



PHOENIX CONFIRMS RECEIPT OF UNSOLICITED, HIGHLY CONDITIONAL TAKEOVER OFFER FROM ZIJIN AND ADVISES SHAREHOLDERS TO TAKE NO ACTION

ASX: PXG

Phoenix Gold Limited (ASX Code: PXG) ("**Phoenix**" or the "**Company**") refers to the announcement made this morning by one of its substantial shareholders, Shanghai and Hong Kong Stock Exchange-listed Zijin Mining Group Co., Ltd ("**Zijin**"), in relation to Zijin's intention to make an unsolicited, highly conditional off-market takeover offer ("**Proposed Offer**") for all the shares in the Company that it does not already own at a price of \$0.10 cash per share.

Phoenix confirms that after market close on Friday, 19 June 2015 it received an unsolicited approach from Zijin.

In approaching Phoenix with its Proposed Offer, Zijin sought an endorsement from the Phoenix Board that the Proposed Offer should be recommended for acceptance by all shareholders as well as deal protections such as no-shop, no-talk, no due diligence and a break fee.

Phoenix engaged in discussions with Zijin and its advisors over the course of the weekend, including facilitating the satisfaction of some of Zijin's conditions, in an effort to secure a transaction that is in the best interests of Phoenix shareholders. At the conclusion of these discussions, and despite the accommodation given by Phoenix, Zijin was unwilling to improve the price under its Proposed Offer and, as a result, the Phoenix Board formed the considered view that it could not recommend the Proposed Offer in its current form. In particular, the Phoenix Board determined that it was inappropriate, on the basis of Zijin's current Proposed Offer, to limit its ability to solicit and facilitate a superior proposal that could deliver greater value to Phoenix shareholders.

Phoenix will continue to consider means to maximise value for the Company's shareholders including actively soliciting alternative proposals.

Zijin through various wholly owned subsidiaries, including Norton Gold Fields Limited, as of its last lodged substantial holder notice held 8.91% of Phoenix's shares. In its announcement today, Zijin has advised that as a result of executing a pre-bid agreement with a Phoenix shareholder it now holds a 17.9% relevant interest in Phoenix under which the accepting shareholder is obliged to accept the Proposed Offer, once made, in the absence of a Superior Proposal. Other substantial shareholders in the Company include Evolution Mining Limited ("**Evolution**") which currently holds 9.36% of Phoenix's shares.

Given the market sensitive nature of the Zijin Proposed Offer together with the potential effect on control of the Company that either the Zijin Proposed Offer or the Evolution strategic alliance would have, the Phoenix Board is considering whether it is appropriate to adjourn the General Meeting of Phoenix shareholders to vote on a proposed strategic alliance whereby Evolution would lift its interest in the Company to 19.9%, scheduled to occur at 10.00am on Tuesday, 23 June 2015.

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With respect to the Zijin Proposed Offer, the Board is unanimous in its view that Phoenix shareholders should **TAKE NO ACTION**, nor make any decision in relation to their shareholding until the Board has had an opportunity to fully consider the Proposed Offer. Following consideration of the Proposed Offer, the Board will advise shareholders of its recommendation.

Phoenix has appointed RBC Capital Markets as financial advisor and Allion Legal as legal advisor.

ENDS

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