

29 September 2015

The Manager
Company Announcements Office
ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Dear Sir / Madam

FOR IMMEDIATE RELEASE

Phoenix Gold Limited (ASX: PXG) – takeover bid by Evolution Mining Limited – Target's Statement

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth), please find enclosed a copy of the target's statement of Phoenix Gold Limited (ABN 55 140 269 316) (**Phoenix Gold**) dated 29 September 2015 (**Target's Statement**) in response to the off-market takeover bid by Evolution Mining Limited (ABN 74 084 669 036) (**Evolution**) for all the ordinary shares in Phoenix Gold.

A copy of the Target's Statement was lodged with the Australian Securities & Investments Commission and served on Evolution earlier today.

Yours faithfully


Ian Gregory
Director & Company Secretary
Phoenix Gold Limited



Phoenix Gold
Limited

TARGET'S STATEMENT

In response to the takeover bid made by
Evolution Mining Limited (ABN 74 084 669 036)

For all the ordinary shares in

Phoenix Gold Limited (ABN 55 140 269 316)

The directors of Phoenix Gold Limited unanimously recommend that you

REJECT the Evolution Offer

To REJECT the Evolution Offer DO NOTHING

Financial Advisor



RBC Capital Markets

Legal Advisor



This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your broker, financial advisor or legal advisor immediately.

Important notices

Nature of this document

This document is a Target's Statement issued by Phoenix Gold Limited (ABN 55 140 269 316) (**Phoenix**) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Evolution Mining Limited (ABN 74 084 669 036) for all the ordinary shares in Phoenix.

A copy of this Target's Statement was lodged with ASIC and given to ASX on 29 September 2015. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Phoenix shareholder information

Further information relating to the Evolution Offer can be obtained from Phoenix's website at www.phoenixgold.com.au.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 10 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Evolution Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Phoenix operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Phoenix, Phoenix's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on Evolution contained in this Target's Statement has been prepared by Phoenix using publicly available information. The information in the Target's Statement concerning Evolution and its assets and liabilities, financial position and performance, profits and losses and prospects, have not been independently verified by Phoenix. Accordingly, Phoenix does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such

restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

JORC Code

Certain information in this Target's Statement that relates to the Exploration Results, Mineral Resources or Ore Reserves was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. All material assumptions and technical parameters underpinning the estimates of Mineral Resources continue to apply and have not materially changed.

Privacy

Phoenix has collected your information from the Phoenix register of shareholders for the purpose of providing you with this Target's Statement. The type of information Phoenix has collected about you includes your name, contact details and information on your shareholding in Phoenix. Without this information, Phoenix would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Phoenix's related bodies corporate and external service providers (such as the share registry of Phoenix and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Phoenix, please contact Computershare Investor Services Pty Limited at the address shown below:

Level 11, 172 St Georges Terrace
Perth, Western Australia 6000
Phone (within Australia): 1300 850 505
Phone (international): +61 8 9323 2000

The registered address of Phoenix is:

Unit 2, 53 Great Eastern Highway
West Kalgoorlie
Western Australia 6430

Why you should REJECT the Evolution Offer

<p>1</p>	<p>The offer consideration under the Evolution Offer undervalues your Phoenix Shares</p> <p><i>The Independent Expert for the Zijin Offer valued a Phoenix Share at between \$0.156 to \$0.244 which represents a 19% to 87% premium to the implied value of the Evolution Offer price of \$0.1307 (using Evolution's current 20-day volume weighted average price).</i></p>	<p>Refer to page 3</p>
<p>2</p>	<p>The Evolution Offer does not fairly reflect the value of the Phoenix Assets</p> <p><i>Your Directors urge you not to let Evolution profit to your detriment – the Evolution Offer fails to recognise the value that has already been demonstrated for the Phoenix Assets</i></p>	<p>Refer to page 3</p>
<p>3</p>	<p>Accepting the Evolution Offer will diminish your exposure to any potential increase in value that the Phoenix Assets offer</p> <p><i>Your Directors urge you not to sell to Evolution at a price that does not, in the opinion of your Directors, reflect the medium and long term potential upside that Phoenix offers you</i></p>	<p>Refer to page 5</p>
<p>4</p>	<p>The Phoenix Assets carry significant strategic value for Evolution following Evolution's recent asset acquisitions in the region, which is not fully reflected in the Evolution Offer</p> <p><i>Your Directors urge you not to allow Evolution to benefit from valuable synergies to your detriment</i></p>	<p>Refer to page 5</p>
<p>5</p>	<p>If you accept the Evolution Offer, your shareholding in Evolution will represent a very small proportion of the total Evolution Shares on issue</p> <p><i>Under the terms of the Evolution Offer, Phoenix shareholders will, in aggregate (excluding Evolution's shareholding in Phoenix), account for only 1.55% of Evolution's total enlarged shares outstanding</i></p>	<p>Refer to page 6</p>
<p>6</p>	<p>The value of any future dividend entitlements to you as an Evolution shareholder is likely to be immaterial</p> <p><i>Your Directors urge you not to be influenced by the potential for future dividend payments that are likely to amount to a very small value, depending on your shareholding</i></p>	<p>Refer to page 7</p>

To **REJECT** the Evolution Offer, you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by Evolution

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KEY DATES

Date of the Evolution Offer	25 September 2015
Date of this Target's Statement	29 September 2015
Close of the Evolution Offer Period (unless extended or withdrawn)	7.00pm AEST on 26 October 2015

29 September 2015

ASX Code: PXG

Dear Fellow Phoenix Shareholder,

I am writing to you in response to the Bidder's Statement, which you will have recently received from Evolution Mining Limited outlining Evolution's unsolicited and conditional takeover offer for your shares in Phoenix Gold Limited.

The Directors believe that the Evolution Offer price of 0.06 Evolution Shares and A\$0.06 cash per Phoenix Share is inadequate and does not reflect fair value. Accordingly, your Directors unanimously recommend that all Phoenix shareholders **REJECT** the Evolution Offer. Key reasons why you should **REJECT** the Evolution Offer are:

1. The offer consideration under the Evolution Offer undervalues your Phoenix Shares based on the valuation range for Phoenix Shares as assessed by the Independent Expert for the Zijin Offer.
2. The Evolution Offer is inadequate and does not fairly reflect the value of the Phoenix Assets.
3. Accepting Evolution's Offer will diminish your exposure to any potential increase in value that the Phoenix Assets offer.
4. The Phoenix Assets carry significant strategic value for Evolution following Evolution's recent asset acquisitions in the region, which is not fully reflected in the Evolution Offer.
5. If you accept the Evolution Offer, your shareholding in Evolution will represent a very small proportion of the total Evolution Shares on issue.
6. The value of any future dividend entitlements to you as an Evolution shareholder is likely to be immaterial.

The Directors consider that the Evolution Offer is inadequate and does not provide sufficient consideration to Phoenix shareholders, particularly in the context of the strategic benefits the Phoenix assets offer to Evolution and its recently acquired Mungari Operations.

Each of your Directors who holds or controls Phoenix Shares intends to **REJECT** the Evolution Offer in relation to those shares.

Your Directors wish to also draw your attention to the conclusion of the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, in relation to the Zijin Offer. The Independent Expert concluded that the Zijin Offer of \$0.10 per Phoenix Share was neither fair nor reasonable. Whilst the conclusion drawn by the Independent Expert was in relation to the Zijin Offer, the Independent Expert valued a Phoenix Share at between \$0.156 and \$0.244. Your Directors note that the Independent Expert's valuation range for a Phoenix Share was determined by valuation methodologies not impacted by the Zijin Offer or the Evolution Offer. As such, your Directors are of the view that the valuation range determined of the Independent Expert in connection with the Zijin Offer demonstrates that the Evolution Offer undervalues your Phoenix Shares.

To REJECT the Evolution Offer, simply DO NOTHING.

The Phoenix Board recommends that you carefully read all the information contained in this Target's Statement and seek independent advice. Your Directors will continue to keep you updated on all material developments with respect to the Evolution Offer and any other competing offer that may eventuate. In the meantime, if you have any questions please contact the Phoenix Shareholder Information Line on 1300 889 468 (within Australia) or +61 2 8022 7902 (outside Australia). All Company announcements are available on our website, www.phoenixgold.com.au

Yours sincerely,



Dale Rogers
Executive Chairman

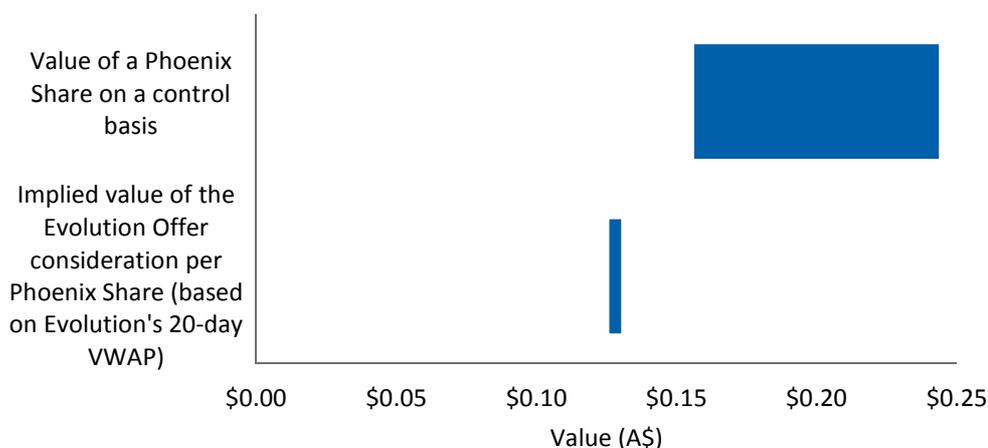
1. WHY YOU SHOULD REJECT THE EVOLUTION OFFER

1.1 The offer consideration under the Evolution Offer undervalues your Phoenix Shares based on the valuation range for Phoenix Shares as assessed by the Independent Expert for the Zijin Offer.

