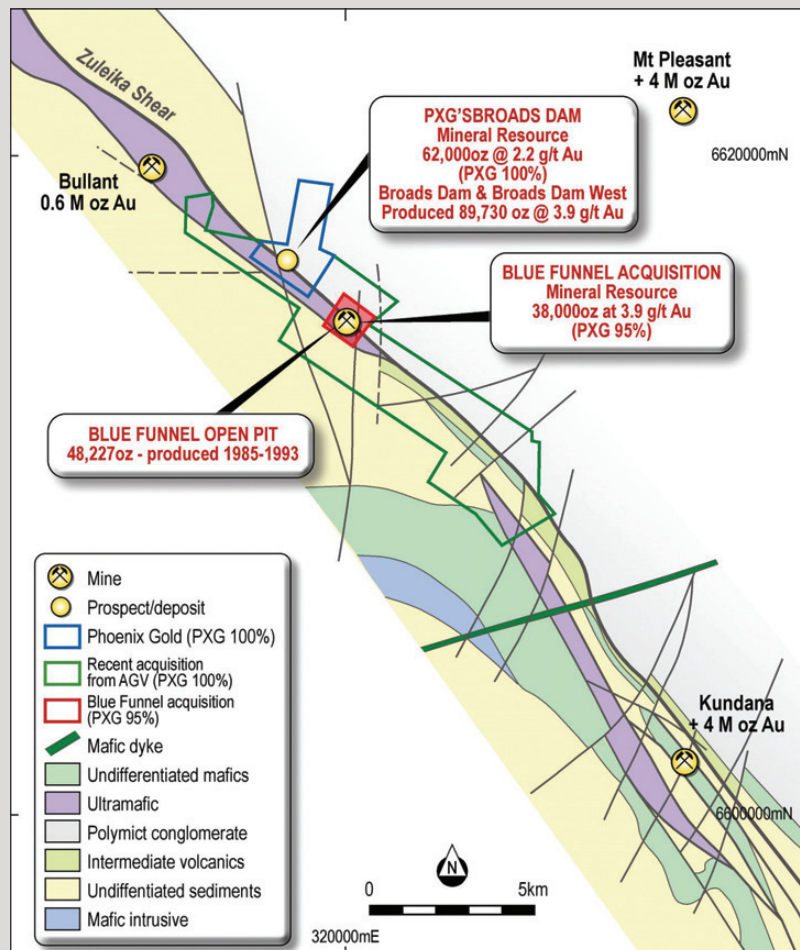




### BLUE FUNNEL ACQUISITION UPS BROADS DAM RESOURCE

#### Highlights

- PHOENIX ACQUIRES 95% OF BLUE FUNNEL ASSET INCLUDING 38,000 OUNCE RESOURCE (Figure 1).
- ACQUISITION INCREASES THE MINERAL RESOURCE FOR BROADS DAM PROJECT TO 100,000 OUNCES AT AN AVERAGE GRADE OF 2.6g/T .
- BROADS DAM PROJECT NOW COMPRISES 14 KM CONTINUOUS STRIKE OF THE 'WORLD-CLASS' ZULEIKA SHEAR BETWEEN +4M OZ KUNDANA FIELD AND 0.6M OZ BULLANT MINE (Figure 1).
- PROJECT REMAINS UNDER-EXPLORED PARTICULARLY BELOW 80 METRES DEPTH.
- BROADS DAM EMERGES AS SECOND MAJOR EXPLORATION PROJECT COMPLIMENTING PHOENIX'S ADVANCED CASTLE HILL PROJECT (Figure 2).



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Figure 1: Phoenix's Broads Dam Project on the Zuleika Shear showing location of the Blue Funnel acquisition



# PHOENIX GOLD LTD

**Phoenix Gold Limited** (ASX: PXG, "Phoenix Gold") is pleased to announce it has reached agreement with Golden Deeps Ltd ("Golden Deeps") to purchase a 95% interest in Golden Deep's Blue Funnel gold project in Western Australia.

Blue Funnel is located on the Zuleika Shear and is enclosed by Phoenix's existing Broads Dam gold project in the Carbine-Zuleika shear district. The purchase includes a single mining lease (M16/19) covering 109ha (Figure 1) and includes a mineral Resource of 38,000 ounces at 3.9g/t below the existing Blue Funnel Pit (refer Note 2) which mined approximately 48,000 ounces at 4.5g/t between 1985 to 1993.

