PHOENIX GOLD LTD

ASX / MEDIA ANNOUNCEMENT

Dated: 31 January 2011

BROADS DAM ACQUISITION

Highlights

- **PHOENIX TO PURCHASE BROADS DAM GOLD PROJECT FROM AUSTRALIAN GOLD INVESTMENTS LTD**
- **PURCHASE RE-CONSOLIDATES THE HISTORICAL BROADS DAM GOLD PROJECT**
- **ACQUISITION INCREASES PHOENIX'S EXPOSURE ALONG THE HIGHLY PROSPECTIVE ZULEIKA SHEAR**
- **CONSOLIDATION WILL REALISE SYNERGIES IN BOTH COMPANIES TENEMENT HOLDINGS**

Phoenix Gold Limited (ASX: PXG, "Phoenix Gold") is pleased to announce it has reached agreement with Australian Gold Investments Limited (to be renamed Queensland Bauxite Limited) ("AGV") to purchase a 100% interest in AGV's Broads Dam Gold Project in Western Australia.

The Broads Dam Gold Project area is located on the Zuleika shear in the heart of the rich Eastern Goldfields Province of the Yilgarn Craton in Western Australia. AGV's Broads Dam Project lies immediately adjacent to Phoenix's Broads Dam and Broads Dam West projects. The purchase includes 14 Prospecting Licenses numbered P16/2375 to P16/2388 (inclusive) covering in excess of 3,000ha (Figure 1).