Phoenix engaged BDO Corporate Finance (WA) Pty Ltd as an Independent Expert to prepare an Independent Expert Report in relation to the Zijin Offer.

The conclusions drawn by the Independent Expert were in relation to the Zijin Offer, however, the valuation range for a Phoenix Share determined by the Independent Expert considered the intrinsic value of a Phoenix Share irrespective of the Zijin Offer. The Independent Expert assessed the value of a Phoenix Share on a 100% controlling interest basis to be in the range of \$0.156 to \$0.244.

Figure 1: Independent Expert's Phoenix Valuation Opinion for the Zijin Offer



Source: BDO Independent Expert's Report for the Zijin Offer, Bloomberg. Analysis is based on the 20-Day VWAP for Evolution Shares for the period ending 28 September 2015, being \$1.1777.

Your Directors are of the view that the valuation range for a Phoenix Share determined by the Independent Expert in connection with the Zijin Offer provides a highly relevant reference point for the Evolution Offer, and demonstrates that the Evolution Offer undervalues your Phoenix Shares.

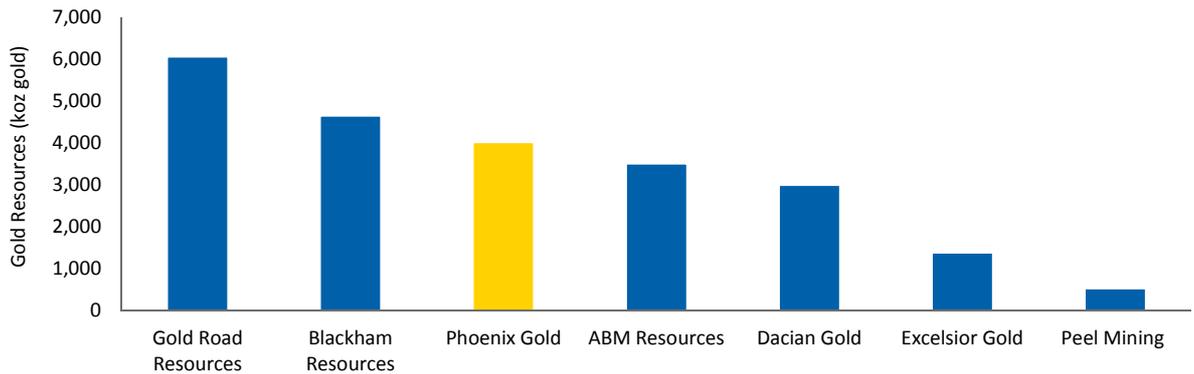
1.2 The Evolution Offer does not fairly reflect the value of the Phoenix Assets

In the opinion of your Directors, the Evolution Offer fails to recognise the potential of the Phoenix Assets. The Evolution Offer implies a value of approximately \$56.2 million¹. Your Directors believe that the combined value of the Phoenix Assets is higher than this figure, given the size of the mineral resources, the demonstrated discovery potential of the region and the development friendly location.

The Phoenix Assets contain one of Australia's largest undeveloped gold Mineral Resources and are located approximately 60km from Kalgoorlie, in one of Australia's premier goldfields.

¹ Implied enterprise value of the Phoenix Assets based on the implied value of the Evolution Offer price of \$0.1307 per Share (based on Evolution's 20-day volume weighted average price), less the cash at bank, gold bullion on hand and receivables totalling approximately A\$5.2 million as at 30 June 2015.

Figure 2: Attributable Gold Resources of Comparable Junior ASX Listed Gold Exploration Companies



Source: ASX disclosures. Includes comparable ASX listed exploration stage companies with assets located primarily in Australia, with a market capitalisation greater than A\$20 million

Whilst the Directors consider the companies set out in the chart above are at a comparable stage of development to Phoenix, they believe that the Phoenix Assets have a number of critical advantages over several of its peer group's projects including scale of the Phoenix Assets, the anticipated conversion of Indicated Mineral Resources to Ore Reserves and the significant infrastructure support:

Scale

- The Kunanalling Shear and the Zuleika Shear are two world class shear zones holding the Company's 500km² of tenure, consistently delivering resource and reserve growth year on year.
- Phoenix projects located along strike from several major gold camps, including Kundana gold camp, Evolution's Frog's Leg deposit and Mt Pleasant field.
- Independently assessed Mineral Resources of 112.5 million tonnes of ore containing 4.02 million ounces² of gold with an average grade of 1.1 g/t (estimated in accordance with the JORC Code 2012).
- All Mineral Resources are situated on granted Mining Leases and the majority are amenable to bulk tonnage open pit mining and conventional CIL processing.

Infrastructure

Significant infrastructure is in place adjacent to the Phoenix Assets, including:

- six established processing facilities, including Evolution's Mungari Mill and Norton's Paddington Mill;
- a sealed highway;
- a 220kV power transmission line;
- a borefield; and
- skilled labour and mining service providers, given close proximity to Kalgoorlie-Boulder.

In addition, Phoenix has an agreement to purchase the St Ives 2Mtpa standalone heap leach processing plant.

All of which will service to lower both the time and cost to develop the Phoenix Assets, when compared to a more remote or greenfields resource.

Stable environment for development

Low sovereign risk in a pro-mining jurisdiction, which is an important consideration when evaluating project financing.

² Mineral Resource estimate comprising Indicated Mineral Resources of 65.93 million tonnes at 1.1 g/t gold (2.288 million ounces) and Inferred Mineral Resources of 45.04 million tonnes at 1.2 g/t gold (1.68 million ounces).

The Evolution Offer fails to recognise both the value that has already been demonstrated for the Phoenix Assets, and Phoenix's unrealised potential.

1.3 Accepting the opportunistic Evolution Offer will diminish your exposure to any potential increase in value that the Phoenix Assets offers

Your Directors believe the Evolution Offer is opportunistic and timed to capture value that will otherwise flow to Phoenix shareholders in the medium and long term.

In the past 12 months, Phoenix has focused on the growth of Mineral Resources and Ore Reserves, developing and implementing the staged development plan inclusive of smaller scale mine development, exploring joint venture opportunities with Norton Gold Fields Limited (**Norton**) under existing mining and milling agreements between the parties, and advancing the heap leach strategy. In particular, Phoenix has completed a number of developments to enhance the understanding and value of the Phoenix Assets, including:

- (a) approving a staged development strategy to minimise capital expenditure utilising existing spare milling capacity in the Goldfields region;
- (b) shifting its exploration focus to the Zuleika Gold Project, with predictive modelling complete and target priorities identified;
- (c) securing the Heap Leach Facility to treat lower grade ore from the Castle Hill Project;
- (d) successfully completing drilling programmes at the flagship Castle Hill Project; and
- (e) completing a definitive feasibility study demonstrating a robust 8 year initial mine plan, a new 2Mtpa processing plant and 2Mtpa heap leach operation.

On this basis, it is in Evolution's interest to buy as many Phoenix Shares as possible at the cheapest possible price before any increase in the value of the Phoenix Assets.

If Evolution acquires your Phoenix Shares now, it will diminish your opportunity to participate in the full value accretion from the Phoenix Assets that may occur in the future.

Your Directors believe that the Company has a well-developed strategy to create value for its shareholders. In particular, your Directors believe that you should consider the following developments which are scheduled to occur throughout the next several months:

- (a) exploration of high priority targets to expand the current Resource and Reserve base, particularly Castle Hill and Kundana North;
- (b) formalisation of a Licence to Mine and Ore Sale Agreement with Norton over Castle Hill Project Stage 1;
- (c) advance heap leach project development; and
- (d) accelerate exploration programme on the Zuleika Gold Project.

Although completion of these developments is subject to risk, markets and uncertainties and cannot be guaranteed, your Directors believe that the potential rewards substantially outweigh the potential risks.

Your Directors believe that operational enhancements to the Phoenix Assets should result in further value accretion for shareholders in the short to medium term. Your Directors consider that Evolution has recognised this and has timed its bid accordingly for its own benefit.

1.4 The Phoenix Assets carry significant strategic value for Evolution following Evolution's recent asset acquisitions in the region, which is not fully reflected in the Evolution Offer

As outlined in the Evolution Bidder's Statement, one of the reasons Evolution has identified for making the Evolution Offer is the "Strong strategic rationale" by virtue of "the close proximity of the Phoenix tenements to Evolution's Mungari Operations..." Evolution notes that this close proximity "...creates the opportunity for numerous synergies." Your Directors are of the view that the potential value of the Phoenix Assets to the Mungari Operations, including synergies, exceeds the implied valuation of the Evolution Offer.

The synergies that may be extracted by Evolution from controlling the Phoenix Assets, and which would not be available to Evolution if it did not control the Phoenix assets, include:

- Processing ore from the Phoenix Assets (including tenements within the Phoenix Assets that adjoin tenements within the Mungari Operations) through the Mungari Operations' processing facility;
- Extending the operating life of the Mungari Operations;
- Consolidating the administrative functions of Evolution and Phoenix in Western Australia; and
- Consolidating exploration activities in the region.

