style="list-style-type: none"> <li>The tonalite appears to be mineralised with gold which is commonly associated with minor quartz veins and disseminated into the surrounding rock. Primary gold mineralisation is associated with blebs of pyrite, arsenopyrite and rare chalcopyrite. Quartz veining intersected in drill core from previous drilling programs are orientated between 055° and 085° and vary in thickness from 2cm up to 50cm. A set of major lineaments is interpreted from magnetic and gravity data which are oriented at 345° which offset 055° vein set and associated gold mineralisation. Numerous quartz stringers and vein networks are associated with the 055° quartz veins, these are interpreted as brecciation of the tonalite associated with deformation during the mineralising events.</li> <li></li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>As announced on 8 and 14 January 2015</li> <li>All drilling completed in this program included in the Tables. Inclusion of historic data would make Tables too large; this drilling program is representative of all drilling data.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>Exploration results reported as length weighed averages (intercepts) using a lower cut of 0.4ppm, results greater than 20ppm Au reported as separate intervals. A maximum of 2m internal dilution has been included in the reported intercepts.</li> <li>Cutting of high grades was not applied.</li> <li>Sample lengths from RC percussion drilling are all 1m lengths.</li> <li>No metal equivalent has been reported.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>Drilling grids have been designed to intersect the mineralisation orthogonal to dip and strike, so most drilling is predominantly designed facing 315° dipping at 60°. Statistical analysis of this data has indicated there is no bias in this direction.</li> <li>True thickness depends on the mineralisation style and amount of internal dilution included in the mineralisation interpretation.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Appropriate maps and sections are shown in the announcement dated 8 and 14 January 2015</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>NA</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Other exploration data has been reported in previous announcements. Drilling has allowed progressive geological understanding of the deposit.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>A feasibility study is underway for this area with the intention of bringing the area into production in the near future.</li> </ul>

## Section 3 – Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> <li>A SQL drilling database is maintained by Phoenix Gold using Datashed software. Look-up tables and fixed formatting are used for entering logging, spatial and sampling data. Sample numbers are uniquely coded and pre-numbered bags used. Data transfer for downhole survey and assaying information is electronic via email or USB data stick. Historical data is validated and formatted into the Phoenix standard field settings for each record category. These workflow methods minimise the potential of errors.</li> <li>Following importation into the data is interrogated for duplication and non-conformity errors. Data is held from the master tables until all checks are completed</li> </ul>



Criteria	Commentary
	and data integrity is completed.
<i>Site visits</i>	<ul style="list-style-type: none"> <li>Ian Copeland who is competent person for the resource estimate is a full time employee of Phoenix Gold Ltd and has made numerous site visits during exploration drilling of the Kintore.</li> <li>Not applicable.</li> </ul>
<i>Geological interpretation</i>	<ul style="list-style-type: none"> <li>The confidence in the geological interpretation of the Kintore resource has increased from earlier interpretations as a result of 2013-2014 infill and extensional drilling as well as mapping from the current open pit.</li> <li>Historic and recent RC drilling and diamond core drilling were the main data sources for the geological interpretation. Logging information, including vein styles, alteration and mineral percentages, were assessed to correlate with gold mineralisation. Multi element geochemistry has been completed on recent drilling. Structural logging and analysis has been carried out on oriented diamond drill core and assisted with interpretation and modelling.</li> <li>The mineralisation zoning within the tonalite host are based on 0.3g/t Au grade cut off. An alternate interpretation had a broad mineralised envelope containing a large internal lower grade zone encompassing the tonalite. A geological model comprising wireframes of lithological units and weathering surfaces were used to constrain grade interpolation.</li> <li>The principal host lithology for gold mineralisation at Kintore is the Kintore Tonalite, a large intrusive granitoid of granodioritic composition.</li> <li>Historic and new drilling have confirmed the interpreted mineralisation; striking 255° and dipping sub-vertical to 70° toward the SSE. The recent drilling has refined the outer limits of the mineralised boundary and higher grade zones within the tonalite.</li> <li>Within the tonalite hosted primary mineralisation domains, gold mineralisation is either hosted in quartz filled extensional vein sets and stringers, or as disseminated sulphide mineralisation within the tonalite. Historic workings on a 055°-235° trend may be related to a local structural shear causing brecciation within the tonalite.</li> <li>Laterite or paleo-channel mineralisation and a mineralised supergene horizon interpreted in the transition zone (saprolite), are continuous with the top of the primary mineralisation marked by a narrow depleted zone between the laterite and saprolite zones. Lateral continuity of this zone is patchy. Continuity is also possibly a function of the proximity of primary mineralisation beneath the weathering horizon. A nominal cut-off grade of grade of 0.3g/t Au was used for the laterite and supergene mineralised domains.</li> </ul>
<i>Dimensions</i>	<ul style="list-style-type: none"> <li>The Kintore Mineral Resource area has dimensions of 1.2km (strike length) by 350m (width) and 280m (elevation). The maximum depth known to date for the deepest mineralisation is 280m below the surface. The laterite supergene mineralised domain extends over the entire strike length of the deposit.</li> <li>The main tonalite mineralised domains extend over the western part of the resource area for 850m. A smaller hanging wall domain has a strike extent of 160m in the southern part of the deposit. A narrow primary mineralised zone in the eastern area has a strike extent of 300m.</li> </ul>
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> <li>The block model was constructed using interpolation of grade using Ordinary Kriging (OK). Estimation was constrained using semi-hard boundaries derived by coding both the block model and composite drill data within particular rock units and weathering zones. Ordinary Kriging was considered an appropriate method for the Kintore project given the current drilling density and knowledge of the geology.</li> <li>The grade estimate is based on 1m down-the-hole composites created using the Datamine software. The composite length of 1m was chosen because it was a multiple of the most common sample interval, whilst providing enough across strike</li> </ul>