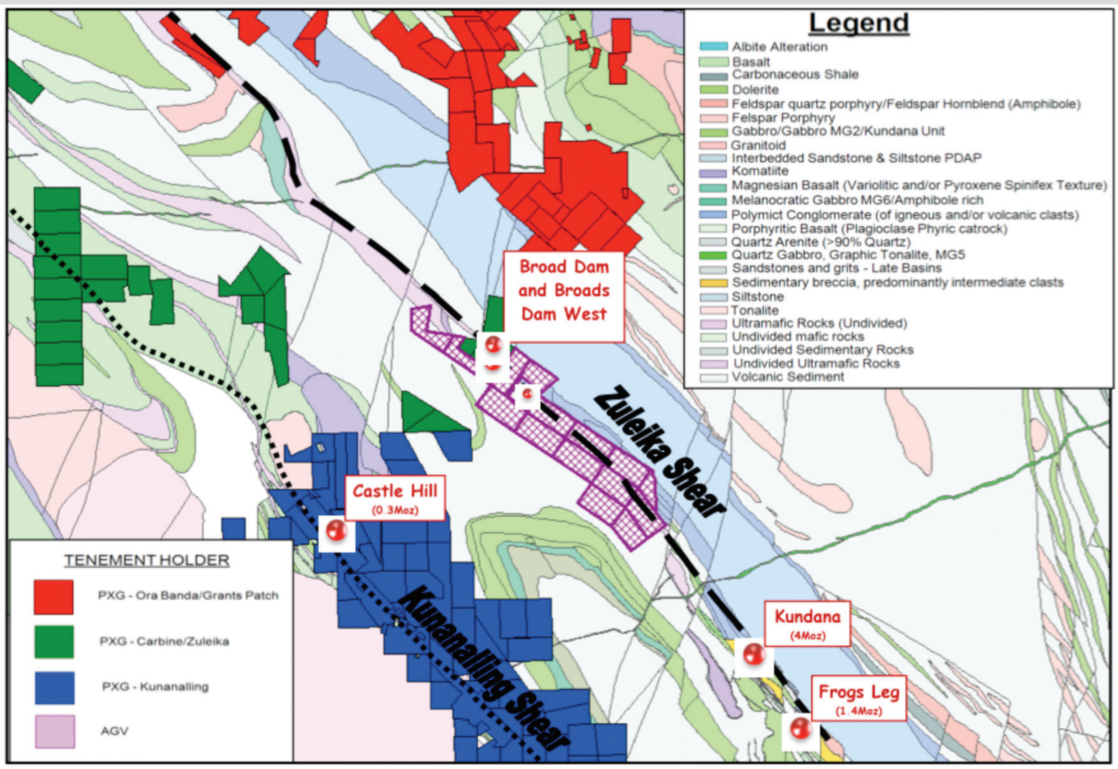

Figure 1. Location of Phoenix and AGV tenements at the Broads Dam Project

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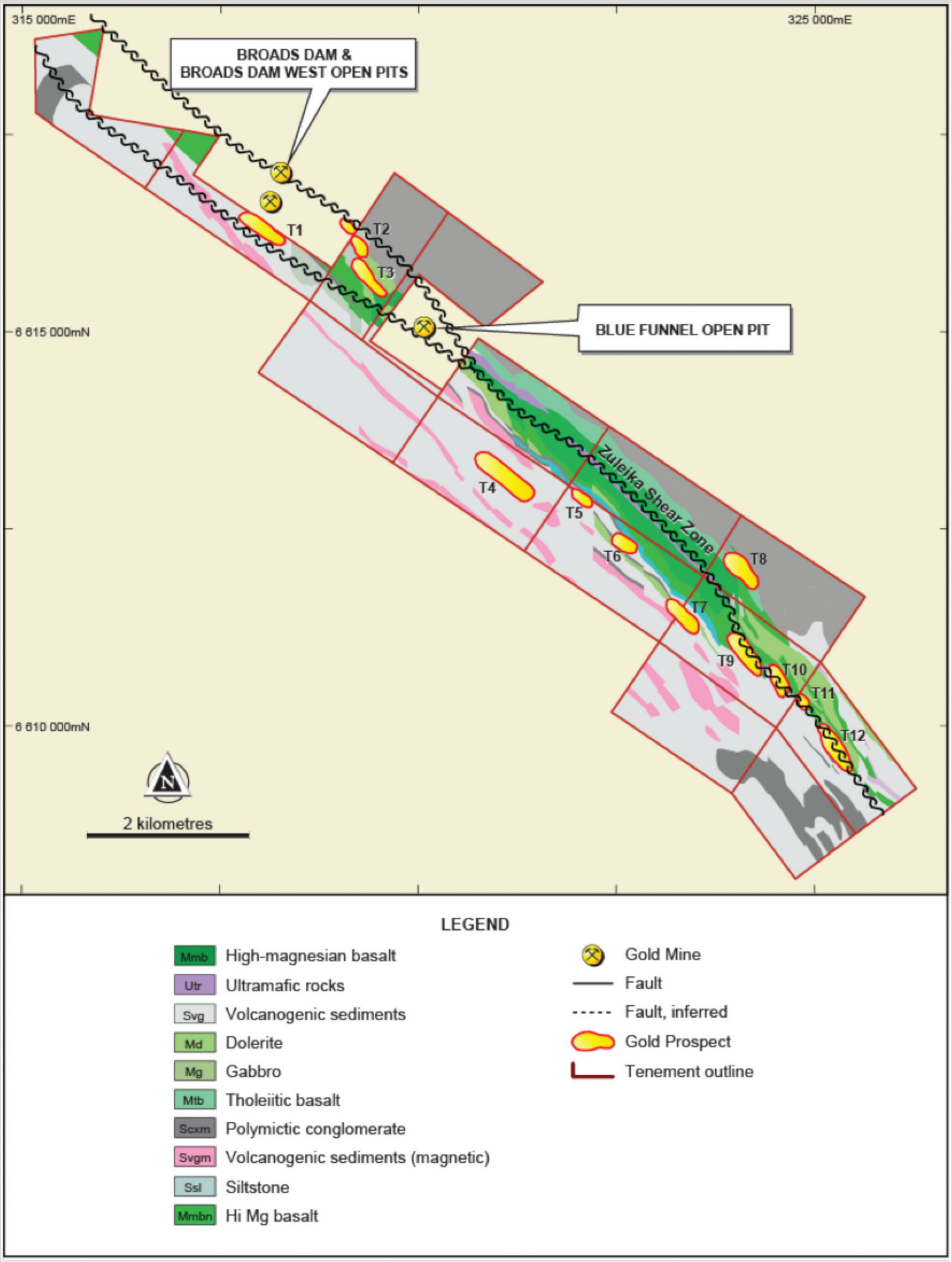