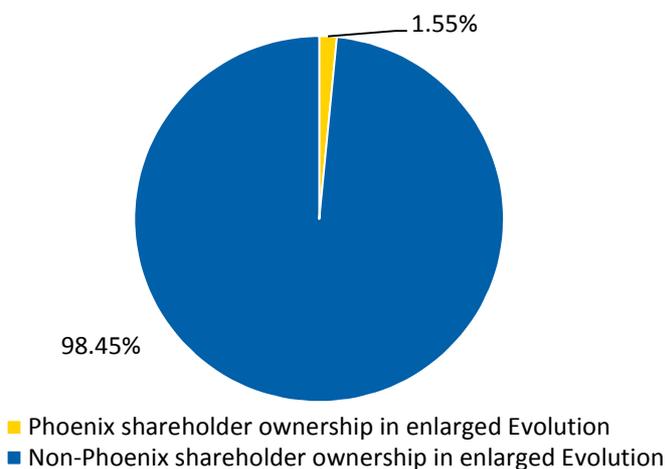
Whilst the Evolution Offer includes a scrip component, this only represents a portion of the consideration being offered, meaning that Phoenix shareholders' exposure to the Phoenix Assets will be diluted and Phoenix shareholders will not fully benefit from any potential creation of value through synergies achieved as a result of the combination of the Mungari Operations and the Phoenix Assets.

Your Directors firmly believe that Phoenix shareholders should be entitled to a greater proportion of the potential value creation available under a combination of the Phoenix Assets and the Mungari Operations.

1.5 If you accept the Evolution Offer, your shareholding in Evolution will represent a very small proportion of the total Evolution Shares on issue

The Evolution Bidder's Statement lists several reasons for why Phoenix shareholders should, in Evolution's opinion, accept the Evolution Offer, including but not limited to: "You will become a shareholder in a leading Australian mid-tier gold producer." Whilst your Directors do not disagree with this statement, the benefits that will accrue to Phoenix shareholders as a result of becoming a shareholder in Evolution are limited by the minority shareholding that Phoenix's current shareholders (excluding Evolution) would account for in Evolution under the terms of the Evolution Offer. Based on Evolution's total ordinary shares outstanding as at 28 September 2015, Phoenix shareholders will, in aggregate (excluding Evolution's shareholding in Phoenix), account for only 1.55%³ of Evolution's total enlarged shares outstanding.

Figure 3: Phoenix Shareholder Ownership in Enlarged Evolution



Source: ASX disclosures. Does not account for cross-shareholdings. Analysis includes Foreign Phoenix Shareholders and Unmarketable Parcel Shareholders.

As demonstrated in Figure 3 above, your exposure to the enlarged Evolution will be very minor, which, in the opinion of your Directors, is not adequate compensation for relinquishing your full exposure to the potential future value creation from the Phoenix Assets. If you accept the Evolution Offer, any

³ Analysis includes Foreign Phoenix Shareholders and Unmarketable Parcel Shareholders who are not entitled to receive Evolution Shares (refer section 12.1 and 13.7 of the Evolution Bidder's Statement) but who represent only a small portion of the total Phoenix Shares outstanding.

future appreciation in the share price of Evolution would accrue 1.55%⁴ to current Phoenix shareholders (excluding Evolution) and 98.45% to current Evolution shareholders.

Acceptance of the Evolution Offer will see the aggregate Phoenix Shares held by Phoenix shareholders (excluding Evolution) represent just 1.55%⁵ of the enlarged Evolution total shares outstanding. Your Directors believe that this minority position, combined with the cash component of the Evolution Offer, does not adequately reflect the contribution of the Phoenix Assets to Evolution.

1.6 The value of any future dividend entitlements to you as an Evolution shareholder is likely to be immaterial

The Evolution Bidder's Statement includes in the list of reasons for why Phoenix shareholders should, in Evolution's opinion, accept the Evolution Offer, "Potential for receipt of dividend payments."

Your Directors note that the benefit that will accrue to Phoenix shareholders as a result of the potential receipt of future dividend payments is limited by the relatively small fraction of an Evolution Share that is being offered for each Phoenix Share under the scrip component of the Evolution Offer.

Under the terms of the Evolution Offer, you are being offered 0.06 Evolution Shares and \$0.06 cash for each Phoenix Share you hold. As such, for each Phoenix Share you hold today, you will only be entitled to 0.06 dividends per share that may be paid by Evolution in future.

Figure 4 below provides some illustrative examples of what the value of dividend payments may be worth to you, assuming a range of Phoenix shareholdings and based on the most recent Evolution semi-annual dividend payment declared of \$0.01 per share unfranked (declared on 27 August 2015).

Figure 4: Illustrative Value of Evolution Dividends Based on Current Phoenix Shareholding

Number of Phoenix Shares Currently Held	Value of Most Recent Evolution Unfranked Dividend per Share	Implied Value of Most Recent Evolution Unfranked Dividend per Phoenix Share	Total Value of Unfranked Dividends Based on Phoenix Shareholding	Shareholding in Enlarged Evolution Based on Phoenix Shareholding
5,000	\$0.01	\$0.0006	\$3.00	0.00002%
10,000	\$0.01	\$0.0006	\$6.00	0.00004%
20,000	\$0.01	\$0.0006	\$12.00	0.00008%
50,000	\$0.01	\$0.0006	\$30.00	0.00021%
100,000	\$0.01	\$0.0006	\$60.00	0.00041%
200,000	\$0.01	\$0.0006	\$120.00	0.00082%
500,000	\$0.01	\$0.0006	\$300.00	0.00205%

This illustrative analysis demonstrates that your exposure to future Evolution dividend payments is likely to be negligible.

Additionally, your Directors note that, as an existing shareholder of Phoenix, you are eligible to receive any future dividend payments made by Phoenix and participate in any future appreciation in the price of Phoenix shares.

Your Directors urge you to consider the relatively immaterial value that any future Evolution dividend payments are likely to represent to you.

⁴ Analysis includes Foreign Phoenix Shareholders and Unmarketable Parcel Shareholders who are not entitled to receive Evolution Shares (refer section 12.1 and 13.7 of the Evolution Bidder's Statement) but who represent only a small portion of the total Phoenix Shares outstanding.

⁵ Analysis includes Foreign Phoenix Shareholders and Unmarketable Parcel Shareholders who are not entitled to receive Evolution Shares (refer section 12.1 and 13.7 of the Evolution Bidder's Statement) but who represent only a small portion of the total Phoenix Shares outstanding.

2. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Evolution Offer. It is not intended to address all relevant issues for Phoenix shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
Who is making the Evolution Offer?	Evolution Mining Limited.
What will I receive for my Phoenix Shares under the Evolution Offer?	Evolution is offering 0.06 Evolution Shares and A\$0.06 cash for each Phoenix Share you hold.
What choices do I have as a Phoenix shareholder?	<p>As a Phoenix shareholder, you have the following choices in respect of your Shares:</p> <ul style="list-style-type: none">• reject the Evolution Offer by doing nothing;• sell your Phoenix Shares on ASX (unless you have previously accepted the Evolution Offer); or• accept the Evolution Offer. <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 6 of this Target's Statement.</p>
Can I accept the Evolution Offer for some, but not all, of my Phoenix Shares?	No. You cannot accept the Evolution Offer for part of your Phoenix Shares. You can only accept the Evolution Offer for all of your Phoenix Shares.
What are your Directors recommending?	Each Director recommends that you REJECT the Evolution Offer. In order to do so you should do nothing and not respond to any correspondence from Evolution.
What do the Directors and management intend to do with their Shares?	Each Phoenix director and member of management who has a relevant interest in Phoenix Shares intends to reject the Evolution Offer in relation to those Shares.
What are the consequences of accepting the Evolution Offer now?	<p>If you accept the Evolution Offer, you will give up your right to sell your Phoenix Shares on ASX or otherwise deal with your Shares while the Evolution Offer remains open.</p> <p>If the share price trades above the Evolution Offer price you will have lost your ability to sell your Shares on ASX at that higher price.</p>
If I accept the Evolution Offer, can I withdraw my acceptance?	No. If you accept the Evolution Offer, you will not be able to trade your Phoenix Shares on ASX and there are only limited circumstances in which you may withdraw your acceptance (see section 7.9 for further details).
What happens if Evolution increases its Offer price under the current Evolution Offer?	<p>If Evolution increases its Offer price during the Evolution Offer Period, all Phoenix shareholders will be entitled to the benefit of any increase in the Evolution Offer price (including those Phoenix shareholders who have already accepted the Evolution Offer prior to the increase).</p> <p>As at the date of this Target's Statement, Evolution has not made any statement regarding its intention to increase the Evolution Offer price. However, Evolution has not made a "last and final" statement as to whether it will increase the</p>

