

PHOENIX TARGETS 4 MILLION OUNCES¹ WITH START OF A\$20 MILLION DRILLING PROGRAMME

HIGHLIGHTS

- Drilling commenced at Castle Hill as part of a 215,000 metre programme over 15 months
- Lateral and depth extension drilling combined with infill and sterilisation drilling planned at Kunanalling and Zuleika shear zones
- Local drilling contractor engaged at highly competitive rates
- Programme aims to achieve the Company's interim resource target of 4 million ounces¹
- First drill results expected early in the March Quarter, 2013
- Definitive Feasibility Study to be completed in December Quarter, 2013

ASX: PXG, PXGOA

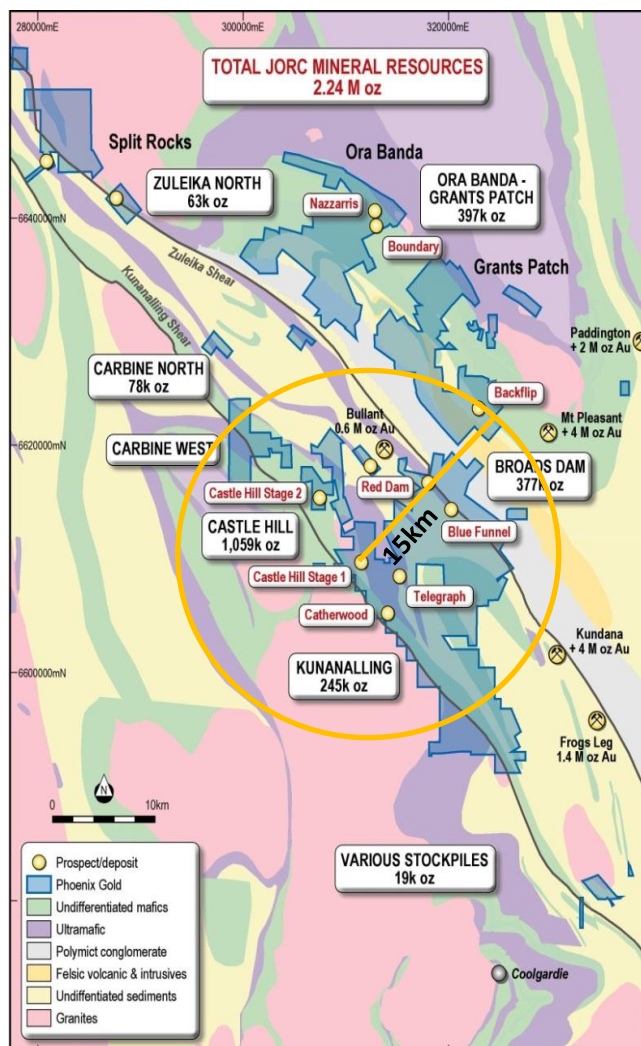


Figure 1: Project location, Phoenix tenements and development centre

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

¹ As announced on October 23, 2012. Also see note 3 on Page 7 and Table 1



Overview

Phoenix Gold Limited (ASX: PXG, "Phoenix") is pleased to announce that drilling has commenced as part of a A\$20 million accelerated drilling programme on the highly prospective Kunanalling and Zuleika shear zones in the heart of the Western Australian Goldfields (Figure 1), less than 50km from the regional mining centre of Kalgoorlie - Boulder.

The programme, totalling over 215,000 metres (Table 1), will comprise a combination of reverse circulation ("RC") and diamond drilling ("DD") at the Company's flagship Castle Hill and Broads Dam gold projects and air core, soil sampling and geophysics on a number of highly prospective greenfields targets including Ora Banda, Carbine West, Christmas Reef, Split Rock Dam and Zuleika North (Figure 1).