Criteria	Commentary
	<p>detail of the mineralisation and continuity of the mineralisation. High grade top cuts were applied to the samples prior to compositing, statistical and geostatistical analysis. A top cut of 20gAu/t was applied to all mineralised domains. This was the 99<sup>th</sup> percentile of the total mineralised data. A lower threshold of 0.3gAu/t was used to separate mineralised and un-mineralised material in all domains.</p> <ul style="list-style-type: none"> <li>Detailed statistical and geostatistical analysis was completed on the captured estimation dataset. This included exploration data analysis, boundary analysis, indicator analysis, and cross-validation. The variography applied to grade estimation was generated using the Snowden Supervisor software. Variography was completed on each mineralisation domain separately. Cross validation was completed in Datamine testing block size, minimum and maximum sample numbers.</li> <li>Grade estimation was completed using Datamine software. Check models were completed using alternate estimation methods such Multiple Indicator Kriging, and Inverse Distance.</li> <li>The block size was 10m (E-W) x 10m (N-S) x 3m (RL). The 3m cell height was used to fit with current mining bench heights. Drill spacing varied from 12.5m x 12.5m to 20m x 20m and 50m x 50m. The block size was selected as it approximated half the mean spatial distribution in the horizontal direction.</li> <li>The maximum distance of extrapolation from data points was half the drill spacing. The interpolation utilised 2 estimation passes, with the first pass using 35m x 20m x30m search (X,Y,Z) strategy orientated along the direction of mineralisation continuity as delineated in the geostatistical analysis. A minimum of 6 and maximum of 14 composites were used and a maximum of 5 composites per drill hole. The second search strategy doubled the first dimensions in the X and Z directions.</li> <li>Small underground mining production has been noted to have taken place at Kintore and some shallow prospector workings are visible but no significant production has taken place and no production records are available.</li> <li>No by-product recoveries were considered.</li> <li>No correlation between gold and other elements has been assessed.</li> <li>No selective mining units were assumed in this estimate.</li> <li>The mineralised domains acted as a semi-hard boundary to control the Mineral Resource estimate. The geological interpretation considered the broad geological understanding of the structural emplacement of the tonalite and the mineralisation styles outlined above.</li> <li>The broad orientation of the estimation domains were aligned semi-parallel to the northern tonalite contact, which strikes approximately east-west and dips steeply towards the north. The primary mineralisation domains were extended into the transitional weathering area, but do not extend into the oxide domain.</li> <li>The three dimensional continuity of the interpreted estimation domain was improved by reviewing the interpretation in plan, long section and cross section.</li> <li>Block model validation was conducted by the following means:</li> <li>Visual inspection of block model estimation in relation to raw drill data on a section by section basis.</li> <li>Volumetric comparison of the wireframe/solid volume to the block model volume for each domain.</li> <li>Model validations included global statistical comparisons of composite and block model estimated grades, using northing and RL relationship plots (swath plots).</li> <li>Comparison of the cut grade composites with the block model grades for each domain in 3D.</li> <li>Although mining activity is current at Kintore at the time of resource estimation insufficient information was available to reconcile the resource estimate with production. This process is ongoing and will be updated in ensuing months.</li> </ul>
Moisture	<ul style="list-style-type: none"> <li>The tonnages are estimated on a dry basis.</li> </ul>
Cut-off parameters	<ul style="list-style-type: none"> <li>Cut-off grade for reporting is 1.0/t Au and 0.4g/t Au, in line with current economic</li> </ul>