Question	Answer
	Evolution Offer price.
When does the Evolution Offer close?	<p>The Evolution Offer is presently scheduled to close at 7.00pm AEST on 26 October 2015, but the Evolution Offer Period can be extended in certain circumstances.</p> <p>See section 7.6 of this Target's Statement for details of the circumstances in which the Evolution Offer Period can be extended.</p>
Is the Evolution Offer conditional?	<p>Yes. The Evolution Offer is highly conditional. The outstanding Evolution Offer conditions include:</p> <ul style="list-style-type: none"> • between the Announcement Date and the end of the Evolution Offer Period, no regulatory action, investigation or application (other than an application to or decision or order of ASIC or the Takeovers Panel) materially adversely impacting the Evolution Offer is issued, announced, commenced or threatened in connection with the Evolution Offer; • the spot price for gold as quoted on Bloomberg does not fall below A\$1,250 per ounce at any time during a day for 3 consecutive days between the Announcement Date and the end of the Evolution Offer Period; • between the Announcement Date and the end of the Evolution Offer Period, no material adverse change occurs in relation to Phoenix; • between the Announcement Date and the date that is 3 business days after the end of the Evolution Offer Period, there are no prescribed occurrences; • between the Announcement Date and the end of the Evolution Offer Period, no information announced by Phoenix to ASX prior to the Announcement Date is, or is likely to be, materially incomplete, incorrect, untrue or misleading such that Evolution might reasonably be expected to have not proceeded with the Evolution Offer at all or would have proceeded with the Evolution Offer on materially different terms; • between the Announcement Date and the end of the Evolution Offer Period, Phoenix does not undertake certain corporate actions, otherwise than in the ordinary course of business, including: <ul style="list-style-type: none"> ➤ Phoenix does not announce, declare or distribute a dividend, bonus or other share of its profits or assets; ➤ Phoenix does not borrow or agree to borrow money or provide a material guarantee or indemnity to a Third Party; ➤ Phoenix does not make any material acquisitions; and ➤ Phoenix does not incur or commit to any material capital expenditure (excluding capital expenditure announced by Phoenix prior to the

Question	Answer
	<p>Announcement Date);</p> <ul style="list-style-type: none"> • between the Announcement Date and the end of the Evolution Offer Period, Phoenix does not enter or agree to enter into any agreement with a Third Party for the development of stage 1 of the Castle Hill Project other than with Norton Gold Fields Limited and on the terms of the draft “Licence to Mine and Ore Sale Deed” provided to Evolution prior to the Announcement Date; • between the Announcement Date and the end of the Evolution Offer Period, no material litigation is commenced, threatened, announced or made known to Evolution or Phoenix (other than that which is in the public domain at the Announcement Date); and • between the Announcement Date and the end of the Evolution Offer Period, Phoenix does not, other than in the ordinary course of business, undertake certain actions affecting the Tenements. <p>This is a summary of some of the conditions of the Evolution Offer. See section 7.3 of this Target’s Statement and section 13.8 of the Evolution Bidder’s Statement for further details.</p>
<p>When will I receive my consideration if I accept the Evolution Offer?</p>	<p>If you accept the Evolution Offer prior to the Evolution Offer becoming unconditional, then you will receive your consideration on or before the earlier of:</p> <ul style="list-style-type: none"> • one month after the Evolution Offer is accepted or one month after all of the conditions have been freed or fulfilled (whichever is the later); and • 21 days after the end of the Evolution Offer period. <p>If the conditions of the Evolution Offer are not satisfied or waived by the time the Evolution Offer closes, the Evolution Offer will lapse and your acceptance will be void. In those circumstances you will not receive the offer consideration for and you will retain your Phoenix Shares.</p> <p>See section 7.10 of this Target’s Statement for further details on when you will be sent your consideration.</p>
<p>I am a Foreign Shareholder. Can I accept the Evolution Offer?</p>	<p>Yes. However, Evolution Shares will not be issued as consideration to Foreign Shareholders. Such Phoenix Shareholders will have their Evolution Shares sold on their behalf and receive the net cash proceeds.</p> <p>Please refer to section 9.5 of this Target’s Statement for further details.</p>
<p>Can I accept the Evolution Offer if I would receive an Unmarketable Parcel of Evolution Shares?</p>	<p>Yes. However, Evolution Shares will not be issued as consideration to you as a result of your acceptance. Instead, the Evolution Shares to which you would otherwise be entitled will be sold on their behalf and you receive the net cash proceeds.</p> <p>Please refer to section 9.5 of this Target’s Statement for further details.</p>

Question	Answer
Does the Evolution Offer extend to Phoenix Options?	No. The Evolution Offer is only for Phoenix Shares. Evolution has stated in the Evolution Bidder's Statement that it will not make any separate offers to acquire the Phoenix Options.
What are the tax implications of accepting the Evolution Offer?	A general outline of the tax implications of accepting the Evolution Offer is set out in Attachment 3 to the Evolution Bidder's Statement. As that section is a general outline only, Phoenix shareholders are encouraged to seek their own specific professional advice on the taxation implications applicable to their circumstances.

3. DIRECTORS' RECOMMENDATION

3.1 Directors' recommendations

After taking into account each of the matters in this Target's Statement and in the Evolution Bidder's Statement, each of your Directors recommends that you **REJECT** the Evolution Offer for the reasons set out in section 1 of this Target's Statement.

In considering whether to accept the Evolution Offer, your Directors encourage you to:

- (a) read the whole of this Target's Statement and the Evolution Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the alternatives noted in section 6 of this Target's Statement; and
- (d) obtain financial advice on the Evolution Offer from your broker or financial adviser, and obtain taxation advice on the effect of accepting the Evolution Offer.

3.2 Intentions of your Directors and management in relation to the Evolution Offer

Each Phoenix Director and member of management who has a relevant interest in Phoenix Shares intends to **REJECT** the Evolution Offer in relation to those Phoenix Shares.

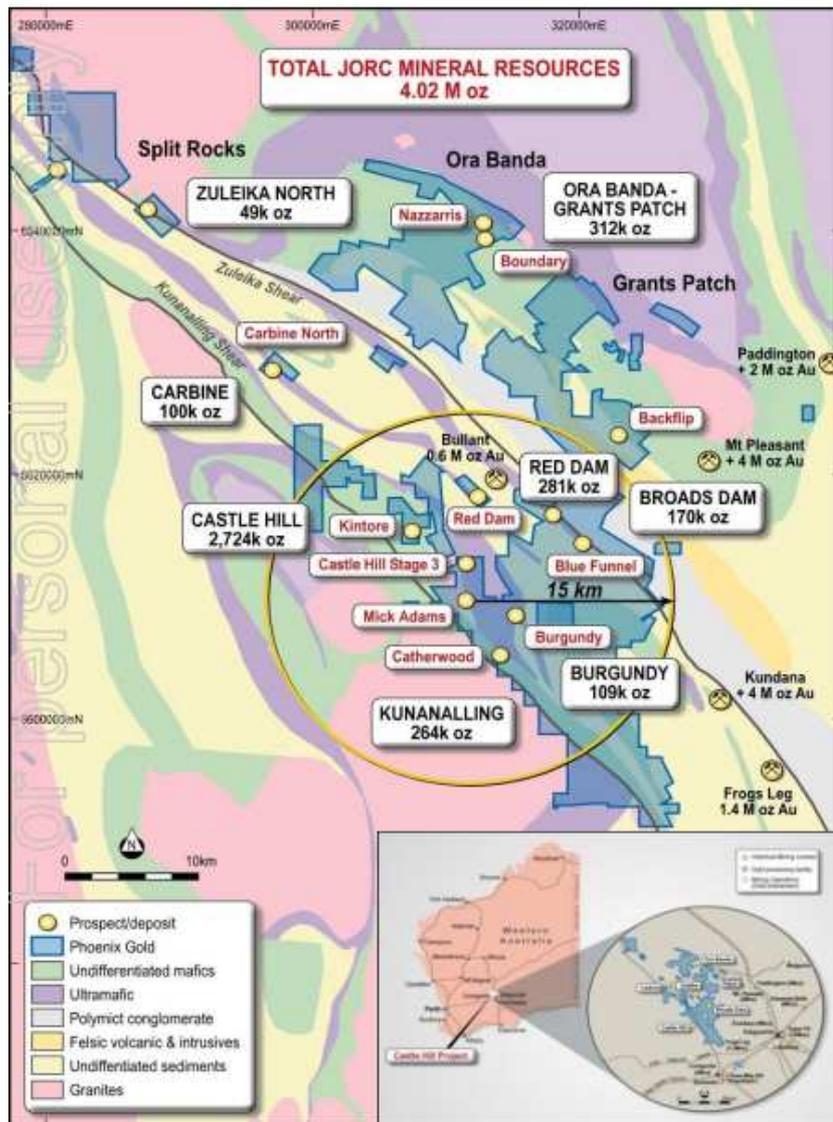
Details of the relevant interests of each Phoenix Director and member of management in Phoenix Shares are set out in section 8 of this Target's Statement.

4. OVERVIEW OF PHOENIX

4.1 Background information on Phoenix

Phoenix is an emerging Western Australian gold company with consolidated tenure in a world class gold producing region of Australia. All mining tenements held by Phoenix are located in the Eastern Goldfields of Western Australia and are within a 60km radius northwest of Kalgoorlie in the historic mining centres of Ora Banda, Grants Patch, Carbine-Zuleika and Kunanalling. A map illustrating the location of these tenements is shown in Figure 5 below.

Figure 5. Map of Phoenix Assets



4.2 Directors of Phoenix and Senior Management of Phoenix

As at the date of this Target's Statement, the directors of Phoenix are:

(a) **Dale Rogers, Executive Chairman**

Mr Rogers is a mining engineer with 30 years' experience in the resources industry. Mr Rogers is a graduate of the Western Australian School of Mines and holds a WA First Class Mine Managers Certificate of Competency.

He has experience developing and operating underground and open cut mining operations in a range of commodities. Mr Rogers' previous roles include operations management, project construction and development, corporate management and financing. He has

developed and managed operations in Africa, South America and throughout Western Australia. Mr Rogers is currently Chairman of Primary Gold Ltd, Chairman of A1 Consolidated Gold Limited and is a Director of his own mining consultancy.