This acquisition represents an important step in Phoenix's efforts to consolidate ownership along the highly prospective Zuleika Shear and in doing so, build a second major exploration project to compliment the advanced Castle Hill project located 10km to the southwest.

Phoenix's Broads Dam project now has an area in excess of 27 square kilometres including 14 kilometres of continuous strike along the Zuleika shear, which hosts several world class gold deposits including Kundana (+4Moz) and Frog's Leg (+1.5Moz) to the south and Bullant (0.6Moz) to the north of the project area.

The gold endowment of the Broads Dam project totals approximately 350,000 oz (135k oz historic production plus 100k oz in remaining resources), all of which is located in the top 80 metres in only two areas. The remaining strike length remains under-explored as does the depth extensions below 80 metres. Both areas represent high potential exploration targets (see Figures 3 & 4).

Phoenix has agreed to purchase 95% of the Blue Funnel asset for the following consideration:

- \$25,000 non-refundable cash deposit on signing formal agreement
- \$275,000 cash payable at settlement
- \$800,000 in Phoenix shares (4,000,000 shares at \$0.20)
- Gold royalty of \$20 per ounce produced from the tenement.

"The Blue Funnel asset represents a natural fit with our existing Broads Dam project along the world-class Zuleika shear zone," Phoenix Managing Director Jon Price said. "By combining this acquisition with the Phoenix Gold's existing leases we have consolidated a significant holding containing approximately 14km of the Zuleika Shear Zone creating a second major exploration project in addition to our advanced projects along the Kunanalling Shear Zone at Castle Hill".

**"The high-grade resource and surface stockpiles at the Broads Dam project present immediate opportunities, but it is the potential along strike and at depth that has us most excited. With the + 4M oz Kundana gold field to the south and Bullant along strike to the north, this is the right address to find large high grade gold projects,"** he said.

Commenting on the sale of the Blue Funnel Gold Project, a spokesman for Golden Deeps, said: **"This transaction is beneficial to both parties and is indeed a win-win situation. It brings together gold exploration and enthusiasm for the Zuleika Shear area with the existing mineral Resource at Blue Funnel and the potential for discovery of deeper lying ore"**.

**"For Golden Deeps, it provides an opportunity for focussed exploration and potentially recommencement of mining at Blue Funnel with Golden Deeps maintaining both an ongoing interest, free carried to the commencement of mining, as well as a \$20 per ounce royalty on all ore mined"**, he said.