Figure 2. AGV Broads Dam tenement holding, targets and Zuleika Shear (from AGV)

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AGV has agreed to sell Broads Dam to Phoenix for the following consideration:

- $100,000 non-refundable cash deposit on signing formal agreement
- $400,000 cash payable at settlement
- 10 million fully paid ordinary PXG shares
- $10 per ounce gross production royalty

Depending on a number of conditions, AGV and Phoenix expect to be in a position to sign a Formal Sale Agreement by the end of February 2011. Settlement is subject to any AGV or Phoenix shareholder approvals that may be required by law and any government or other regulatory approvals.

"The acquisition is part of Phoenix's strategy to consolidate the highly prospective tenure along the world-class Zuleika shear zone. The Broads Dam project area lies along strike from the Kundana gold field and has limited drilling conducted, particularly at depth," Phoenix Managing Director Jon Price said.

"Putting these tenements together and exploring the project as one package makes sense given the tenements mesh together with Phoenix's and the geological structures cross the tenements (Figure 2)**. We welcome AGV as shareholders and look forward to creating value from this exciting area for all of our shareholders,"** he said.

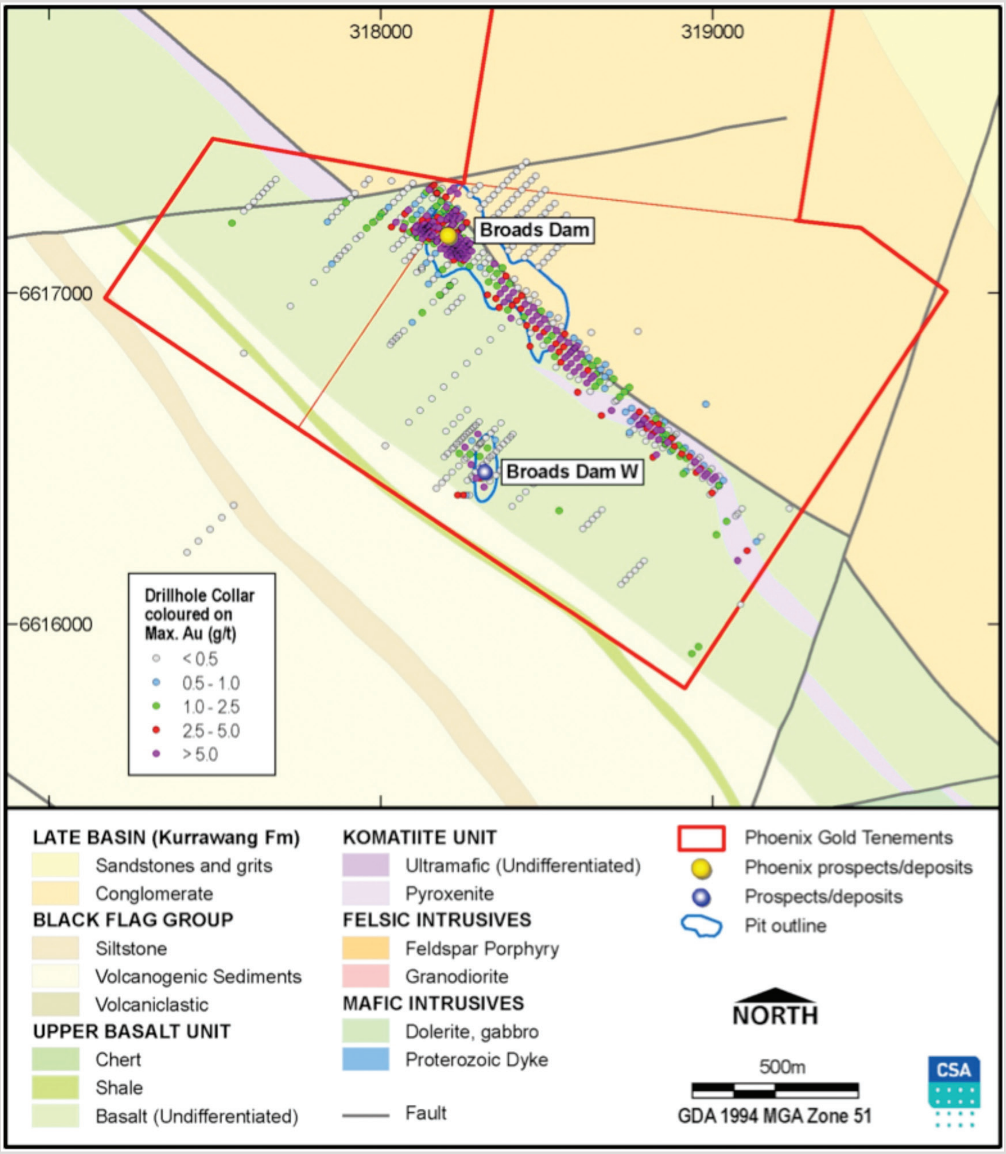

Figure 3. Broads Dam Area - Geology and Drill Hole Location Plan

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Commenting on the sale of the Broads Dam Gold Project, AGV's Executive Chairperson, Pnina Feldman, said: **"AGV is pleased to have reached this agreement to sell the Broads Dam Gold Project. Post completion, AGV will continue to maintain exposure to these strong assets through AGV's significant shareholding in Phoenix Gold, and we trust Phoenix will deliver significant shareholder wealth."**

The project area encompasses approximately 14km of strike length along the highly prospective Zuleika Shear Zone (Figure 2). The Zuleika Shear Zone hosts several world class gold deposits including Kundana (+4Moz) and Frog's Leg (+1.5Moz) to the south.