(b) **Stuart Hall, Non-Executive Director**

Mr Hall is a qualified geologist with over 40 years' experience of exploration and mining projects in Australia, Africa and SE Asia. He has experience in the areas of exploration and mine geology, open pit and underground mining operations, resource/reserve estimations, feasibility studies, mine project development and mine management. His experience has covered a wide range of commodities including base metals, gold, iron ore, tantalum and industrial minerals.

Mr Hall currently runs his own geological consultancy.

(c) **Ian Gregory, Non-Executive Director and Company Secretary**

Mr Gregory is a professionally well-connected Director and Company Secretary with over 30 years' experience in the provision of company secretarial, governance and business administration services with listed and unlisted companies in a variety of industries, including oil and gas, exploration, mining, mineral processing, banking and insurance. He also has expertise which includes launching successful start-up operations through the development of the company secretarial role and board reporting processes.

Ian currently consults on company secretarial and governance matters to a number of listed companies.

Prior to founding his own consulting Company Secretarial business in 2005 Ian was the Company Secretary of Iluka Resources Ltd (6 years), IBJ Australia Bank Ltd Group, the Australian operations of The Industrial Bank of Japan (12 years), and the Griffin Coal Mining Group of companies (4 years). Ian is a member of the Western Australian Branch Council of Governance Institute of Australia (GIA), a past Chairman of that body and has also served on the National Council of GIA.

As at the date of this Target's Statement, the management of Phoenix are:

(a) **Tim Manners, Chief Financial Officer**

Mr Manners has over 20 years' experience in senior finance roles within the Australian and International resources sector. He is a Fellow of the Institute of Chartered Accountants of Australia and a qualified company secretary. Mr Manners has significant experience in the fields of finance, accounting, taxation, treasury and financial risk management in companies spanning all stages of corporate growth, from exploration activities and project development through to producing companies.

Having obtained his professional qualifications with Ernst & Young, Mr Manners has focussed his career in the resources industry with exposure to both base and precious metals businesses and bulk commodities. Mr Manners has held Chief Financial Officer roles at Western Areas NL, Perilya Ltd and Bathurst Resources Ltd.

(b) **Ian Copeland, General Manager – Exploration**

Mr Copeland is both a geologist and mining engineer and has over 35 years' experience in the mining industry, including 25 years' experience in the Goldfields region. He has previously worked as Regional Development Superintendent with Barrick (Kanowna) Limited, and Open Pit Manager and Technical Services Manager with Norton Gold Fields Limited and Planning Superintendent with Placer Dome Australia Limited, in each case in relation to the Paddington Gold Mine.

(c) **Grant Haywood, Chief Operating Officer**

Mr Haywood is a mining engineer with over 24 years' of experience in the Australian resources sector, primarily working in the gold industry in Western Australia. Mr Haywood is a graduate of the Western Australian School of Mines and holds a WA First Class Mine Managers Certificate of Competency.

Prior to joining Phoenix, he was General Manager - Operations for Saracen Mineral Holdings, where he established new open pit mines and brought the Red October

Underground project into production. He has held Senior Operational and Technical Management roles with Norton Gold Fields Limited, with Gold Fields Ltd and with Sons of Gwalia in multiple mining operations within the Yilgarn region.

Information relating to the Phoenix securities held by each of the Directors and management personnel listed above is included in section 8 of this Target's Statement.

4.3 Summary of Phoenix's key projects

(a) **Castle Hill Project**

The 100% owned Castle Hill Project is Phoenix's flagship asset. The Castle Hill Project is located on the Kunanalling Shear approximately 50 km northwest of Kalgoorlie. The Mineral Resource is currently estimated at 81 million tonnes at 0.94 g/t Au for 2,460,000 oz within the first 90m of surface. Mineralisation at the Castle Hill Project has been defined over a continuous strike length of 9 km and remains open in all directions. Significantly, the resource envelope only extends to (approximately) 190m below surface.

Phoenix commenced a Definitive Feasibility Study (**DFS**) in January 2013 which was completed in approximately 12 months. The results were reported to the ASX on 10 February 2014. The DFS included development of Phoenix's 100% owned Castle Hill Project and Red Dam gold project together with a number of smaller satellite projects within a 15 kilometre radius.

During the June Quarter 2014, the Phoenix Board approved a staged development of the Castle Hill Project, Red Dam and smaller satellite gold projects.

As part of the DFS, a development option study was also completed to enable a staged development approach to minimise capital costs and utilise existing spare milling capacity in the region. In addition to the base level of production under third party milling, the staged approach also allowed for potential joint venture arrangements to be explored with Norton Gold Fields Limited under existing mining and milling agreements between the parties.

(b) **Zuleika Gold Project**

The Zuleika Gold Project is located on the Zuleika Shear in the heart of the Western Australian Goldfields, 45 km northwest of the City of Kalgoorlie-Boulder.

While the focus of the Company has been on the Kunanalling Shear over the last four years, a significant asset of the Company is the tenure owned on the Zuleika Shear, including the Zuleika Gold Project. Phoenix has identified a 163,000 ounce Mineral Resource on its package of tenements along the 250 km long, world-class Zuleika Shear and prominent second-order splay, Carbine Shear. The Zuleika Shear is well documented for hosting high-grade, multi-million ounce deposits with an endowment (outside Phoenix's project) exceeding six million ounces.

Exploration at the Zuleika Gold Project is planned for 2015. Priority drill targets have been defined and planned for 2015 on the Zuleika Shear. The Zuleika Gold Project has the benefit of existing roads and minimal on-site infrastructure is required to service the projects and workforce.

(c) **Heap Leach Facility**

In July 2014 Phoenix announced it had entered into an agreement with St Ives Gold Mining Company Pty Limited to purchase a standalone 2.3Mtpa heap leach processing facility on care and maintenance in the Goldfields (**Heap Leach Facility**). The total consideration payable under the agreement is \$2 million with a \$0.2 million deposit being paid during the half-year ended 31 December 2014.

In line with this acquisition, Phoenix progressed with an updated heap leach feasibility study to integrate the facility with the leach pad design at the Castle Hill Project. The open pit Ore Reserve studies and subsequent definitive feasibility study conducted during the 2014 calendar year highlighted the significant potential for the development of a heap leach operation at the Castle Hill Project to complement milling operations.

During the course of mining the higher grade feed for the mill, a considerable quantity of lower grade material is mined. This ore would typically be stockpiled separately and treated

at the end of the mine life. Historic and recent metallurgical testwork on the Castle Hill Project ore has demonstrated high amenability to heap leaching with recoveries ranging from 70 to 88% with moderate to low reagent consumption and low slumpage rates.

The updated design integrates the St Ives plant. Initial ore feed for the plant will be sourced from the low grade ore that is mined under the Licence to Mine and Ore Sale Agreement with Norton Gold Fields Limited.

The current Mineral Resource for the heap leach project stands at 58.34Mt at 0.60 g/t Au for 1,109,000 ounces. The current Ore Reserve for the heap leach project stands at 14.96Mt at 0.58 g/t Au for 280,450 ounces.

4.4 Mineral Resources and Ore Reserves

As at the date of this Target's Statement, the Mineral Resources in respect of the Phoenix Assets are as follows:

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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Notes: Stockpiles report material mined from historical mining operations at Lady Jane, Broad Dam, Premier, Catherwood, Bluebell, Mick Adams and Shamrock.

As at the date of this Target's Statement, the Ore Reserves in respect of the Phoenix Assets are as follows:

Project - Mill Feed	Proven Ore Reserve			Probable Ore Reserve			Total Ore Reserve			Cut off
	Mt	Au (g/t)	Au Oz	Mt	Au(g/t)	Au oz	Mt	Au (g/t)	Au Oz	
Castle Hill (Stage 1)				10.68	1.71	588,380	10.68	1.71	588,380	0.8
Kintore (Castle Hill Stage 2)				2.00	1.33	86,100	2.00	1.33	86,100	0.8
Red Dam				1.60	2.19	110,900	1.60	2.19	110,900	1.0
Kunanalling	0.35	2.09	24,000	0.02	1.63	1,000	0.37	2.07	25,000	0.9
Ora Banda				0.58	2.33	44,000	0.58	2.33	44,000	0.8
Carbine				0.40	1.70	23,800	0.40	1.70	23,800	1.0
Sub total - mill feed	0.35	2.09	24,000	15.28	1.74	854,180	15.63	1.75	878,180	
Project - Heap leach feed										
Castle Hill				12.16	0.58	227,450	12.16	0.58	227,450	0.4-0.8
Kintore (Castle Hill Stage 2)				2.60	0.54	46,000	2.6	0.54	46,000	0.4-0.8
Stockpiles				0.20	1.10	7,000	0.20	1.10	7,000	
Sub total - Heap leach feed				14.96	0.58	280,450	14.96	0.58	280,450	
Total	0.35	2.09	24,000	30.24	1.17	1,134,630	30.59	1.18	1,158,630	

Notes:

1. The Ore Reserve estimates have been modified with dilution and mining recovery factors
2. Tonnes and ounces are rounded, rounding errors may occur

4.5 Historical Financial Information

As at 30 June 2015, Phoenix's cash, deposits, gold bullion and receivables totalled approximately A\$5.2 million.

Phoenix's Quarterly Cash Flow Report for the period from 31 March 2015 to 30 June 2015 was released on 31 July 2015. The report can be accessed online via www.phoenixgold.com.au.

Phoenix's Interim Report for the half year ending 31 December 2014 was released on 11 March 2015. The report can be accessed online via www.phoenixgold.com.au.

5. OVERVIEW OF EVOLUTION AND ITS INTENTIONS

5.1 Information on Evolution

Information on Evolution can be found in section 4 of the Evolution Bidder's Statement.