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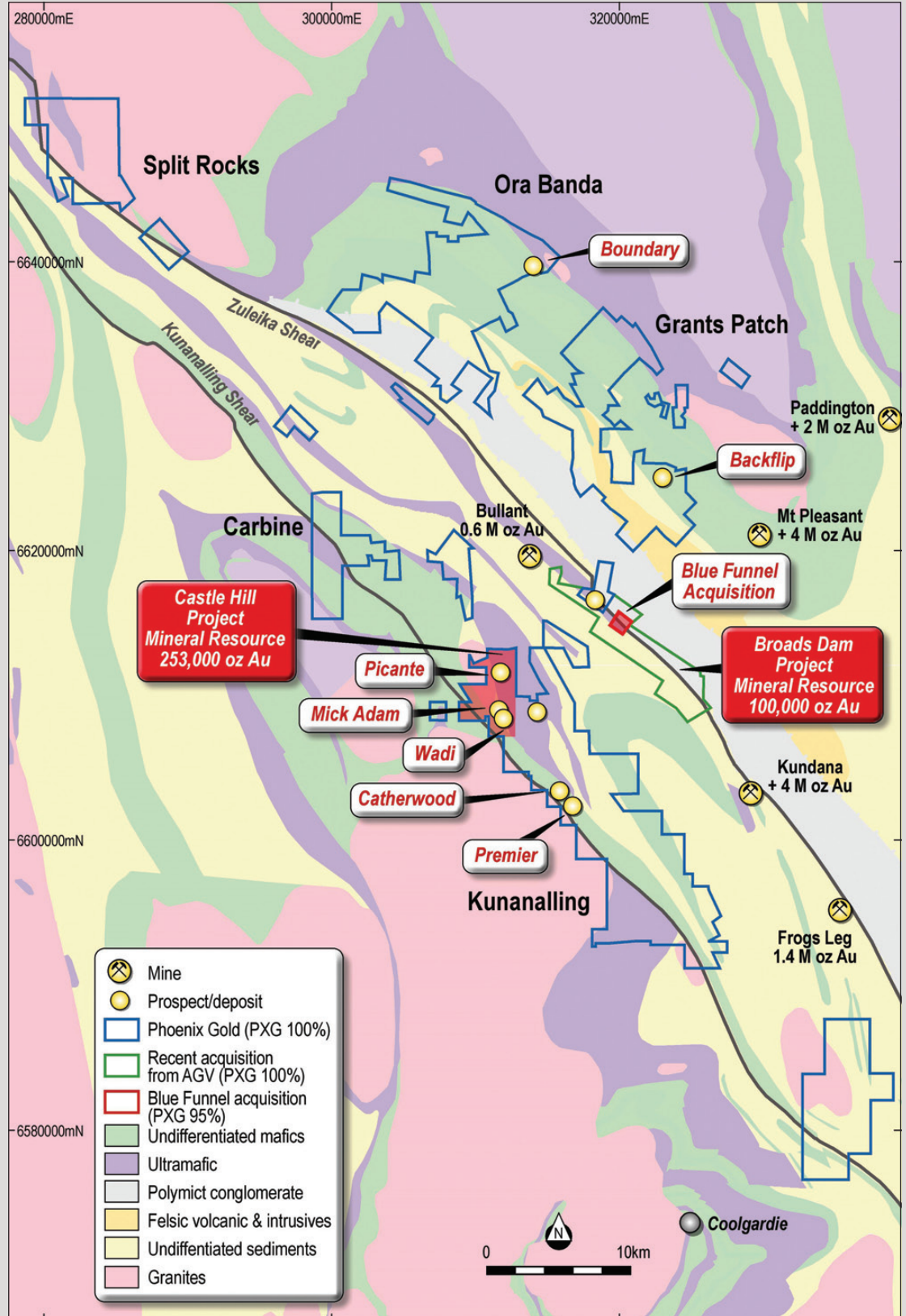


Figure 2: Phoenix tenements showing location of Golden Deeps tenements within the Broad's Dam Project