# ASX Announcements

18<sup>th</sup> March 2015

Criteria	Commentary
	considerations and proposed processing routes.
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <li>Current mining factors and assumptions are based on metallurgical test-work carried out by Independent Metallurgical Operations Ltd and geotechnical and mining parameters assessed by Golder Associates in the Definitive Feasibility Study work. Conventional open cut mining methods will be employed utilising a contract mining fleet and conventional drill and blast mining methods. Similarities with the style of mineralisation and Tonalite host rock at Castle Hill and the geotechnical study indicate that ground conditions are suitable for this mining method. Expected mining recovery and dilution rates for mining vary between domains based on the geometry of the domains. No assumptions on mining methodology have been made..</li> </ul>
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <li>Initial metallurgical tests yielded leachable recoveries up to 95% in the Tonalite, with a high gravity component. There is good repeatability between field assay results and bulk metallurgical results. This result for the gravity recoveries from the primary rock types are up to 50% in the fresh Tonalite ore.</li> <li>The project plans to construct both a conventional mill with cyanide vat leach and a heap leach facility with reticulated cyanide leach. Both processes are planned to use the same carbon absorption, electro win and smelting of gold doré. Test-work and current processing has shown the mineralisation is free milling and leachable for both hard (fresh) and soft rock (transition and oxide) material.</li> </ul>
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> <li>The Kintore deposit sits on a ridge formed by calcrete cement deposits and has been subject to previous mining disturbance. The site drainage generally trends to the south east and the deposit sits high into the landscape, therefore surface flow will be largely unaffected by mining activities. Previous searches of the area confirm there are no threatened or protected fauna or any declared rare and priority flora. A flora and fauna survey of the area is currently underway to re-affirm this.</li> <li>Aboriginal heritage surveys of the area returned no sites of significance.</li> <li>The Kintore historic town-site exists approximately 1km to the south but will remain undisturbed.</li> <li>A hydrogeological assessment of the area determined the water level to be sitting at 40m BGL and should mining of the deposit go below this, dewatering will be required. As there are no PDWSAs, wetlands or groundwater dependent ecosystems using the resource, impact from drawdown will be minimal.</li> <li>Studies of the area will be on-going to improve the knowledge of the area to enable environmental impacts to be reduced and successful closure outcomes to be achieved, including waste and soil characterisation.</li> <li>A Clearing permit is in place which covers the mining tenements which host the Kintore gold deposit, a Mining Proposal for current mining activity has been approved.</li> </ul>
<i>Bulk density</i>	<ul style="list-style-type: none"> <li>Recent samples from various zones in the weathering profile were submitted for analysis to by Phoenix Gold.</li> <li>The current density measurements were collected from 5 RC percussion holes using a downhole gamma survey conducted by ABIM Solutions Pty Ltd. Measurements were collected at 0.1m intervals, then composited across lithologies and oxidation states. Select samples were collected from 1 diamond holes and submitted to SGS Laboratories for density determination using the water displacement method.</li> <li>Bulk density was assigned within the block model attribute 'density' according to the weathering profiles and rock types.</li> </ul>
<i>Classification</i>	<ul style="list-style-type: none"> <li>Blocks have been classified as Indicated or Inferred essentially based on data spacing and using a combination of search volume and number of data used for the estimation. Indicated Mineral Resources are defined nominally on 20m x 20m to 12.5m x 12.5m spaced drilling. Inferred Mineral Resources are defined by data density greater than 20m x 20m spaced drilling and confidence that the continuity of</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<p>geology and mineralisation can be extended along strike and at depth.</p> <ul style="list-style-type: none"> <li>• Classification limits may vary where grade and geology is extremely continuous even though drill spacing extends beyond the nominal limits specified above.</li> <li>• The Mineral Resource estimate appropriately reflects the Competent Person's view of the deposit.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• Audits and peer reviews of work carried out by Phoenix been conducted by other Phoenix staff.</li> </ul>
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <li>• The Mineral Resources constitute a global resource estimate. All Mineral Resources above 0.8g/t Au would be relevant to technical and economic evaluation. It has been assumed that given the grade continuity, width of mineralisation and the Mineral Resources being less than 250m in depth, mining would be amenable to open cut techniques.</li> <li>• The addition of new drilling data and updating of the model has provided an understanding of the global grade distribution – but not the local grade distribution. Close spaced grade control drilling is required to gain an understanding of the local grade distribution and local mineralisation controls. Understanding of these aspects will play an important role in the project's success.</li> </ul>

## Burgundy Project

### Section 1 – Sampling techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>• Sample collection utilised a combination of Reverse Circulation (RC) and Diamond Drill Core (DDC) holes planned and implemented on 10m x 10m, 25m x 25m and 50m x 50m grid spacing. Drilling and sample collection has been completed by various companies over several years since 1985 which includes exploration and resource development. Sampling techniques where available are summarised from Annual technical Reports completed by Australian Anglo American (AAA), Invincible Gold Ltd, Mines &amp; Resources Australia (MRA)/ Croesus PL (Eldorado JV), Cazaly Resources Ltd and Phoenix Gold Ltd. Data collected by Phoenix Gold Ltd comprises 23% of the total.</li> <li>• Drill-hole locations were designed &amp; implemented to test mineralisation continuity within different rock types and provide a spatial spread of samples. Alternate orientations were used to test the integrity of the geological interpretation.</li> <li>• Field based observations from geological supervision; records of sample quality, moisture content and sample recovery were used as a guide to sample representivity.</li> <li>• Drill-hole locations were surveyed by a qualified surveyor. Down-hole survey measurements collected by various downhole survey contractor using various instruments from electronic multi-shot cameras to open-hole gyro using a mix of true north seeking and non-true north seeking Instruments used by both surveying contractors were calibrated to industry specifications.</li> <li>• All RC samples were collected through a splitting device (cone or riffle splitter) at 1m down-hole intervals to obtain a sample for assay, collected in the appropriate sized calico bag. RC sample weights ranged from 2 to 4kg across all RC drilling campaigns. Sample rejects were also collected in plastic bags or laid out on the ground in piles. For legacy data spear samples were collected from the sample rejects and composited to 4m down-hole intervals as a first pass sampling technique. The single metre samples were submitted for assay from areas where the composites reported anomalous results.</li> <li>• DDC samples were placed into core trays at the drill site and transferred to a core processing</li> </ul>