Information about Evolution may also be obtained from Evolution's website at <http://www.evolutionmining.com.au/>. Announcements made by Evolution to the ASX may also be obtained from the ASX's website at <http://www.asx.com.au/> (ASX: EVN). Information contained in or otherwise accessible from those websites does not form part of the Target Statement.

5.2 Evolution's assets

As announced to ASX on 1 May 2015, Phoenix and Evolution agreed terms for a strategic investment and partnership covering the Broads Dam, Kundana North, Carbine and Zuleika north project areas. As part of this strategic relationship, pursuant to a subscription agreement between Phoenix and Evolution entered into in May 2015, Evolution completed a subscription of approximately 9.4% (on an undiluted basis) of Phoenix Shares on 8 May 2015. On 24 July 2015, Evolution increased its relevant interest in Phoenix to approximately 19.78%. As at the date of the Evolution Bidder's Statement, Evolution had a relevant interest in 19.78% of Phoenix.

Evolution owns and operates seven gold operations in Australia. Four of the operations are located in Queensland, one in New South Wales and two in Western Australia. Evolution holds a 100% interest in all of its operations.

A brief summary of Evolution's principal Western Australian operations and projects is set out below.

(a) Mungari Operations

Evolution owns a prospective tenement package at Mungari. The tenement package covers an area of approximately 340km². A number of exploration targets have been identified through multidisciplinary methods (geology, geochemistry, geophysics etc.) and are the subject of a planned exploration program. These include both near-mine and greenfield targets including Frog's Leg South, Broad's Dam, Kintore and Cutter's Ridge.

On 24 August 2015, Evolution announced that it had completed the acquisition of Toledo Holding (Ausco) Pty Limited (ABN 26 159 264 598) from La Mancha Group International B.V. (trade register number 55617786, a private company with limited liability incorporated in the Netherlands) (**La Mancha**). The acquisition delivered to Evolution a 100% interest in assets in and around the Mungari region of Western Australia, including the Frog's Leg mine, the White Foil mine, the 1.5Mtpa Mungari processing plant and certain exploration tenements (**Mungari Operations**). The Mungari Operations are located 20 km directly west of Kalgoorlie in Western Australia.

As set out in Figure 6 below, the Mungari Operations are in close proximity to the Phoenix Tenements, including, in particular, the Zuleika Shear and the Kunanalling Shear.

Further information on each of the directors of Evolution is set out in section 4.4 of the Evolution Bidder's Statement.

5.4 Financial position and capital structure of Evolution

Further information about Evolution's financial position and capital structure is set out in sections 4.6, 4.7, and section 5 of the Evolution Bidder's Statement.

5.5 Profile of the Merged Group

For details of the Merged Group, Phoenix Shareholders should refer to section 10 of the Evolution Bidder's Statement.

5.6 Evolution's Intentions in relation to Phoenix

(a) Evolution's intentions if it acquires 90% or more of Phoenix Shares

Section 9.3 of the Evolution Bidder's Statement sets out Evolution's intentions if it acquires 90% or more of Phoenix Shares.

In that circumstance, Evolution's intentions are as follows:

- (i) proceed with compulsory acquisition of the outstanding Phoenix Shares in accordance with Part 6A.1 of the Corporations Act;
- (ii) arrange for Phoenix to be removed from the official list of ASX and converted into a private company;
- (iii) replace all members of the Phoenix Board with its own nominees, whom it expects will be members of Evolution's executive management team; and
- (iv) conduct a general operational review of Phoenix's operations with a view to integrating Phoenix's operations into Evolution's operational and corporate structure, including, in particular:
 - (A) closure of the Perth and Kalgoorlie Phoenix offices and integration of the activities and employees from these offices into the Evolution office in Perth and at Mungari where appropriate. Integration of roles may involve some employee redundancies;
 - (B) review of the Phoenix exploration database and expenditure requirements and the Phoenix Mineral Resource and Ore Reserves estimates;
 - (C) continue to progress the Licence to Mine and Ore Sale Deed on the terms of the draft deed received by Evolution prior to the Announcement Date; and
 - (D) suspend activities in relation to the Heap Leach Facility and conduct a review of the Phoenix Mineral Resources and Ore Reserves associated with this project.

(b) Evolution's intentions if it acquires in excess of 50.1% of Phoenix Shares but less than 90% of Phoenix Shares

Section 9.4 of the Evolution Bidder's Statement sets out Evolution's intentions if it acquires in excess of 50.1% of Phoenix Shares but less than 90% of Phoenix Shares. These intentions include the following:

- (i) (subject to the Corporations Act and the constitution of Phoenix) to seek to replace some of the members of the Phoenix Board with nominees of Evolution;
- (i) (subject to continued compliance by Phoenix with the Listing Rules) to maintain Phoenix's listing on the ASX (although Phoenix Shareholders should be aware that in this circumstance the liquidity of Phoenix Shares on ASX may be materially adversely affected); and
- (ii) propose to the Phoenix Board that an immediate, broad-based review of Phoenix's operations be conducted on both a strategic and financial level, similar to that described in section 5.6(a)(iv) above.

(c) **Evolution's intentions for Phoenix if not controlled by Evolution**

Section 9.5 of the Evolution Bidder's Statement sets out Evolution's intentions if Phoenix does not become a controlled entity of Evolution. These intentions include the following:

- (i) (subject to the Corporations Act and the constitution of Phoenix) to seek to replace some of the members of the Phoenix Board with nominees of Evolution; and
- (ii) propose to the Phoenix Board that an immediate, broad-based review of Phoenix's operations be conducted on both a strategic and financial level, similar to that described in section 5.6(a)(iv) above.

6. YOUR CHOICES AS A PHOENIX SHAREHOLDER

Your Directors recommend that you REJECT the Evolution Offer and each Phoenix director and member of management who has a relevant interest in Phoenix Shares intends to REJECT the Evolution Offer in relation to those Shares.

However, as a Phoenix shareholder you have 3 choices currently available to you:

(a) **Reject the Evolution Offer**

Shareholders who wish to reject the Evolution Offer should do nothing.

Shareholders should note that if Evolution and its associates have a relevant interest in at least 90% of the Shares during or at the end of the Evolution Offer Period, Evolution will be entitled to compulsorily acquire the Shares that it does not already own. See section 7.14 of this Target's Statement for further details.

(b) **Sell your Shares on market**

During the Evolution Offer Period, Phoenix shareholders who have not already accepted the Evolution Offer can still sell their Shares on market for cash, on ASX.

On 28 September 2015 Phoenix's Share price closed at A\$0.125 on ASX. This represents a 4.3% discount to the implied Evolution Offer price of A\$0.1307 per Phoenix Share, using Evolution's current 20-day volume weighted average price of Evolution Shares (being A\$1.1777) for the period ending 28 September 2015.

The latest price for Phoenix Shares quoted on ASX may be obtained from the ASX website www.asx.com.au.

Shareholders who sell their Shares on market may be liable for CGT on the sale and may incur a brokerage charge.

Phoenix shareholders who wish to sell their Shares on market should contact their broker for information on how to effect that sale.

(c) **Accept the Evolution Offer**

Phoenix shareholders may elect to accept the Evolution Offer. Details of the consideration that will be received by Phoenix shareholders who accept the Evolution Offer are set out in section 7.2 of this Target's Statement and in sections 13.6 and 13.7 of the Evolution Bidder's Statement.

7. KEY FEATURES OF THE EVOLUTION OFFER

7.1 Background to the Evolution Offer

Evolution announced its intention to make its takeover bid for Phoenix on 20 August 2015. On 11 September 2015, Evolution lodged the Evolution Bidder's Statement. A copy of Evolution's announcement and Evolution Bidder's Statement can be found at www.asx.com.au. A summary of the Evolution Offer is contained in section 7 of this Target's Statement.

The Evolution Offer is open for acceptance until 7.00pm AEST on 26 October 2015, unless it is extended or withdrawn (sections 7.6 and 7.7 of this Target's Statement describe the circumstances in which Evolution can extend or withdraw the Evolution Offer).

7.2 Consideration payable to shareholders who accept the Evolution Offer

The consideration being offered by Evolution is 0.06 Evolution Shares and A\$0.06 cash for each Phoenix Share that you hold.

The Evolution Offer is only for Phoenix Shares, it does not extend to Phoenix Options. Evolution has stated in the Evolution Bidder's Statement that it will not make any separate offers to acquire the Phoenix Options. For further details on the effect of the Evolution Offer on the Phoenix Options, please refer to section 7.2 of the Evolution Bidder's Statement.

7.3 Conditional Offer

Phoenix shareholders should note that the Evolution Offer (and each contract resulting from acceptances of the Evolution Offer) is subject to a number of conditions, and that the Evolution Offer will lapse unless the conditions are either satisfied or waived by Evolution prior to the end of the Evolution Offer Period. These conditions are set out in full in section 13.8 of the Evolution Bidder's Statement.