Table 1: Exploration programme summary

Projects	Planned Drilling (m)	Projected Cost (A\$m)
Castle Hill – Resource extension	50,420	5.5
Broads Dam – Resource extension	28,620	3.1
Telegraph – Resource extension	12,350	1.3
Grass roots exploration	29,230	1.9
Infill and sterilisation drilling	96,560	7.7
Bankable feasibility study		3.9
Total Programme	217,180	23.4

The programme follows the successful Placement of A\$20 million with Australian and international institutions with Tranche 1 complete and Tranche 2 subject to shareholder approval at a General Meeting to be held on 29th November 2012. The Company is also seeking to raise A\$2 million through a Share Purchase Plan at the Placement price of \$0.30 a share closing at 5pm (WST) on Thursday 29th November 2012.

In addition, the Company is continuing to fund the programme through the sale of stockpiles as announced on 28th August 2012, and the sale of mining rights at the Catherwood project as announced on 10th October 2012. These agreements, combined with the potential development of other smaller mines including Blue Funnel, Nazzarris and Boundary (Figure 1) are expected to generate income in excess of A\$8.5 million across a 15 month period (Table 2).

"2013 is shaping up to be company defining year for Phoenix with the drilling programme underway and a significant body of work undertaken to complete the Feasibility Study. It comes at a time where local drill rigs are more available, assay turnaround times are as little as five days and we have been able to attract high quality staff to manage the accelerated programme," Managing Director Jon Price said.

"I believe we now have all the ingredients to realise the full potential of our Castle Hill project, to turn Red Dam into a significant high-grade open cut and underground gold mine and continue our search for the next large gold discovery in this fantastic part of the world."

"The infrastructure is here, we are 30 minutes' drive from a major regional mining capital and we have conventional mining and milling projects with real upside," Mr Price said.

"By tripling the drilling activity at Castle Hill and Broads Dam and fast tracking the DFS in parallel, we will be in a strong position to make a sound investment decision to develop the projects."



Table 2: Cash flow summary

Sources of funds	
Existing Cash	\$1.9m
+ Placement and SPP proceeds	\$22.0m
+ Internal cash flow	\$8.5m
+ Proceeds from option exercise	\$0.8m
= Available cash	\$33.2m
Uses of funds	
- Definitive feasibility study, drilling and corporate costs over 12 -15 months	(\$23.4m)
= Remaining funds for working capital and costs of the offer	\$9.8m

Castle Hill Drilling programme summary

The project area lies on the western margin of the Coolgardie Domain of the Norseman-Wiluna Belt, and is transected by the Kunanalling Shear Zone (Figure 1). At Castle Hill the Kintore Tonalite (porphyry) is the main host to gold mineralisation complemented with high grade shear hosted lodes in the adjacent basalt.

The current Castle Hill Resource estimate stands at 21.71 million tonnes at 1.5 g/t Au for 1,059,000 ounces (Table 3).

