



PHOENIX ENTERS AGREEMENT TO ACQUIRE 2.3MTPA HEAP LEACH PROCESSING PLANT

HIGHLIGHTS

- Agreement to purchase standalone 2.3Mtpa St Ives heap leach processing facility from St Ives Gold Mining Company Pty Ltd
- Plant comprises 3 stage crushing plant, agglomeration drum, overland conveyors and stacking equipment, full gold recovery circuit and all associated infrastructure and spare parts.
- Purchase consideration of A\$2.0 million with \$0.2 million deposit and balance to be paid in the March and June Quarters 2015.
- Secures treatment pathway for lower grade ore mined from the Castle Hill project area based on extensive testwork
- Initial engineering study completed with detailed relocation, refurbishment and recommissioning engineering study underway

ASX: PXG, PXGOA

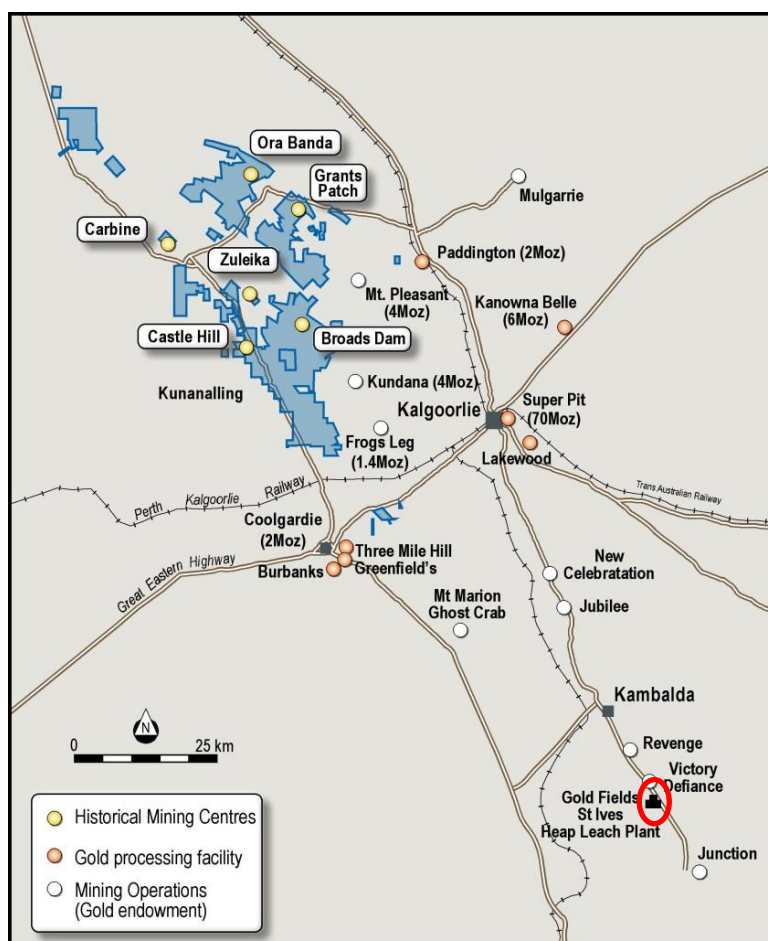


Figure 1: Phoenix project and St Ives heap leach plant location

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
info@phoenixgold.com.au



11th July 2014

Overview

Phoenix Gold Limited (**ASX: PXG**) ("**Phoenix**" or the "**Company**") is pleased to announce it has executed a letter agreement with St Ives Gold Mining Company Pty Ltd ("**SIGM**") to purchase 100% of the 2.3Mtpa St Ives heap leach processing plant located near Kambalda, 70km south of Kalgoorlie in Western Australia.

The acquisition for a total consideration of \$2.0 million, represents another key step in the Company's staged development strategy and will enable the treatment of stockpiled lower grade ore mined from Castle Hill. The current heap leach feed Reserve stands at 15mt at 0.6g/t for 280,000 ounces of gold.

This processing pathway will complement the milling of higher grade material and provide an additional source of cash flow generation for Phoenix.

The dry circuit, currently on care and maintenance, comprises a 3 stage crushing circuit with primary jaw, secondary cone and twin tertiary cone crushers designed to deliver a -12mm product, an agglomeration drum purchased new in 2006, 1.2km overland conveyor, 10 grasshopper conveyors and radial stacker (Figure 2). The wet plant comprises a six stage carbon in column gold recovery circuit (CIC), elution circuit and carbon regeneration kiln that is still in operation (Figure 3). The acquisition also includes all associated fixed plant infrastructure and considerable spares held.