Some of these conditions (the **Defeating Conditions**) are broadly summarised below:

- (a) between the Announcement Date and the end of the Evolution Offer Period, no regulatory action, investigation or application (other than an application to or decision or order of ASIC or the Takeovers Panel) materially adversely impacting the Evolution Offer is issued, announced, commenced or threatened which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon the Evolution Offer;
- (b) the spot price for gold as quoted on Bloomberg does not fall below A\$1,250 per ounce at any time during a day for 3 consecutive days between the Announcement Date and the end of the Evolution Offer Period (each inclusive);
- (c) between the Announcement Date and the end of the Evolution Offer Period no Specified Event occurs which, whether individually or when aggregated with all such Events of a like kind that have occurred or are reasonably likely to occur, has had or would be reasonably likely to have:
 - (i) a material adverse affect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Phoenix Group; or
 - (ii) the effect of a diminution in the value of the consolidated net assets of the Phoenix Group by at least A\$5 million or impairing, terminating or otherwise adversely affecting or changing any Tenements or Authorisation in connection with any Tenements;
- (d) between the Announcement Date and the date that is 3 Business Days after the end of the Evolution Offer Period, no prescribed occurrences happen (as set out in section 652C Corporations Act);
- (e) between the Announcement Date and the end of the Evolution Offer Period, no information announced by Phoenix to ASX prior to the Announcement Date is, or is likely to be, materially incomplete, incorrect, untrue or misleading such that Evolution might reasonably be expected to have not proceeded with the Evolution Offer at all or would have proceeded with the Evolution Offer on materially different terms;

- (f) between the Announcement Date and the end of the Evolution Offer Period, Phoenix does not undertake certain corporate actions, otherwise than in the ordinary course of business, including that Phoenix does not:
- (i) announce, declare or distribute a dividend, bonus or other share of its profits or assets;
 - (ii) make any changes to its constitution or pass any special resolution or amend the terms of any Shares, Options, performance rights or other convertible securities;
 - (iii) borrow or agree to borrow money or provide a guarantee or indemnity to a Third Party for an amount that exceeds A\$500,000;
 - (iv) make or agree to make any payment to a Third Party that is above A\$500,000 including to any employee, director or consultant to Phoenix that is contingent on the Evolution Offer or the outcome of the Evolution Offer;
 - (v) amend or agree to amend in any material respect any arrangement with its advisers, or enter into arrangements with any new advisers, in respect of the Evolution Offer;
 - (vi) acquire, or offer or agree to acquire any one or more business, assets, entities or undertakings valued at or involving a financial commitment of more than A\$500,000 in aggregate, or make an announcement or enter into an agreement in relation to such an acquisition, undertaking or financial commitment;
 - (vii) incur or commit to incur an amount of capital expenditure in excess of A\$500,000 other than capital expenditure announced by Phoenix before the Announcement Date or capital expenditure in the day to day operating activities of the business of Phoenix conducted in the same manner as before the Announcement Date;
- (g) between the Announcement Date and the end of the Evolution Offer Period, Phoenix does not enter or agree to enter into any agreement with a Third Party for the development of stage 1 of the Castle Hill Project other than with Norton and on the terms of the draft "Licence to Mine and Ore Sale Deed" provided to Evolution prior to the Announcement Date;
- (h) between the Announcement Date and the end of the Evolution Offer Period, no litigation against Phoenix which may result in a judgement of A\$500,000 or more is commenced, threatened, announced or made known to Evolution or Phoenix (other than that which is in the public domain at the Announcement Date); and
- (i) between the Announcement Date and the end of the Evolution Offer Period, Phoenix does not:
- (i) enter into, agree to enter into or announce any agreement to enter into any contract, commitment or arrangement (including, for example ore sale, joint venture and royalty agreements) in relation to any of the Tenements (other than the draft "Licence to Mine and Ore Sale Deed", provided it is entered into in the same form as provided to Evolution prior to the Announcement Date);
 - (ii) relinquishes, sells, or disposes of any interest or creates any Security Interest over any of the Tenements;
 - (iii) take any action or omit to take any action that may reasonably result in a disposal of, or a breach of the terms of any Authorisation in connection with any Tenement; and
 - (iv) take any action or mot to take any action that results in or may reasonably result in the surrender of any of the Tenements or any Authorisation relating to any Tenements.

Phoenix shareholders should be aware that even if the Defeating Conditions are not satisfied they may be waived by Evolution. Furthermore, if a Defeating Condition is not satisfied and has not been waived, then Evolution may allow the Evolution Offer to lapse and you will continue to hold your Phoenix Shares.

7.4 Notice of Status of Conditions

The Evolution Bidder's Statement states that Evolution will give its Notice of Status of Conditions to ASX and Phoenix on 19 October 2015 (subject to variation in accordance with section 630(2) of the Corporations Act if the Evolution Offer period is extended). If the Evolution Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. If there is such an extension, Evolution is required, as soon as possible after the extension, to give notice to ASX and Phoenix that states the new date for the giving of the Notice of Status of Conditions.

Evolution is required to set out in its Notice of Status of Conditions:

- (a) whether the Evolution Offer is free of any or all conditions;
- (b) whether, so far as Evolution knows, any of the conditions have been fulfilled; and
- (c) Evolution's voting power in Phoenix.

If a condition is fulfilled (so that the Evolution Offer becomes free of the condition) before the date on which the Notice of Status of Conditions is required to be given, Evolution must, as soon as possible, give ASX and Phoenix a notice that states that the particular condition has been fulfilled. On 28 September 2015, Evolution gave notice that the condition stated in section 13.8(b) (Evolution Share price condition) of the Evolution Bidder's Statement has been fulfilled (so that the Evolution Offer has become free of that condition).

7.5 Offer Period

Unless the Evolution Offer is extended or withdrawn, it is open for acceptance from 25 September 2015 until 7.00pm AEST on 26 October 2015. The circumstances in which Evolution may extend or withdraw its Offer are set out in section 7.6 and section 7.7 respectively of this Target's Statement.

7.6 Extension of the Evolution Offer Period

While the Evolution Offer is subject to a Defeating Condition, Evolution may extend the Evolution Offer Period at any time before giving the Notice of Status of Conditions.

However, if the Evolution Offer is or becomes not subject to a Defeating Condition (that is, it is free of all Defeating Conditions), Evolution may extend the Evolution Offer Period at any time before the end of the Evolution Offer Period.

To extend the Evolution Offer Period, Evolution must lodge a notice of variation with ASIC and give a notice to Phoenix and to each Phoenix shareholder to whom an offer was made under the Evolution Offer.

In addition, there will be an automatic extension of the Evolution Offer Period if, within the last 7 days of the Evolution Offer Period:

- (a) Evolution improves the consideration under the Evolution Offer; or
- (b) Evolution's voting power in Phoenix increases to more than 50%.

If either of these events occurs, the Evolution Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.7 Withdrawal of Offer

Evolution may not withdraw the Evolution Offer if you have already accepted it. Before you accept the Evolution Offer, the Evolution Offer may only be withdrawn by Evolution with the written consent of ASIC and subject to the conditions (if any) specified in the consent.

However, if the Defeating Conditions of the Evolution Offer are not satisfied or waived by the end of the Evolution Offer Period, the Evolution Offer will lapse. This means that even if you have accepted the Evolution Offer, the Evolution Offer will not proceed and you will continue to hold your Phoenix Shares. Details of the conditions of the Evolution Offer are set out in Section 7.3 of this Target's Statement.

7.8 Effect of acceptance

If you accept the Evolution Offer, subject to any withdrawal rights set out in Section 7.9 of this Target's Statement:

- (a) you will be unable to accept any higher takeover bid that may be made by a third party or any alternative transaction that may be recommended by the Board;
- (b) you will relinquish control of your Phoenix Shares to Evolution but will have no guarantee of payment until the Evolution Offer becomes unconditional; and
- (c) you will be unable to sell your Phoenix Shares on ASX.

The effect of acceptance is set out in detail in section 13.5 of the Evolution Bidder's Statement. That section of the Evolution Bidder's Statement describes the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be giving if you accept the Evolution Offer.

7.9 Your ability to withdraw your acceptance

You have only limited rights to withdraw your acceptance of the Evolution Offer. Specifically, you may withdraw your acceptance of the Evolution Offer if:

- (a) it is still subject to a Defeating Condition; and
- (b) the Evolution Offer is varied in a way that postpones, for more than 1 month, the time by which Evolution must satisfy its obligations under the Evolution Offer. This may occur if Evolution extends the Evolution Offer Period by more than 1 month and the Evolution Offer is still subject to a Defeating Condition.

7.10 When you will receive your consideration if you accept the Evolution Offer

In accordance with section 13.6 of the Evolution Bidder's Statement, if you accept the Evolution Offer in accordance with the instructions contained in the Evolution Bidder's Statement, Evolution will provide the consideration for your Phoenix Shares to you on or before the earlier of:

- (a) one month after the date of acceptance or, if the Evolution Offer is subject to a defeating condition when you accept the Evolution Offer, within one month after the Evolution Offer becomes unconditional; and
- (b) 21 days after the end of the Evolution Offer period.