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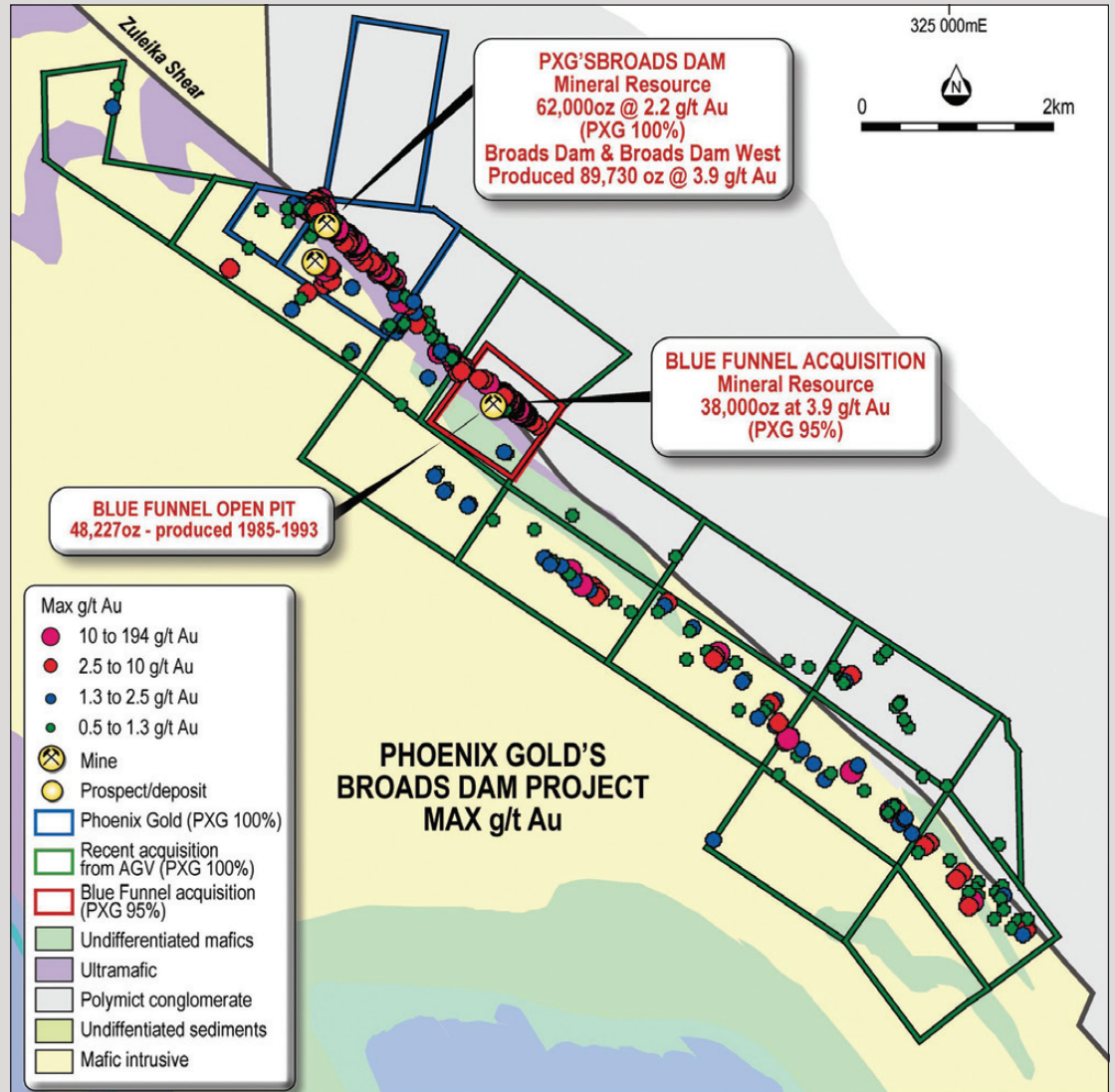


Figure 3: Phoenix's Broads Dam Project showing maximum down-hole Au (g/t)