Criteria	Commentary
	<p>facility for logging, collection of geotechnical measurements, sawing/splitting and sampling. The DDC samples were collected at intervals nominated by the geologist from resultant half or quarter cut core with a minimum interval of 0.2m and maximum of 1.2m.</p> <ul style="list-style-type: none"> <li>• Samples were submitted to a commercial laboratory either in Kalgoorlie or Perth for assay. Sample preparation included all or part of: oven dry between 100<sup>o</sup>C and 105<sup>o</sup>C; jaw crushing for DDC and splitting to 2.5Kg as required; pulverise sample to &gt;90% passing 75um, from which a 40g (current) or 50g fire assay was analysed via atomic absorption spectrometry (AAS) finish. Historic composite samples were analysed using 30g and 50g aqua regia digest with an AAS finish. Historic final 1m samples were analysed by 50g fire assay with a AAS finish.</li> <li>• Magnetic Susceptibility measurements taken for all of the most recent samples collected.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• All assays utilised for resource estimation were collected from either RC (75% of the data) or DDC (25% of the data) using various drilling contractors. The Phoenix data comprises 23% of the total data.</li> <li>• RC sampling was completed using a 5.5" diameter drill bit with a face sampling hammer. All RC drilling rigs were equipped with an auxiliary compressor of sufficient capacity to lift a sample from a depth greater than the drill-hole depths completed.</li> <li>• DDC sampling was a combination of HQ3, NQ (triple tube) and NQ2 core sizes dependent on purpose of the drill-hole. DDC was oriented by either a bottom of hole spear or EZI-mark tool.</li> <li>• Historic DDC was not orientated.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• All RC 1m sample rejects were collected either in plastic bags or on the ground as individual piles. Samples were visually logged for moisture content, estimated sample recovery, and contamination.</li> <li>• Water was intersected at approximately 70m below surface, although the RC rigs had sufficient air capacity to lift a dry sample. A small proportion of wet samples were recovered in all drilling programs, wet sample procedures were emplaced and were sufficient to ensure a representative sample was collected.</li> <li>• DDC contractors used a core barrel and wireline unit to recover the core, usually in 3m lengths. DDC samples were oriented and length measured comparing against the core blocks denoting drilling depths by the drilling contractor. Core loss and recovery (%) were recorded as part of the geological/geotechnical logging. The greatest core loss occurred in the upper saprolite, PQ sized core was used to limit this loss.</li> <li>• Recent samples collected from both RC and DDC were weighed at the laboratory and monitored to ensure sample representivity. Some legacy samples were weighed at the rig the majority of legacy samples were not weighed.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• All RC chip samples for each metre interval were sieved and washed prior to logging and placement in plastic chip trays for storage.</li> <li>• Wet sample intervals were recorded and where mineralised used in resource estimation.</li> <li>• Weathering, regolith, lithology, alteration, structure and mineralisation were logged for all holes directly into the Phoenix standard geological code format. Data was imported into a Datashed database; data is validated during the import process.</li> <li>• Logging codes and methods varied across the different phases of exploration performed by the different companies. Legacy geological logs have been mapped into Phoenix codes. Legacy digital data was validated against hard copies of original logs where practicable.</li> <li>• Phoenix DDC was orientated, marked with direction drill arrows and metre intervals referenced to drillers run length blocks. Core was then geotechnically logged for core loss, RQD, fracture frequency, and structure. Measurements relative to the core axis were also recorded for structures logged in the core. Core was also visually logged for weathering, regolith, lithology, alteration and mineralisation.</li> <li>• Geological logging was both qualitative and quantitative in nature.</li> <li>• All RC holes were logged in their entirety on a 1m interval basis. Where no sample was returned it was recorded as such on the geological log. DDC was also logged over its entire length.