

Phoenix Gold Limited
ASX: PXG, PXGO,
PXGOA

PHOENIX ADDS TO BROADS DAM GOLD PROJECT

Highlights

- PHOENIX ACQUIRES 100% OF RED DAM RESOURCE FROM CARBINE RESOURCES LTD
- CARBINE QUOTES PROJECT AS CONTAINING OVER 147,000 OUNCES (SEE NOTE A)
- CONSIDERATION EQUIVALENT TO \$13/OZ PLUS ROYALTY
- MOST RECENT DRILLING IN 2007 PRODUCED HIGH GRADE RESULTS
- PROJECT AREA OPEN ALONG STRIKE AND AT DEPTH
- EXTENSIONAL DRILLING PLANNED FOR MARCH QUARTER 2012

Overview

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to announce it has reached agreement with Carbine Resources Limited ("Carbine") to purchase a 100% interest in Carbine's Red Dam Gold Project in Western Australia (Figure 1).

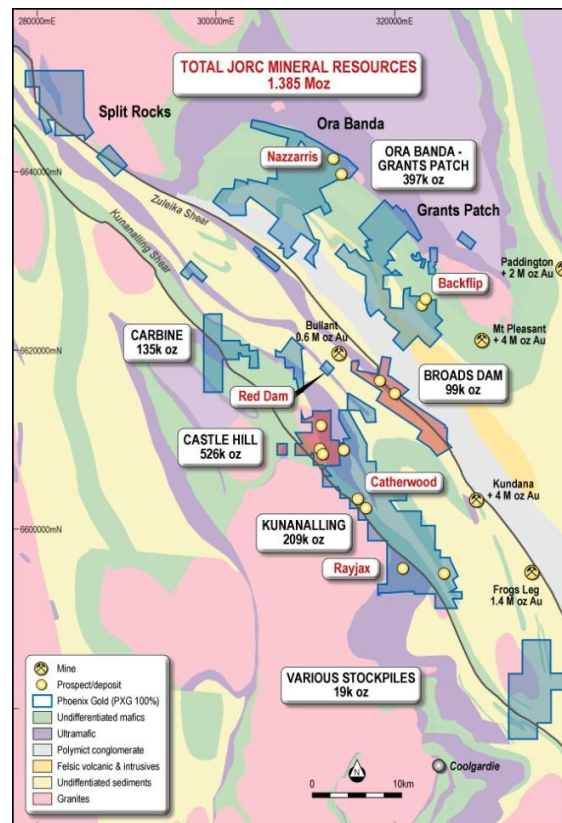


Figure 1: Red Dam project within Phoenix tenements

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The Red Dam resource is located on the Carbine-Telegraph shear in close proximity to the Zuleika shear in the heart of the rich Eastern Goldfields of Western Australia (Figure 2). The Project lies immediately adjacent to Phoenix's Broads Dam and Carbine Projects (Figure 1). The Red Dam Project covers in excess of 270ha.

Carbine has quoted Red Dam as containing over 147,000 ounces of gold at 2.5g/t (Note A). The most recent drilling reported on the Project was in 2007 and the results contained significant intercepts from both infill drilling and drilling outside the existing mineralised envelope. These results as published by Carbine (Note C) on 5 July 2007 included:

- 5 metres at 44.07g/t gold from 32 metres
- 14 metres at 8.27g/t gold from 97 metres
- 18 metres at 4.88g/t gold from 76 metres
- 10 metres at 5.29g/t gold from 138 metres
- 9 metres at 5.73g/t gold from 49 metres
- 10 metres at 4.45g/t gold from 111 metres

“The Red Dam resource sits near the convergence points of the region’s main shear zones and the potential to grow this Resource significantly has been demonstrated by the high grade intercepts outside the current resource envelope. We are very excited about getting additional drilling going and growing the project along strike and at depth,” Phoenix Managing Director Jon Price said.

