



PHOENIX SUSPENDS SMALL MINING PROJECTS TO FOCUS ON NORTON JV AND HEAP LEACH

ASX: PXG

KEY POINTS

- *Completion of mining at Kintore West in April 2015*
- *Final milling campaign at Greenfields Mill to be completed in June Quarter processing stockpiled material and remaining ore mined*
- *Future small mining projects suspended to conserve cash*
- *Remaining small mining projects including Burgundy, Red Dam and Nazzaris remain under review pending outcome of the Norton JV and associated cash flow from the Mick Adams and Wadi open pit developments*
- *Primary focus remains the Norton Gold Fields joint venture at Castle Hill Stage 1 and the heap leach project*
- *Norton JV planned to commence in coming months pending the execution of the formal License to Mine and Ore Sale Agreement¹*
- *Heap leach feasibility study² completed and project financing underway*

Overview

Phoenix Gold Limited (ASX: PXG) (“Phoenix” or the “Company”) advises that mining at its Kintore West project will complete this month, with milling continuing into the June Quarter. The Company continues to focus on the joint venture with Norton Gold Fields Limited (“Norton”) for the development of Castle Hill Stage 1 and progressing project financing discussions for the proposed heap leach operation.

The selective mining of high grade vein sets within a lower grade stockwork system more amendable to bulk mining has led to lower mined grades than anticipated. Drill and blast performance was poor, increasing mining dilution, which has compounded the issue. Results from Kintore West are being collated and will be published in the next Quarterly report.

In addition to toll mill feed, over 12,000 ounces of heap leach feed has now been mined and stockpiled at Kintore West, which will be available for the heap leach project development.

Plans to mine additional projects such as Burgundy, Red Dam and Nazzaris (Figure 1) will remain under review pending the outcome of the Norton JV and cash flow from the Mick Adams and Wadi open pit developments. Accordingly, Phoenix has issued a termination notice with respect to its toll milling agreement with FMR Investments that comes into effect at the end of the current milling campaign.

“Core business for Phoenix has always been the development of the Mick Adams and Wadi projects with Norton that can deliver significant cash flow and the heap leach with a current NPV of A\$41 million. We look forward to updating you further on these core projects in coming weeks,” Managing Director Jon Price said.

“While the grade at Kintore has been lower than expected, we remain focussed on improved grade performance to the completion of the mine in April and milling in the June Quarter,” Mr Price said.

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¹ Summarised in the Solicitors Report within the Phoenix Prospectus dated 20 October 2010

² As announced on 18 March 2015



14th April 2015

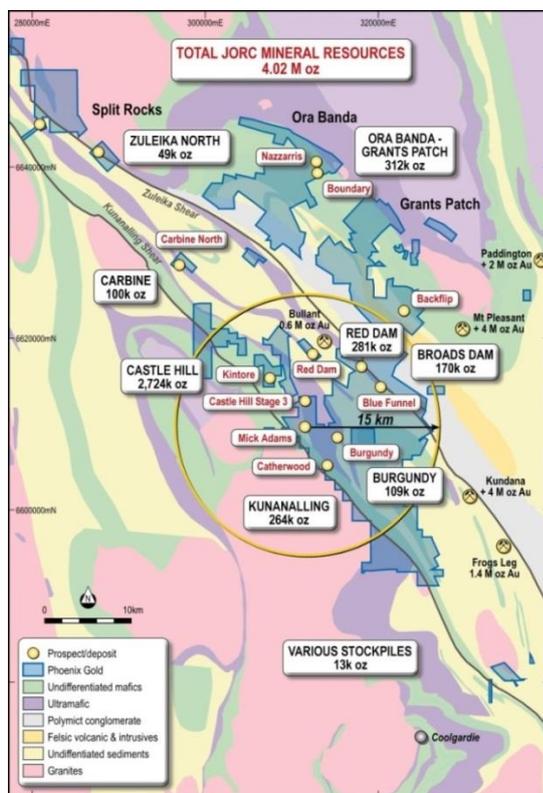


Figure 1: Phoenix project locations and regional geology

Norton License to Mine and Ore Sale Agreement¹

As announced on 21 January 2015, Phoenix and Norton have been working to complete and execute the final License to Mine and Ore Sale Agreement with respect to Castle Hill Stage 1.

Under the Agreement, Norton will fund upfront capital, mining, haulage and milling, with Phoenix receiving 50% of the cumulative cash surplus.

Development at the Mick Adams and Wadi open pit projects (forming Castle Hill stage 1) is expected to commence in the coming months, once the Agreement is signed.

Heap Leach Project Financing

Project financing for development of the heap leach project is underway, with engagement from a number of domestic and international financiers. Phoenix expects to complete a financing package for the heap leach project in the June Quarter.

The heap leach facility will process lower grade ore mined at Castle Hill and nearby satellite pits.

Results of a definitive feasibility study on the Heap Leach facility, announced 18 March 2015, estimated total net cash flow to the Company (after capex, before tax) of A\$70 million over the project's current 7 year life. Based on the Study's assumed gold price of A\$1,500 per ounce, the study demonstrated robust financials with a pre-tax net present value of A\$40.6 million (at an 8% discount rate) and strong IRR of 45%.