</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<ul style="list-style-type: none"> <li>Recent core was photographed; with the resultant photographs stored for future reference.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>DDC was either half cut or quarter cut using an automatic diamond saw, for half cut core the remainder was stored in the core tray. For quarter cut core, one quarter was sampled and submitted for assay, one half was sampled and submitted for metallurgical test-work and the remainder was stored in the core tray.</li> <li>The whole length of core was sampled; sample lengths were based on geological intervals logged by the geologist. The minimum sample length was 0.3m and maximum length was 1.2m.</li> <li>For legacy DDC core was half cut using a diamond saw, one half was sampled and submitted for analysis and one half stored in the core tray.</li> <li>Legacy RC sub-samples were collected by passing through a riffle splitter or multi-deck splitter targeting a sample weight of 3Kg. Duplicate field sub-samples were collected by some companies either on a semi-random basis or regular intervals down the hole.</li> <li>Legacy wet samples were collected in plastic bags, water decanted off, air dried on a plastic sheet, mixed, quartered and a sub-sample collected from each quarter into a calico bag.</li> <li>Phoenix RC sampling protocol includes targeting a 4Kg sub-sample collected through a 1:8 cone splitter; duplicate sub-samples were collected on a regular interval down the hole.</li> <li>Pre-numbered calico bags were reserved in the field for RC and DDC where blank samples and Certified Reference Material (CRM's) were to be inserted to maintain the numerical sample sequence and recorded on the master sample submission sheet for use by the company.</li> <li>Some randomisation of sample numbers was used.</li> <li>Blank sample material was obtained commercially from laboratories in Kalgoorlie.</li> <li>Blank samples were inserted into each drill-hole sample stream commencing at 30m and thereafter at 30m intervals. CRM's were inserted into each drill-hole sample stream starting at 15m and thereafter at 30m intervals.</li> <li>In DDC CRM's were inserted into the drill-hole sample stream starting at 11m and then after every 37<sup>th</sup> sample. Blank samples were inserted into each drill-hole sample stream commencing at the 26<sup>th</sup> sample and then after every 37<sup>th</sup> sample.</li> <li>Samples were submitted to commercial laboratories in Kalgoorlie and Perth, where the samples were sorted into numerical sample number order, logged, and bar-coded. Samples were oven dried at either 100°C or 105°C. Where required (DDC) the samples were crushed (nominal 6 to 15mm), pulverised using a LM5 ringmill to 90% passing 75um and either a 500g or 200g sub-sample collected for assay.</li> <li>Either a 50g or 40g sub-sample was taken by spatula from the 500g or 200g sub-sample for fusion; the catch weight was collected by balance prior to fusion and recorded within the laboratory system.</li> <li>No composited samples were collected in the current programs. Historic sampling has been subjected to compositing prior to being submitted to a laboratory for gold determination by aqua regia digest. For composites which returned an assay of interest the original 1m sub-sample was submitted for gold determination using fire assay methods.</li> <li>Legacy sample preparation techniques followed common industry practice at the time, whereby the sample was pulverised (DDC was crushed prior to pulverisation) and an assay pulp was either scooped or split from the pulverised material and then fire assayed for gold determination using an AAS finish. Fire assay weights varied from 30g to 50g dependent on the laboratory.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>The primary gold assay method used is designed to measure total gold within the sub-sample. The method involves using a 30g to 50g sub-sample charge mixed with a lead flux which is decomposed in a furnace with the prill being totally digested by 2 acids (HCl and HNO<sub>3</sub>) before measurement of the gold content by an AA spectrometer. This methodology was considered appropriate to the projects style of mineralisation.</li> <li>Alternate methods were used such as Leachwell (included determination of the tail assay) were used to validate the primary assay method.</li> <li>Historic data also used the fire assay method.</li> </ul>





