



## NORTON TAKES UP OPTION TO MINE AND TREAT ORE FROM CASTLE HILL STAGE 1

ASX: PXG, PXGOA

### HIGHLIGHTS

- Development of Castle Hill Stage 1 with Norton Gold Fields potentially adds a further \$17.5 million to cash at bank over two years<sup>1</sup>
- Agreement means Phoenix to generate three streams of future cash flow
- Upfront capital development of Stage 1 funded by Norton
- Norton to conduct mining, haulage, milling and rehabilitation
- Phoenix receives 50% of the resultant cash surplus once project becomes cash positive

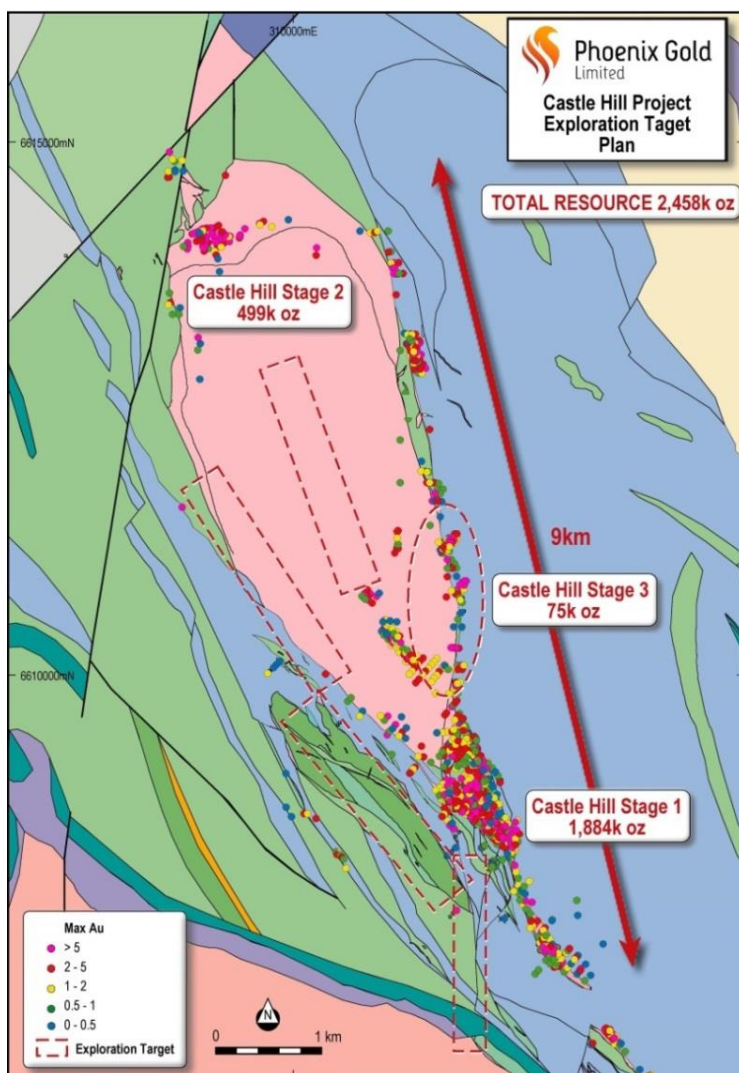


Figure 1: Phoenix Castle Hill project area and mine location

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

<sup>1</sup> As announced on 21 February 2014



1<sup>st</sup> August 2014

## Overview

Phoenix Gold Limited (**ASX: PXG**) ("**Phoenix**" or the "**Company**") is pleased to announce that it has received notification today from Norton Gold Fields Limited ("**Norton**") that it has exercised its option to enter into a mine and treat ore agreement in respect of part of Phoenix's Castle Hill Stage 1 project. The project is 55 km northwest of the City of Kalgoorlie – Boulder on existing roads with minimal on site infrastructure required to service the mine and workforce.

In the March Quarter Phoenix delivered to Norton separate Feasibility Studies on the Mick Adam and Wadi projects (making up part of Castle Hill Stage 1) in accordance with an Option to Mine and Treat Agreement<sup>2</sup>.

In accordance with the terms of the agreement, Phoenix and Norton will now proceed to finalising terms of a formal Licence to Mine and Ore Sale Agreement with mining of the project to commence within three months of execution of the formal agreement, subject to mine fleet availability.

In addition, under the terms of agreement:

- All upfront capital development is funded by Norton
- Mining, haulage, milling and rehabilitation is conducted and funded by Norton
- Phoenix receives 50% of the cash surplus of the project

"We are pleased that our ongoing discussions with Norton have culminated in this agreement to mine and treat ore from Castle Hill Stage 1," Managing Director Jon Price said.

"The development of Castle Hill Stage 1 with Norton potentially adds a further \$17.5 million to cash at bank over two years," Mr Price said.

Discussions have been ongoing with Norton including the formation of a technical working group to draft a formal Licence to Mine and Ore Sale Agreement and agree to key terms and conditions. Based on the costs and fleet selection information supplied to Norton pursuant to the agreement, and assuming Norton mines both projects as per the designs detailed in the Feasibility Studies, the combined total ore mined is 2.33Mt at 2.03g/t with recovered ounces of 142,800 ounces delivering a cash surplus, to be shared 50:50, of circa A\$35 million at A\$1,400/oz.

The Definitive Feasibility Study completed in February, led Phoenix to adopt a three pronged staged development approach with prudent capital management that allows the Company to retain optionality into the future.

Mining a series of staged open pits with treatment at the Greenfields Mill, working with Norton Gold Fields on the license to mine for the Castle Hill Stage 1 development and unlocking the value of mined lower grade ore using heap leaching technology has the potential to generate three streams of cash flow.

<sup>2</sup>For a detailed summary of agreements in place with Norton, please refer to the Solicitor's Report within the Prospectus dated 20 October 2010.



## About Phoenix

1<sup>st</sup> August 2014

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 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 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
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
<b>Total</b>	<b>0.59</b>	<b>2.7</b>	<b>52,000</b>	<b>29.86</b>	<b>1.6</b>	<b>1,575,000</b>	<b>24.06</b>	<b>1.7</b>	<b>1,277,000</b>	<b>54.51</b>	<b>1.7</b>	<b>2,904,000</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
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
<b>Total</b>				<b>24.77</b>	<b>0.6</b>	<b>462,000</b>	<b>24.12</b>	<b>0.6</b>	<b>434,000</b>	<b>48.89</b>	<b>0.6</b>	<b>896,000</b>

<b>Total FEB 2014</b>	<b>0.59</b>	<b>2.7</b>	<b>52,000</b>	<b>54.63</b>	<b>1.2</b>	<b>2,037,000</b>	<b>48.18</b>	<b>1.1</b>	<b>1,711,000</b>	<b>103.40</b>	<b>1.1</b>	<b>3,800,000</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 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.

<sup>2</sup>For a detailed summary of agreements in place with Norton, please refer to the Solicitor's Report within the Prospectus dated 20 October 2010.



## 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