

## **REJECT EVOLUTION'S INADEQUATE TAKEOVER OFFER**

Phoenix Gold Limited (ASX Code: PXG) ("**Phoenix**" or the "**Company**") advises that the letter below recommending that Phoenix shareholders **REJECT** the Evolution Takeover Offer, by taking no action, is being printed and mailed to all Phoenix shareholders.

**ENDS**

*For further information please contact:*

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25 September 2015

Dear Fellow Phoenix Shareholder

## **REJECT EVOLUTION'S INADEQUATE TAKEOVER OFFER**

As you are likely aware, on 20 August 2015, Evolution Mining Limited ("**Evolution**") announced its intention to make a conditional off-market takeover offer for the outstanding shares it does not already own in Phoenix Gold Limited ("**Phoenix**" or the "**Company**"). Evolution is offering 0.06 Evolution shares and \$0.06 cash, at a headline price of \$0.12 per Phoenix share or at an implied value of \$0.1294 per Phoenix share using Evolution's current 20-day volume weighted average price ("**Evolution Offer**").

The Phoenix Board, together with its advisers, have carefully reviewed the Evolution Offer contained in the Evolution Bidder's Statement.

The Directors of Phoenix unanimously recommend shareholders **REJECT** the Evolution Offer by taking no action for the following reasons:

- The Evolution Offer is substantially below the \$0.156 to \$0.244 value of a Phoenix share ascribed by an Independent Expert for the purpose of assessing the recent offer from Zijin Mining Group Co., Ltd.<sup>1</sup>
- The Evolution Offer does not fairly reflect the value of the Phoenix Assets.
- Accepting the Evolution Offer will diminish your exposure to any potential increase in value that the Phoenix Assets offer.
- The Phoenix Assets carry significant strategic value for Evolution following Evolution's recent asset acquisitions in the region, which is not fully reflected in the Evolution Offer.
- If you accept the Evolution Offer, your shareholding in Evolution will represent a very small proportion of the total Evolution Shares on issue.
- The value of any future dividend entitlements to you as an Evolution shareholder, based on your current Phoenix shareholding, is likely to be immaterial.

Phoenix Executive Chairman Dale Rogers said: "The Directors consider that the Evolution Offer is inadequate and does not provide sufficient consideration to Phoenix shareholders, particularly in the context of the strategic benefits the Phoenix assets offer to Evolution and its recently acquired Mungari Operations."

Each of the Directors who holds or controls Phoenix shares intends to **REJECT** the Evolution Offer in relation to those shares.

The Directors remain in discussion with Evolution with respect to the adequacy of the offer. The Directors caution shareholders that should Evolution receive a large number of early acceptances, the Board's ability to successfully conclude discussions may be impacted. Evolution **has not stated** that the offer is final and will not be increased.

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<sup>1</sup> Valuation was undertaken by BDO Corporate Finance (WA) Pty Ltd for the purpose of the Independent Expert's Report in relation to the recent Zijin Offer. Shareholders should read this report in full, included in the Phoenix Target's Statement in response to the Zijin Offer.

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Phoenix expects to release its Target's Statement in response to the Evolution Offer in the next few days, which will then be issued to shareholders in early October. This will include the Phoenix Board's formal recommendation in relation to the Evolution Offer, which will reiterate the Board's **REJECT** recommendation, as well as more detail on its assessment of the Offer.

You should receive the Evolution Bidder's Statement in the next few days, if you haven't received it already, and should be aware that you do not need to respond to Evolution's documents – to **REJECT** the Evolution Offer, **simply do nothing**.

Shareholders are also advised that Zijin did not extend the offer period in relation to its recent takeover offer of \$0.10 cash per Phoenix share and therefore this lower offer from Zijin compared to the Evolution Offer is now closed.

All company announcements and information on the Evolution Offer are available on the Phoenix website at [www.phoenixgold.com.au](http://www.phoenixgold.com.au). Shareholders can also receive further information on the Evolution Offer by calling the Phoenix Shareholder Information Line below:

- Within Australia: 1300 889 468
- Outside Australia: +61 2 8022 7902

Yours sincerely



Dale Rogers  
Executive Chairman