18<sup>th</sup> March 2015

Criteria	Commentary
	<ul style="list-style-type: none"> <li>CRM's manufactured by Geostat were inserted into each drill-hole sample stream as noted above. In addition blank samples were inserted into each drill-hole sample stream. Assay results for each batch are accepted if performance of the CRM's inserted fall within 3 standard deviations of the assays performed over time on each CRM. If the results on the CRM fall outside of the action limits then the laboratory were instructed to repeat the sample batch, with new CRM's inserted into the batch sample stream.</li> <li>Precision is monitored at each stage of sample size reduction by performance of duplicate samples collected at the rig, crushing and pulverisation stages.</li> <li>Comparative test samples of a semi-randomly selected sub-set of samples were completed every month. Comparative sample preparation and assay techniques by all laboratories involved.</li> <li>Legacy sample streams included insertion of CRM's, blanks and duplicates. Where possible electronically stored legacy data has been validated against hard copy logs, sample submissions and assay certificates.</li> <li>No geophysical tools, handheld spectrometers or XRF instruments were used to collect analytical data.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>RC and DDC samples are collected into pre-numbered bags either at the rig or at the core processing facility.</li> <li>A geologist or field assistant cross-checked the bag numbers against the meter interval before recording them in triplicate into a sample submission book.</li> <li>Sample submission form is signed by the Geologist or Field Technician prior to delivery to the Laboratory. The laboratory validates number of samples and sample identification codes against submission and reports any errors.</li> <li>Some randomisation of sample numbers was conducted.</li> <li>Data was transferred to excel spreadsheets utilising data validation to improve data quality, prior to loading into Datashed. Validation against assay, lithological and drill meta-data is completed by the software prior to consolidation within the main database.</li> <li>Primary field data is collated into a file for each drill programme and is stored in the Kalgoorlie office. Electronic data is stored in Datashed, where it can only be changed by a database administrator. The data is imported into the database observing a number of validation checks. When assay results are received electronically from the laboratory, results and laboratory QAQC are also imported into the database after further validation checks.</li> <li>No adjustments or calibrations were made to any assay data used in this announcement.</li> <li>Intercepts have been calculated using Datashed. Selected intercepts have been verified by manual calculation.</li> <li>The primary returned assay result was used for reporting of all intersections and in mineral resource estimation, no averaging with field duplicates or laboratory repeats was undertaken so as not to introduce volume bias.</li> <li>Legacy sample and assay data was validated against original geological logs, assay certificates, and sample submission books where available. Where hard copy data was not available validation was against electronic data submitted to the Western Australian Department of Mines and Petroleum. Any transcription errors were recorded and corrected. This process is ongoing.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>Collar locations were routinely surveyed by a contract surveyor using a differential GPS with an accuracy of <math>\pm 2</math>cm. DGPS was referenced back to state survey mark (SSM) network. Elevation values were in AHD RL, no additions or subtractions were made to this measurement.</li> <li>Historic drill-holes were surveyed using variable instruments which included differential GPS or a theodolite, referenced back to the state survey mark network. Early (pre-1990) drill holes were surveyed in a local. A transform based on the reference point of the local grid was used to convert these coordinates to MGA94zone_51 grid.</li> <li>RC holes were routinely downhole surveyed using open-hole gyro methods using a mix of true north-seeking and non-true north seeking surveys, measurements were collected at 5m intervals down the hole. The DDC contractor also used an Eastman electronic multi-shot</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<p>camera to check the position of the hole during drilling.</p> <ul style="list-style-type: none"> <li>• Historic down-hole surveys consist of a mix of Eastman electronic single-shot and true north seeking gyro surveys. Holes completed by AAA and Invincible were not down-hole surveyed, it is assumed that these holes have been drilled straight.</li> <li>• Drilling was planned and executed using the MGA94 zone 51 grid.</li> <li>• Visual inspection in GIS programmes did not identify any inaccuracies with the spatial position of the drillholes.</li> <li>• Topography of the area was generated from 2012 30cm Lidar contours.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• Drill Data spacing appropriate to the resource infill aim of the drill programme. The drilling spacing is 10m x 10m, 25m x 25m and 50m x 50m grid. Data was spaced and distributed to test historic intercepts and test continuity of the defined gold mineralisation beyond the boundaries delineated in the historic drilling.</li> <li>• This spacing is adequate to determine the geological and grade continuity for reporting of Mineral Resources.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• Drilling orientated normal to the dip and plunge of the major mineralisation bodies.</li> <li>• The orientation was selected to target the mineralisation based on current understanding of the orientation of the mineralised structures.</li> <li>• No drilling orientation and sampling bias has been recognised at this time.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• Samples were collected and documented each weekday. Samples submitted on the day they were collected.</li> <li>• Chain of custody supported by the sample logbook and sample reconciliation reports from the laboratories.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• An internal review of RC percussion procedures was conducted prior to commencing drilling.</li> </ul>

## Section 2 - Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• Tenements M16/537 is held by Phoenix Gold Ltd</li> <li>• Third Party Royalty payable on the tenement.</li> <li>• Mining Leases have 21 year life renewable for a further 21 years on a continuing basis.</li> <li>• No native title claims are current over these tenements.</li> <li>• The tenement is in good standing and no known impediments exist.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>• A significant proportion of exploration, resource development was completed by companies which held tenure over the Burgundy deposit since the mid 1980's. Companies included Australian Anglo American, Invincible Gold Ltd, Mines &amp; Resources Australia/ Croesus, and Cazaly Resources Ltd. Results of exploration and resource development activities of these companies have assisted Phoenix Gold Ltd in its recent exploration and resource development activities.</li> <li>• The historical data &amp; database has been appraised and is of acceptable quality.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>• The Burgundy deposit, being part of Telegraphy Syncline, is within the Ora Banda greenstone belt, which is part of the Coolgardie Domain of the Kalgoorlie Terrane. The Ora Banda greenstone belt is characterised from east to west by mafic to ultramafic volcanics, differentiated intrusives, tholeiitic basalts and felsic to intermediate volcanics and volcaniclastics.</li> <li>• The weathering profile has formed a saprolite zone up to 70 m deep (approximately) with complete oxidation varying from 20-45 m.</li> <li>• The bulk of the mineralisation in at the Telegraph deposit is hosted in two sub-parallel</li> </ul>