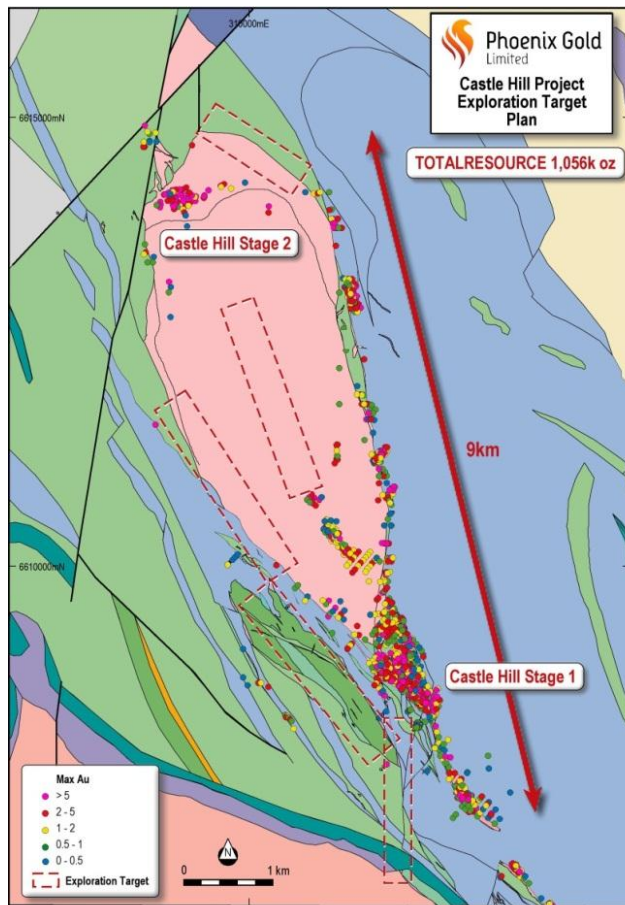


Figure 2: Castle Hill – regional geology, existing drilling and target areas



Drilling commenced at Castle Hill on 8th November 2012 with 1 RC rig operating to complete 2,300 metres at Stage 1 (Figure 2) and 10,000 metres at Stage 2. The programme (Figures 3 and 4) is targeting lateral and depth extensions to the current Resource envelope, particularly at Stage 2 with our maiden drilling programme on this newly acquired area.

20th November 2012

In 2013, a total of over 100,000 metres are at Castle Hill with up to 4 drilling rigs on site drilling to an average depth of approximately 180 metres. The aim is to fully define this gold camp and realise the project's multi-million ounce potential².



Figure 3: Castle Hill – stage 1

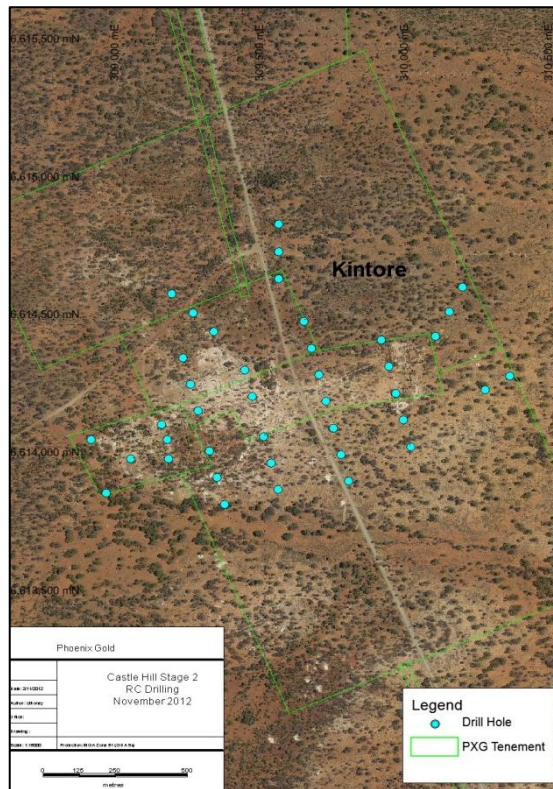


Figure 4: Castle Hill – stage 2

Broads Dam Drilling programme summary

The Broads Dam Gold Project area is located on the Zuleika Shear, a major northwest trending lineament and host to numerous multi-million ounce gold deposits (Figure 1). Following a number of strategic acquisitions, Phoenix now has interests in contiguous tenements covering 14km of strike of highly prospective mafic, ultramafic and intrusive rocks associated with the Zuleika Shear.

Broads Dam has similar geological characteristics to neighbouring gold camps including analogous rock types and comparable structural trends to those observed at the adjacent +6 million ounce Kundana camp, located 15km to the south.

The current Broads Dam Resource estimate stands at 5.32 million tonnes at 2.2 g/t Au for 377,000 ounces (Table 3).

² See note 3 on Page 7



RC and diamond drilling will commence at Broads Dam in the March Quarter 2013 and will focus initially on the recent Red Dam gold discovery (Figure 1) with 24,000 metres planned (Figure 5) to an average depth of approximately 190 metres. The aim is to significantly increase the current resource both along strike and at depth to define the project's open cut and high grade underground potential.

Drilling will then move to Broads Dam and Blue Funnel in the second half of 2013.