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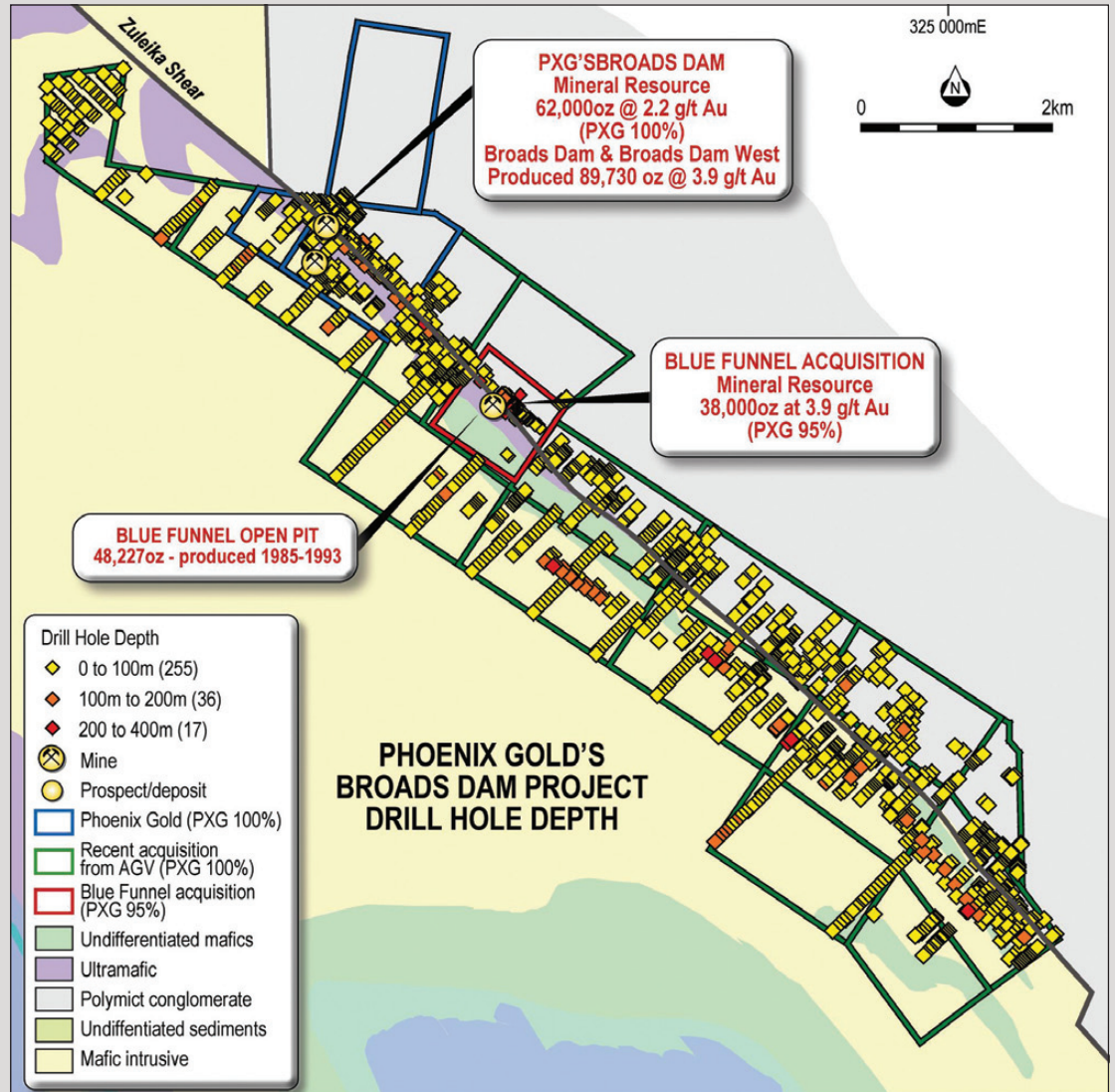


Figure 4: Phoenix's Broads Dam Project showing maximum hole depth

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# PHOENIX GOLD LTD

## 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 currently has JORC-classified resources totalling 977,000 ounces of gold (Table 1) and is targeting a 50% increase to 1.4 – 1.5 Moz by the end of 2011. Phoenix believes this will be sufficient resources to support an initial mine plan of three to five years and is aggressively reviewing development options.

With a balanced mix of exploration for new discoveries, extensions to known mineralisation along strike and at depth and development of a sustainable production profile, Phoenix aims to grow a significant gold company for the benefit of all stakeholders.

**TABLE 1: PHOENIX GOLD – SUMMARY OF MINERAL RESOURCES**

Project	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource			Total Mineral Resource		
	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz	Mt	Au g/t	Au oz
Kunanalling	0.67	2.7	58,000	2.13	1.5	106,000	6.14	1.5	297,000	8.94	1.6	461,000
Ora Banda - Grants Patch				0.75	1.6	38,000	4.57	1.8	262,000	5.32	1.8	300,000
Carbine - Zuleika				0.51	2.5	40,000	2.21	2.2	157,000	2.72	2.3	197,000
Stockpiles				0.50	1.2	19,000				0.50	1.2	19,000
<b>TOTAL</b>	<b>0.67</b>	<b>2.7</b>	<b>58,000</b>	<b>3.89</b>	<b>1.6</b>	<b>203,000</b>	<b>12.93</b>	<b>1.7</b>	<b>717,000</b>	<b>17.5</b>	<b>1.7</b>	<b>977,000</b>

**Note 1:** Stockpiles report material mined from historical mining operations at Lady Jane, Broads Dam, Premier, Catherwood, Bluebell, Mick Adam and Shamrock.

**Note 2:** The information in this report that relates to Exploration results and Mineral Resources is based on information compiled by Mr Ian Copeland. Mr Copeland, who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists, is a full time employee of Phoenix Gold. Mr Copeland has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Copeland has given his consent to the inclusion in the report of matters based on the information in the form and context in which it appears.

**Note 3:** Information that relates to exploration and production targets refers to targets that are conceptual in nature, where there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## FOR FURTHER INFORMATION PLEASE CONTACT:

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