¹ Summarised in the Solicitors Report within the Phoenix Prospectus dated 20 October 2010

² As announced on 18 March 2015



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The heap leach ore will be sourced from the lower grade stockpiles mined from the Mick Adams-Kiora, Wadi, Kintore, Castle Hill Stage 3 and Burgundy open pits (Figures 1, 2). The Mick Adams and Wadi projects are currently the subject of the License to Mine and Ore Sale Agreement negotiation with Norton, where Norton will mine the projects and haul high grade ore to its Paddington mill for processing. The lower grade material is stockpiled separately and is available for heap leaching by Phoenix. The relocation, refurbishment and recommissioning of the plant and construction of the heap leach pads will happen over a 12 to 15 month period at a capital cost estimated at A\$34.4 million.

Phase 1 of the Mick Adams and Wadi operations undertaken by Norton is expected to produce 5.3Mt of lower grade ore stockpiled at site for treatment at Phoenix's planned heap leach operation. On completion of Phase 1, Phoenix intends to continue mining operations providing additional mill and heap leach feed.

Key metrics for the project are summarised below:

Key operating results – Heap Leach Definitive Feasibility Study ¹		
Total gold production	ounces	191,900
Initial mine life	years	7
Average annual gold production	ounces	27,000
Development time to first production	months	12 - 15
Total upfront capital cost	A\$M	34.4
C1 costs	A\$/oz	863
All in sustaining cash costs	A\$/oz	913
Key financial results (at A\$1,500 per ounce)		
Total Revenue	A\$M	287.8
Total net cash flow (after capex, before tax)	A\$M	70.0
NPV at 8% discount rate (pre-tax)	A\$M	40.6
Internal rate of return (IRR) over mine life (pre-tax)	%	45

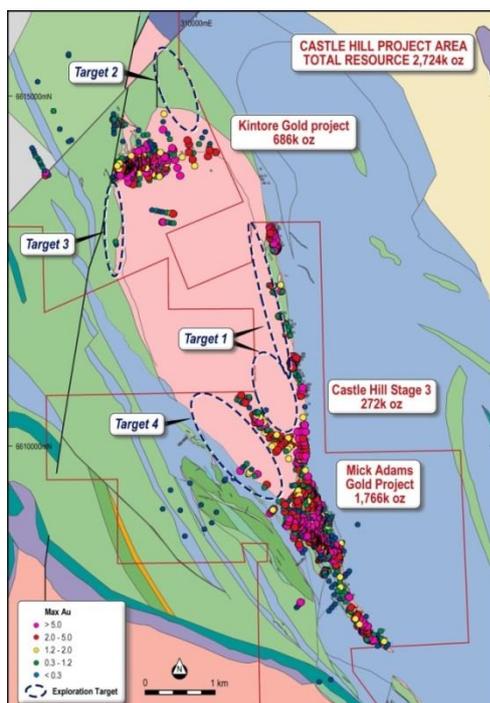


Figure 2: Castle Hill project location and regional geology

¹ As announced on 23 March 2015



ASX Announcements

About Phoenix

14th April 2015

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, complete definitive feasibility studies on core projects and to continue aggressive exploration.

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
Mick Adams/Wadi				18.09	1.5	894,000	6.39	1.3	274,000	24.48	1.5	1,168,000
Kintore				3.03	1.6	160,000	4.21	1.8	239,000	7.24	1.7	399,000
Castle Hill Stage 3				2.38	1.4	109,000	1.36	1.3	59,000	3.74	1.4	168,000
Red Dam				2.05	2.1	140,000	1.04	2.2	74,000	3.09	2.2	214,000
Broads Dam				0.13	2.9	12,000	2.16	2.3	158,000	2.29	2.3	170,000
Burgundy	0.49	2.0	31,000	0.40	2.3	29,000	0.09	1.5	4,000	0.98	2.0	65,000
Kunanalling				0.46	2.4	35,000	4.12	1.7	229,000	4.58	1.8	264,000
Ora Banda				2.36	2.0	149,000	2.79	1.8	163,000	5.15	1.9	312,000
Carbine				1.70	1.6	86,000	0.21	2.1	14,000	1.91	1.6	100,000
Zuleika North							0.62	2.5	49,000	0.62	2.5	49,000
Stockpiles				0.08	1.4	4,000				0.08	2.5	4,000
Total	0.49	2.0	31,000	30.68	1.6	1,618,000	22.99	1.7	1,263,000	54.16	1.7	2,913,000

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
Mick Adams/Wadi				21.54	0.6	400,000	10.98	0.6	198,000	32.52	0.6	598,000
Kintore				6.68	0.6	131,000	7.87	0.6	156,000	14.55	0.6	287,000
Castle Hill Stage 3				3.80	0.6	68,000	2.01	0.6	36,000	5.81	0.6	104,000
Burgundy	1.04	0.6	22,000	0.86	0.6	18,000	0.22	0.6	4,000	2.12	0.6	44,000
Red Dam				1.89	0.7	44,000	0.97	0.7	23,000	2.86	0.7	67,000
Stockpiles				0.48	0.6	9,000				0.48	0.6	9,000
Total				35.25	0.6	670,000	22.05	0.6	417,000	58.34	0.6	1,109,000

Total Jan 2015	0.49	2.0	31,000	65.93	1.1	2,288,000	45.04	1.2	1,680,000	112.50	1.1	4,022,000
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Visit us at www.phoenixgold.com.au

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Qualification Statements

14th April 2015

The information in this report that relates to Mineral Resource Estimation for Castle Hill Stage 1 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 reporting of Exploration Results and Resources other than those mentioned above 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.

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 Materials, 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.



Forward Looking Statements

14th April 2015

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