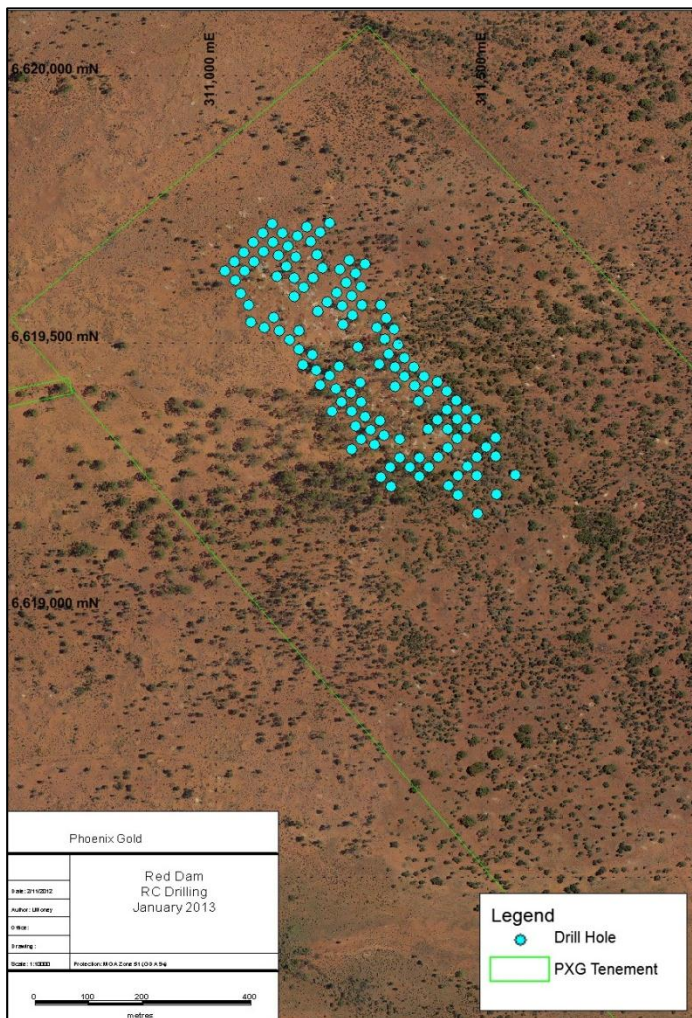


Figure 5: Red Dam gold project – drill hole locations

Greenfields exploration and Definitive Feasibility Study (DFS) summary

While the focus for the Company remains Resource growth and development of the flagship Castle Hill and Broads Dam projects, a geological architecture 4D evolution study has commenced centred on identification of exploration targets across the tenements. A Phoenix project geologist is being sponsored to complete this work over a two year period in collaboration with the Centre for Exploration Targeting, a division of the University of Western Australia.



20th November 2012

In conjunction with this work, geophysics, soils, aircore drilling, data base interrogation and geological mapping will be undertaken to identify and test new targets. Initial focus will be on the Ora Banda, Carbine and Zuleika North regions (Figure 1) where little modern systematic exploration has been completed for over 15 years.

In parallel with the drilling programme, Phoenix aims to complete a DFS by December 2013 with all advanced projects including those that formed part of the Conceptual Mining Study released on 17th October 2012. This work will include all criteria to enable an investment decision for the development of the larger mining projects and the construction of a stand-alone processing facility.

Results from the first drilling programme at Castle Hill are expected early in the March Quarter followed by regular updates on a 6-8 weekly basis. High drill rig availability has enabled competitive rates to be achieved and the Company has engaged local drilling contractor Drilling Australia, based in Kalgoorlie, to undertake the RC drilling.

For further information please contact

Investors

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

info@phoenixgold.com.au

Media

Michael Vaughan or Fiona Meiklejohn
FTI Consulting

(02) 8298 6100 or (08) 9485 8888



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.

The 100% owned Castle Hill gold project is emerging as a flagship asset with the potential to become a multi-million ounce gold mine¹ 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 3: 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	7.28	1.5	356,000	14.25	1.5	684,000	21.71	1.5	1,059,000
Broads Dam				2.37	2.2	168,000	2.95	2.2	210,000	5.32	2.2	377,000
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
Total	0.67	2.7	58,000	12.96	1.7	721,000	26.89	1.7	1,460,000	40.52	1.7	2,239,000

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 20 million tonnes, grade range: 1.5 g/t Au to 5 g/t Au

Visit us at www.phoenixgold.com.au