Phoenix will acquire the entire plant and spares for consideration comprising:

- A\$200,000 non-refundable deposit
- A\$1,300,000 on removal of the dry circuit before the end of the March Quarter 2015
- A\$500,000 on commencing removal of the wet plant before the end of the June Quarter 2015



Figure 2: SIGM heap leach 3 stage crushing and screening plant (courtesy SIGM)

"Heap leaching has always been a key part of our production strategy and to have secured a fit for purpose stand-alone processing plant of this quality at this price is a fantastic result for the business. I know this plant very well having worked at St Ives for many years and it has been maintained in very good condition and is only 100km from our projects," Managing Director Jon Price said.



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“With the preliminary engineering study completed, the next step is to complete the detailed relocation and refurbishment engineering study and update the heap leach feasibility study which will complement the staged development plan and JV opportunities with Norton Gold Fields. We now look forward to unlocking the potential of the lower grade ore mined within the Castle Hill project area,” Mr Price said.

Phoenix and SIGM expect to execute a Formal Sale Agreement in the September Quarter of 2014 subject to further due diligence by Phoenix any government and regulatory approvals that may be required.

A preliminary engineering valuation study on the plant was completed by Como Engineers in June 2014 and included site visits to inspect the equipment, interview operating and maintenance personnel, collate all equipment list and drawings and inspect the carbon recovery circuit that is still in operation. A valuation and replacement cost review was then provided in addition to a condition report and a first pass estimate to relocate and refurbish the plant. Operating and maintenance data were also reviewed.



Figure 3: SIGM heap leach grasshopper conveyors and stacker (courtesy SIGM)

A detailed engineering study will now be undertaken to provide a relocation, refurbishment and recommissioning cost and will feed into an updated heap leach feasibility study to be completed by the end of the December Quarter 2014.

Visit us at www.phoenixgold.com.au

For further information please contact

Investors

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

info@phoenixgold.com.au

Media

James Tranter
FTI Consulting

(08) 9485 8888 or 0408 951 780



About Phoenix

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Phoenix Gold Ltd is an emerging Australian exploration and production 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 reserves, develop smaller low capital advanced mining projects utilising spare infrastructure in the region and unlock the potential of the lower grade ore mined through heap leaching technology.

The 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
Castle Hill (Stage 1 - Mill)				18.09	1.5	894,000	7.64	1.3	317,000	25.73	1.5	1,211,000
Kintore (Castle Hill Stage 2)				2.38	1.5	116,000	3.17	1.6	167,000	5.55	1.6	283,000
Castle Hill Stage 3	0.18	3.5	20,000	0.15	3.1	15,000	0.67	1.9	40,000	1.00	2.3	75,000
Red Dam				2.46	2.0	155,000	2.02	1.6	107,000	4.48	1.8	262,000
Broads Dam				0.13	2.9	12,000	2.16	2.3	158,000	2.29	2.3	170,000
Kunanalling	0.41	2.4	32,000	1.33	1.6	69,000	4.40	1.7	242,000	6.14	1.7	343,000
Ora Banda				3.11	1.9	187,000	3.52	1.9	210,000	6.63	1.9	397,000
Carbine				1.70	1.6	86,000	0.21	2.1	14,000	1.91	1.6	100,000
Zuleika North				0.51	2.5	41,000	0.27	2.5	22,000	0.78	2.5	63,000
Total	0.59	2.7	52,000	29.86	1.6	1,575,000	24.06	1.7	1,277,000	54.51	1.7	2,904,000

Project (Heap leach feed)	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource			Total Mineral Resource		
	Mt	Au (g/t)	Au Oz	Mt	Au(g/t)	Au oz	Mt	Au (g/t)	Au Oz	Mt	Au (g/t)	Au Oz
Castle Hill (Stage 1 - HL)				21.54	0.6	400,000	15.07	0.6	273,000	36.61	0.6	673,000
Kintore (Castle Hill Stage 2)				3.03	0.6	55,000	9.05	0.6	161,000	12.08	0.6	216,000
Stockpiles				0.20	1.1	7,000				0.20	1.1	7,000
Total				24.77	0.6	462,000	24.12	0.6	434,000	48.89	0.6	896,000

Total FEB 2014	0.59	2.7	52,000	54.63	1.2	2,037,000	48.18	1.1	1,711,000	103.40	1.1	3,800,000
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Qualification Statements

11th July 2014

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 Material, 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.

The information in this report that relates to Ore Reserves other than Castle Hill is based on information compiled by Mr William Nene who is a member of The Australian Institute of Mining and Metallurgy. Mr William Nene is a full time employee of Goldfields Mining Services Pty 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 2004 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. William Nene consents to the inclusion in this report of matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resource Estimation for Castle Hill Stage 1 and Red Dam 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 Exploration Results and other Resources 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.



Forward Looking Statements

11th July 2014

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