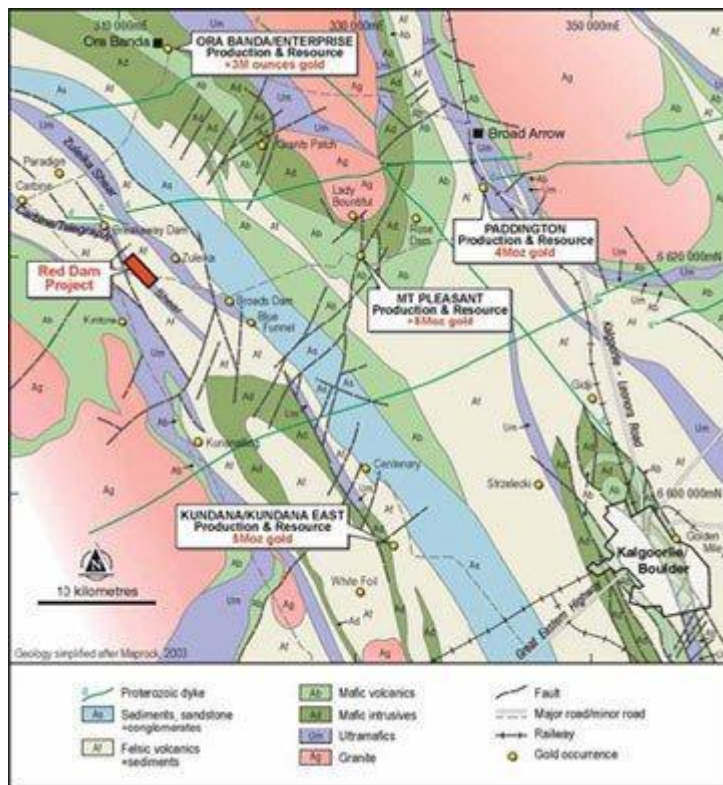


Figure 2. Red Dam location and regional geology

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Carbine has agreed to sell Red Dam to Phoenix for the following consideration:

- \$50,000 non-refundable cash deposit on signing formal agreement
- \$50,000 cash payable at settlement
- 8 million fully paid ordinary PXG shares (at a deemed price of \$0.23)
- \$10 per ounce gross production royalty

Phoenix and Carbine expect to execute and complete a Formal Sale Agreement by December 2012 subject to any shareholder, government and regulatory approvals that may be required.

Phoenix has commenced Planning and approvals work for a 5,000m drill programme to test extensional targets to the north and south as well as complete some validation drilling. This programme is expected to commence early in the March Quarter 2012.

“This acquisition continues Phoenix’s strategy of consolidating highly prospective tenure along these world class shear zones. Red Dam has met all the selection criteria and will complement our adjacent projects at Broads Dam and Carbine,” Mr Price said.

“We welcome Carbine Resources as shareholders as they focus on their projects in Africa and look forward to creating further value from this exciting area for all our shareholders,” he said.

NOTES

- A. Carbine Resources annual report (2009) quoted, “The project contains Indicated Resources of 683,000 tonnes @2.44g/t gold and Inferred Resources of 1,187,000 tonnes @2.45g/t for a Total Resource of 147,400 of gold, when a 1g/t gold lower cut-off grade is applied.
- B. This is **NOT** a Phoenix Resource as it has not been verified and is not included in the Phoenix resource table. Further work will be undertaken by Phoenix to validate the data and may include additional drilling.
- C. ASX and media statements regarding the intercepts were released on 12 June 2007 and 5 July 2007 and are available on the Carbine and ASX websites

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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 and to self-fund aggressive exploration through the development of advanced mining projects that can deliver cash flow in the short term.

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	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	0.49	2.4	38,000	0.78	1.6	40,000	2.11	1.9	130,000	3.39	1.9	209,000
Castle Hill	0.18	3.4	20,000	5.46	1.5	270,000	4.91	1.5	237,000	10.55	1.6	526,000
Ora Banda-Grants Patch				1.52	2.0	97,000	5.12	1.8	300,000	6.64	1.9	397,000
Carbine				0.51	2.5	41,000	1.33	2.2	94,000	1.84	2.3	135,000
Zuleika				0.28	3.9	35,000	0.89	2.2	64,000	1.17	2.6	99,000
Stockpiles				0.50	1.2	19,000				0.50	1.2	19,000
TOTAL	0.67	2.70	58,000	9.04	1.70	502,000	14.37	1.80	825,000	24.08	1.80	1,385,000

Notes:

- Stockpiles report material mined from historical mining operations at Lady Jane, Broads Dam, Premier, Catherwood, Bluebell, Mick Adam and Shamrock.
- 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.
- 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.
- The information on exploration targets is based on a conceptual range of targets as follows: Tonnage range: 2 million to 15 million tonnes, grade range: 1.5 g/t Au to 5 g/t Au

Visit us at www.phoenixgold.com.au

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