

**22 NOVEMBER 2011**

*Phoenix Gold Limited*  
**ASX: PXG, PXGO,  
 PXGOA**

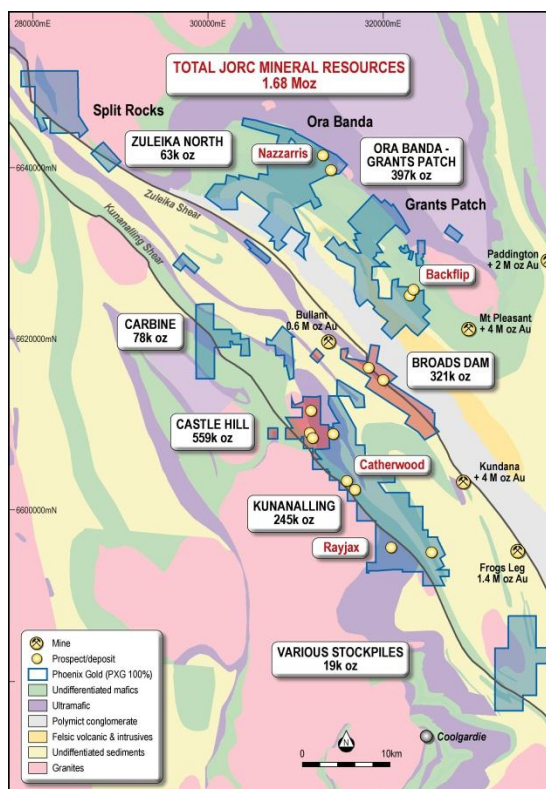
## PHOENIX GOLD RESOURCES GROW TO 1.68 MILLION OUNCES

### Highlights

- TOTAL MINERAL RESOURCE INCREASED BY 182% SINCE INITIAL ACQUISITION
- STRATEGIC GOALS SET IN IPO PROSPECTUS ACHIEVED
- CATHERWOOD MINE FIRST IN A SERIES OF DEVELOPMENT PROJECTS
- MILLING AGREEMENTS ENABLE EARLY CASH FLOW GENERATION
- THREE STRATEGIC ACQUISITIONS COMPLETED ON THE ZULEIKA SHEAR
- 70,000 METRE DRILL PROGRAMME ON SCHEDULE
- FURTHER RESOURCE GROWTH ANTICIPATED FROM LATEST DRILLING CAMPAIGN

### Overview

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to advise that its Total Mineral Resources have increased to **29.6Mt at 1.8g/t Au for 1.68m ounces (Table 1)**. This represents an increase of **72%** from the resources contained in the Prospectus at the Initial Public Offering and **182%** from the initial project acquisition.



**Figure 1. Project location and Phoenix tenements**

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The recent increase includes maiden Resources at Rayjax and Magdala, increases to Castle Hill from recent drilling and acquisitions within the Broads Dam area during the year (Figure 1). Further Resource growth is expected from results of a 70,000 metre drilling programme at Broads Dam, Castle Hill and Ora Banda which commenced in September.

Phase 1 of the programme comprises 32,000 metres in the 2012 financial year through a combination of reverse circulation ("RC") for resource growth and rotary air blast ("RAB") for target generation in greenfields areas.

Drill results from Castle Hill are expected in December with a further Resource update based on all recent drilling anticipated in the March Quarter.

In Phoenix's Initial Public Offering ("IPO") Prospectus released in October 2010 the Company set the following targets as the foundation of its core strategy:

- Position the Company as a growth and production orientated Company with exploration upside by targeting a 50% increase to the Company's then 977,000oz Resource base in the first year sufficient to support an initial 3 to 5 year mine plan;
- Develop mines and processing capability to realise early cash flow to fund exploration and production expansions; and
- Pursue further opportunities and acquisitions to expand the Company's production profile by targeting assets with near term production potential and resource upside in known gold provinces which host major existing gold projects.

Phoenix Managing Director Jon Price said that following the Resource upgrade to 1.68 million ounces he felt confident the Company had delivered on its initial promises and would continue to push ahead with its strategy.

**"This result is an important milestone for Phoenix, not just because we have shown an ability to deliver on our promises, but because we have clearly demonstrated the upside potential of the project area and confirmed the strategy to grow the Resources further to build the platform for a significant mining project pipeline,"** Mr Price said.

**"Phoenix is now in a strong position to generate early cash flow from treatment of stockpiles and self-fund development of a number of mines commencing with Catherwood in early 2012. This cash flow will allow us to continue our targeted greenfields and brownfields exploration programmes while minimising dilution for Phoenix shareholders,"** he said

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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
Castle Hill	0.18	3.4	20,000	5.46	1.6	273,000	5.35	1.5	266,000	10.99	1.6	559,000
Broads Dam				1.32	2.0	84,000	3.79	1.9	236,000	5.11	2.0	321,000
Kunanalling	0.49	2.4	38,000	0.78	1.6	40,000	2.91	1.8	166,000	4.18	1.8	245,000
Ora Banda/ Grants Patch				1.52	2.0	97,000	5.12	1.8	300,000	6.64	1.9	397,000
Carbine							1.40	1.7	78,000	1.40	1.7	78,000
Zuleika North				0.51	2.5	41,000	0.27	2.5	22,000	0.78	2.5	63,000
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>10.08</b>	<b>1.7</b>	<b>555,000</b>	<b>18.84</b>	<b>1.8</b>	<b>1,069,000</b>	<b>29.59</b>	<b>1.8</b>	<b>1,682,000</b>

**Notes:**

1. Stockpiles report material mined from historical mining operations at Lady Jane, Broads Dam, Premier, Catherwood, Bluebell, Mick Adam and Shamrock.
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.
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.
4. 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

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