Criteria	Commentary
	north-south trending structures within weathered dolerite. Contacts and structures within the surrounding rocks form smaller parallel lodes. At Burgundy, the mineralisation is contained within both the dolerite and associated volcanoclastics and persists through the oxide zone into primary mineralisation in fresh rock.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>Reported in a number of previous announcements on 8 and 14 January 2015</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>Exploration results reported as length weighed averages (intercepts) using a lower cut of 0.4ppm and/or 20ppm. Assays greater than 20ppm have been composited separately from surround mineralisation, if mineralisation occurs above and below a 20ppm assay result then these have been aggregated as two composites. A maximum of 2m internal dilution.</li> <li>Cutting of high grades was not applied.</li> <li>Sample lengths from RC percussion drilling are all 1m lengths.</li> <li>No metal equivalent has been reported.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>Drilling grids have been designed to intersect the mineralisation orthogonal to dip and strike, so most drilling is predominantly designed facing 315° dipping at 60°. Statistical analysis of this data has indicated there is no bias in this direction.</li> <li>True thickness depends on the mineralisation style and amount of internal dilution included in the mineralisation interpretation.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>As announced on 8 and 14 January 2015</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>All holes have been reported regardless of intersection criteria.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Magnetic susceptibility generally relates to the rock type.</li> <li>Density measurements were collected by down-hole survey on selected RC and DDC drill-holes. Further samples were collected from DDC holes for density measurement via the water displacement method.</li> <li>DDC holes were completed for the purpose of metallurgical test-work, samples from these holes were analysed for a multi-element suite to ascertain quantities of any element that maybe deleterious to gold recovery and to assist in defining a geochemical signature of the deposit which maybe used in further exploration work.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>A definitive feasibility study has been completed; mining is contemplated in the near future. Further exploration work will be completed to ascertain depth extents of the gold mineralisation.</li> </ul>

## Section 3 – Estimation and Reporting of Mineral Resources

Criteria	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> <li>All drilling data is contained in a DataShed database and stored on a server, SQL-01, at Phoenix Gold Ltd. This centralised database has editing access limited to three Phoenix Gold database personnel. Validation in the database is set to prevent the accidental duplication, alteration or deletion of records. A small number of other Phoenix Gold geological and field staff have limited access to upload information to the database. There are full automatic validation checks in place to prevent the uploading of erroneous and incomplete data. Existing data acquired from historical databases is continually validated against paper historical records, other datasets, modern data as it is generated, and by observations from end users of the data. Any corrections that need to be made to historical data are documented in the database and in reports using the data.</li> </ul>



Criteria	Commentary
<i>Site visits</i>	<ul style="list-style-type: none"> <li>Golder visited the Burgundy deposit on 13 November 2014. During the site visit, Golder interviewed personnel and gathered information required to evaluate the appropriateness of the data and methodology used to estimate the resources.</li> <li>The Competent Person for drill hole data and the supporting information, Mr Ian Copeland, has been on site since commencement of drilling by Phoenix Gold Ltd and has overseen all aspects of sample and geological data collection.</li> </ul>
<i>Geological interpretation</i>	<ul style="list-style-type: none"> <li>Phoenix is confident in the overall geological, weathering and mineralisation interpretation of the deposit. The interpretation work involved modelling lithology (shale, mafic, ultramafic and sediments), weathering (transported, oxide, transition and fresh) and the mineralisation model that was interpreted at a nominal cut-off grade of 0.3 g/t Au. Three dimensional wireframe modelling were carried out using Vulcan® software.</li> <li>The current drill hole spacing provides an acceptable degree of confidence in the interpretation and continuity of grade and geology and the definition of the boundary between weathered and fresh mineralisation.</li> </ul>
<i>Dimensions</i>	<ul style="list-style-type: none"> <li>The mineralisation associated with the Burgundy deposit extends in the strike direction (bearing of 350°) over a distance of approximately 700 m and approximately 150 m east-west. Drilling has intercepted Au mineralisation at up to 150 m below surface.</li> </ul>
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> <li>Statistical and geostatistical analyses were carried out on drilling data composited to 1 m downhole intervals. This included variography to model the spatial continuity of the grades within the mineralisation domains and weathered profiles.</li> <li>Multiple Indicator Kriging (MIK) was used for estimation of the mineralisation and background domains using Golder proprietary software.</li> <li>The MIK approach included a change of support using the Indirect Lognormal correction using a 0.08 variance correction factor to emulate a selective open pit mining scenario.</li> <li>High-grade treatment was applied for the mineralisation domains using spatial restraining. High grade composites greater than 10 g/t Au for mineralised oxide, 8 g/t Au for mineralised transition, 12 g/t Au for mineralised fresh and 0.5 g/t Au for all others were used only in the estimation of blocks within a 20 m by 20 m by 5 m radius of the high-grade composite in the plane of the mineralisation.</li> <li>A geological block model was constructed with a parent cell size of 10 m (X) by 5 m (Y) by 5 m (Z) with sub-celling of 2.5 m (X) by 2.5 m (Y) by 0.5 m (Z) to achieve acceptable resolution of geological domains.</li> <li>The resource estimate grades were validated globally comparing statistics by domains between blocks and samples. Visual inspection and swath plots were used for local validations.</li> </ul>
<i>Moisture</i>	<ul style="list-style-type: none"> <li>Tonnages are estimated on a wet basis (see below for dry bulk density calculation details).</li> </ul>
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> <li>The resource model is constrained by assumptions about economic cut-off grades. The mineralisation domain in the geological interpretation is based on a nominal cut-off grade of 0.3 g/t Au. The Mineral Resources were reported using a range of cut-off grades between 0.2 g/t Au and 3.0 g/t Au, applied on a block by block basis.</li> <li>The reporting cut-off grade for the Mineral Resource statement is defined as 0.5 to 1.0 g/t Au for potential leach feed and above 1 g/t Au cut-off for potential CIL feed. The cut-off grades on in-line with recent preliminary whittle optimisation work carried out Burgundy model.</li> </ul>
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> <li>The Mineral Resource estimation approach has assumed that mining will take place using an open pit, selective mining method. The vertical block size is 5 m, which forms the basis of the assumed vertical selectivity in the Mineral Resource estimate.</li> </ul>
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> <li>The project plans for both the heap leach and conventional mill with cyanide leach processes.</li> <li>Preliminary metallurgical testing was conducted by Ace Laboratories in Kalgoorlie on behalf of Mines &amp; Resource Australia and reported in Kerr (1996). Ten 2 kg samples from 1 m RC</li> </ul>