Within the Broads Dam mine area shallow RAB and RC drilling has identified extensions to the mineralisation south of the current resource area with numerous +5/g/t Au intercepts (see Figure 3). Additionally, the Broads Dam West mineralisation remains open to the north and south along strike.

TABLE 1: PHOENIX GOLD – SUMMARY OF MINERAL RESOURCES

	Measured Mineral Resource			Indicated Mineral Resource			Inferred Mineral Resource			Total Mineral Resource		
Project	**Mt**	**Au g/t**	**Au oz**	**Mt**	**Au g/t**	**Au oz**	**Mt**	**Au g/t**	**Au oz**	**Mt**	**Au g/t**	**Au oz**
Kunanalling	0.67	2.7	58,000	2.13	1.5	106,000	6.14	1.5	297,000	8.94	1.6	461,000
Ora Banda - Grants Patch				0.75	1.6	38,000	4.57	1.8	262,000	5.32	1.8	300,000
Carbine - Zuleika				0.51	2.5	40,000	2.21	2.2	157,000	2.72	2.3	197,000
Stockpiles				0.50	1.2	19,000				0.50	1.2	19,000
TOTAL	**0.67**	**2.7**	**58,000**	**3.89**	**1.6**	**203,000**	**12.93**	**1.7**	**717,000**	**17.5**	**1.7**	**977,000**

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

Note: The Mineral Resources presented in the above table were compiled by Mr Ian Copeland, who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. Mr Copeland 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 is satisfied these Mineral Resources have been reported to JORC Code reporting standards and consents to the inclusion of these Mineral Resources in this Announcement.

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 currently has JORC-classified resources totalling 977,000 ounces of gold (Table 1) and is targeting a 50% increase by the end of 2011. Phoenix believes this will be sufficient resources to support an initial mine plan of three to five years.

Further strategic acquisitions of new resource projects are planned in order to build the Company into a significant gold mining business.

FOR FURTHER INFORMATION PLEASE CONTACT:

INVESTORS

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