18<sup>th</sup> March 2015

Criteria	Commentary
	<p>drilling intervals were collected from various grades of mineralisation as well as different weathering horizons. The technique used was a 72 hour bottle roll cyanide leach with duplicate fire assay on residues. Recoveries were high with an average of 96.7% over the ten samples processed with no refractory element apparent</p> <ul style="list-style-type: none"> <li>▪ In 1996 Oretest Pty Ltd was commissioned by Resource Services Group to perform further cyanidation testwork, which was reported in Hales (1997). Seven 1 kg samples of core in fresh and oxidised material were analysed by a standard 72 hour bottle roll cyanide leach analysis.</li> </ul>
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> <li>▪ Surface elevation at Burrghundy (within the Telegraph area) is around 400 m above sea level. The immediate area is flat with around 1 m to 5 m of transported cover Typical depth of completely weathered rock is around 30 m to 60 m with only blows of epithermal quartz outcropping.</li> <li>▪ The deposit lies on a sparsely vegetated area with mainly saltbush and bluebush over the deposit as well as some eucalyptus and acacia species to the south where the soil cover is thicker.</li> <li>▪ The Phoenix tenement holdings in the immediate area provide ample space for waste rock dumps and other mine infrastructure. There are no significant challenges to environmental rehabilitation of mine workings in this area.</li> <li>▪ There is no current or proposed Crown or other reserves including conservation reserves or known Aboriginal heritage areas within these tenements.</li> <li>• Mining is routinely carried out in the surrounding region and there is no known difference to distinguish the Burgundy deposit from other projects in the area.</li> </ul>
<i>Bulk density</i>	<ul style="list-style-type: none"> <li>• Bulk density values have been measured during the years by a number of owners.</li> <li>• The first set of measurements was carried out by MRA from two diamond core holes. A total of 17 samples were tested. The traditional water displacement method was used for strongly weathered material as opposed to the measured method for competent fresh rock.</li> <li>• Cazaly tested 22 HQ3 core samples at Amdel Perth. The method used included the wax-coating – water displacement method.</li> <li>• Final bulk densities were calculated based on the weathering status.</li> <li>▪ Average wet bulk density values were assigned to the block model by weathering domain based on average values calculated from 39 density data points</li> </ul>
<i>Classification</i>	<ul style="list-style-type: none"> <li>• The Mineral Resources were classified according to the following criteria and assumptions: <ul style="list-style-type: none"> <li>○ Measured Resources: the area of Burgundy classified as Measured Resources has sections spaced at 20 m with drill holes at 20 m centres on-section. The kriging slope of regression was used as a guide, with the aim that the region classified as Measured Resources is generally supported by blocks with a slope greater than 0.85.</li> <li>○ Indicated Resources: the area of Burgundy classified as Indicated Resources has sections spaced at 60 m with drill holes at 60 m centres on-section. The kriging slope of regression was used as a guide, with the aim that the region classified as Indicated Resources is generally supported by blocks with a slope greater than 0.65.</li> <li>○ Inferred Resources: all remaining estimated blocks.</li> </ul> </li> <li>• Extrapolation of mineralisation from drill hole was limited to 20 m to 30 m, generally half of the nominal drill hole spacing on section.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• No audits or reviews have been undertaken on this Mineral Resource estimate.</li> </ul>
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <li>• The relative accuracy is reflected in the Mineral Resource classification discussed above that is in line with industry acceptable standards.</li> </ul>