7.11 Effect of an improvement in consideration on shareholders who have already accepted the Evolution Offer

If Evolution improves the consideration offered under its bid, all Phoenix shareholders, whether or not they have accepted the Evolution Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

7.12 Risks of rejecting the Evolution Offer

(a) Compulsory acquisition

Maintaining your investment in Phoenix may attract the following risks, depending on the outcome of the Evolution Offer:

- (i) if you choose not to accept the Evolution Offer and Evolution subsequently becomes entitled to and exercises its compulsory acquisition rights (consistent with its intention set out in section 9.3 of the Evolution Bidder's Statement), you are likely to be paid later than Phoenix shareholders who accept the Evolution Offer;
- (ii) if you choose not to accept the Evolution Offer and Evolution is not able to exercise its compulsory acquisition buy-out rights, but declares the Evolution Offer unconditional, then Evolution will have acquired control of Phoenix (provided it acquires more than 50% of the Phoenix Shares) and you will become a minority shareholder in Phoenix. This has a number of possible implications, including:
 - (A) further reduced liquidity of the Phoenix Shares that you hold;
 - (B) Evolution will be in a position to cast the majority of votes at a general meeting of Phoenix, which will enable it to control the composition of the Phoenix Board and senior management and control the strategic direction of the business of Phoenix;

- (C) if Evolution acquires 75% or more of the Phoenix Shares, it will be able to pass special resolutions at meetings of Phoenix shareholders, which will enable Evolution to, among other things, change the Phoenix Constitution;
 - (D) while Evolution's intentions for Phoenix are described in section 9.4 of the Evolution Bidder's Statement, those intentions may change; and
 - (E) changes to Phoenix's business to be implemented by Evolution may mean that you may subsequently choose to dispose of your Phoenix Shares at a time when liquidity in your Phoenix Shares and the ability to sell them may be severely reduced;
- (iii) if you choose not to accept the Evolution Offer and Evolution does not declare the Evolution Offer unconditional, the Evolution Offer will not be successful and you and other Phoenix shareholders will continue as shareholders.
- (b) **Potential for the Phoenix Share price to fall**
- If you reject the Evolution Offer and Evolution is not able to exercise its compulsory acquisition buy-out rights, the price of Phoenix Shares on ASX may potentially fall back to the levels below the implied Evolution Offer value.

7.13 Risks of accepting the Evolution Offer and becoming an Evolution shareholder

There are certain risks involved in holding Evolution Shares and these risks are set out in section 11 of the Evolution Bidder's Statement. The Board draws your attention to the following risks:

- (a) **Risks arising from fluctuations in the gold price and Australian dollar**
- Evolution's revenues are exposed to both fluctuations in the gold price and the Australian dollar. Volatility in the gold price and Australian dollar creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained should the Australian dollar gold price fall.
- Declining gold prices can also impact operations by requiring a reassessment of the feasibility of mine plans and certain projects and initiatives. The development of new ore bodies, commencement and timing of open pit cut backs, commencement of development projects and the ongoing commitment to exploration projects can all potentially be impacted by a decline in the prevailing gold price. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could potentially cause substantial delays and/or may interrupt operations, which may have a material adverse effect on Evolution's results of operations and financial condition.
- (b) **Issue of Evolution Shares as part of the Evolution Offer consideration**
- Phoenix Shareholders are being offered consideration under the Evolution Offer that includes a specified number of Evolution Shares, rather than a number of Evolution Shares with a specified market value. As a result, the value of the consideration will fluctuate depending upon the market value of the Evolution Shares.
- (c) **Integration risks**
- There are risks that any integration between the businesses of the Evolution Group and Phoenix Group may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible inability to achieve synergy benefits and cost savings.
- (d) **La Mancha shareholding**
- La Mancha has a relevant interest in Evolution of approximately 31%. As a result, while La Mancha does not control Evolution, it is able to vote the Evolution Shares it holds (subject to all applicable laws) in relation to matters requiring shareholder approval at a general meeting, including the election of directors, significant corporate transactions and certain issues of equity securities. In this regard, La Mancha's interests may not always be aligned with those of other Evolution shareholders. La Mancha's interest in Evolution may also mean that its support for any proposal by a third party to acquire all of the shares in Evolution may potentially be important for that proposal to be successful. Further, it is possible that the

presence of La Mancha as a substantial shareholder in Evolution may be perceived by the market as reducing the likelihood of a takeover of Evolution. This may potentially cause Evolution Shares to trade at a discount to the value at which they would trade if La Mancha did not hold its stake in Evolution. In addition, the sale of Evolution Shares in the future by La Mancha (after certain equity lock-up arrangements in relation to these Evolution Shares expire) may result in movements in the share price of Evolution Shares.

7.14 Compulsory acquisition

Evolution has stated in section 5.6 of the Evolution Bidder's Statement that if it becomes entitled to proceed to compulsory acquisition of Phoenix Shares in accordance with the Corporations Act and the other conditions of the Evolution Offer are satisfied, then Evolution intends to do so.

The two types of compulsory acquisition permissible under Chapter 6A of the Corporations Act are discussed below.

(a) Follow-on compulsory acquisition

Under Part 6A.1 of the Corporations Act, Evolution will be entitled to compulsorily acquire any Phoenix Shares on the same terms as the Evolution Offer if, during or at the end of the Evolution Offer Period, Evolution (together with its associates):

- (i) has a relevant interest in at least 90% (by number) of all the Phoenix Shares; and
- (ii) has acquired at least 75% (by number) of all the Phoenix Shares that Evolution offered to acquire under the Evolution Offer (whether the acquisitions happened under the Evolution Offer or otherwise).

If these thresholds are met, Evolution will have up to 1 month after the end of the Evolution Offer Period within which to give compulsory acquisition notices to Phoenix shareholders who have not accepted the Evolution Offer. Phoenix shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Phoenix shareholder to establish to the satisfaction of a court that the terms of the Evolution Offer do not represent a "fair value" for the Phoenix Shares.

Phoenix shareholders should be aware that if they do not accept the Evolution Offer and their Phoenix Shares are compulsorily acquired, those Phoenix shareholders will face a delay in receiving the consideration for their Phoenix Shares compared with Phoenix shareholders who have accepted the Evolution Offer.

(b) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Evolution will be entitled to compulsorily acquire any Phoenix Shares if Evolution holds full beneficial interests in at least 90% (by number) – i.e. if Evolution becomes a 90% holder of Phoenix Shares.

If this threshold is met, Evolution will have 6 months after it becomes a 90% holder within which to give compulsory acquisition notices to Phoenix shareholders. The compulsory acquisition notices sent to Phoenix shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the Phoenix Shares and the independent expert's reasons for forming that opinion.

If Phoenix shareholders with at least 10% of the Phoenix Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least 1 month), Evolution may apply to the court for approval of the acquisition of the Phoenix Shares covered by the notice.

Phoenix shareholders should be aware that if they do not accept the Evolution Offer and their Phoenix Shares are compulsorily acquired, those Phoenix shareholders will face a delay in receiving the consideration for their Phoenix Shares compared with Phoenix shareholders who have accepted the Evolution Offer.

8. INFORMATION RELATING TO YOUR DIRECTORS

8.1 Interests and dealings in Phoenix securities

(a) Interests in Phoenix Shares and Options

As at the date of this Target's Statement, your Directors had the following relevant interests (direct and indirect) in Shares and Options:

Director	Number of Phoenix Shares	Number of Phoenix Options
Dale Rogers	7,033,335	1,500,000 Phoenix Options with an exercise price of 15 cents each expiring on 27 November 2017
Stuart Hall	Nil	1,500,000 Phoenix Options with an exercise price of 15 cents each expiring on 27 November 2017
Ian Gregory	Nil	Nil
Total	7,033,335	3,000,000

As at the date of this Target's Statement, your management had the following relevant interests (direct and indirect) in Shares and Options:

Management	Number of Phoenix Shares	Number of Phoenix Options
Tim Manners (Chief Financial Officer)	340,000	2,000,000 Phoenix Options with an exercise price of 33 cents each expiring on 10 June 2016 1,000,000 Phoenix Options with an exercise price of 15 cents each expiring on 27 November 2017
Ian Copeland (General Manager – Exploration)	Nil	875,000 Phoenix Options with an exercise price of 33 cents each expiring on 10 June 2016 1,000,000 Phoenix Options with an exercise price of 15 cents each expiring on 27 November 2017
Grant Haywood (Chief Operating Officer)	300,000	2,000,000 Phoenix Options with an exercise price of 33 cents each expiring on 10 June 2016 1,000,000 Phoenix Options with an exercise price of 15 cents each expiring on 27 November 2017
Total	640,000	7,875,000

(b) Dealings in Phoenix Shares and Options

No Director has acquired or disposed of a relevant interest in any Shares or Options in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.2 Interests and dealings in Evolution securities

(a) Interests in Evolution securities

As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any Evolution securities.

(b) Dealings in Evolution securities

No Director acquired or disposed of a relevant interest in any Evolution securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

(a) **Benefits in connection with retirement from office**

As a result of the Evolution Offer, no person has been or will be given any benefit (other than a benefit which can be given without shareholder approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a Board or managerial office of Phoenix or related body corporate of Phoenix.

(b) **Agreements connected with or conditional on the Evolution Offer**

There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Evolution Offer other than in their capacity as a holder of Shares or Options.

(c) **Benefits from Evolution**

None of the Directors have agreed to receive, or is entitled to receive, any benefit from Evolution which is conditional on, or is related to, the Evolution Offer, other than in their capacity as a holder of Shares or Options.

(d) **Interests of Directors in contracts with Evolution**

None of the Directors has any interest in any contract entered into by Evolution.

9. ADDITIONAL INFORMATION

9.1 Material litigation

Phoenix does not believe that it is involved in any litigation or dispute which is material in the context of Phoenix and its subsidiaries taken as a whole.

9.2 Issued capital

As at the date of this Target's Statement, Phoenix's issued capital consisted of:

(a) Number and class of all securities quoted on ASX

Number	Class
470,087,333	Fully paid ordinary shares

(b) Number and class of all securities not quoted on ASX

As at the date of this Target's Statement, Phoenix has 11,250,000 unquoted Options on issue, the details of which are set out below.

Expiry Date	Number	Exercise price
10 June 2016	4,875,000	\$0.33
27 November 2017	6,375,000	\$0.15

The Evolution Offer is only for Phoenix Shares, it does not extend to Phoenix Options. Evolution has stated in the Evolution Bidder's Statement that it will not make any separate offers to acquire the Phoenix Options. For further details on the effect of the Evolution Offer on the Phoenix Options, please refer to section 7.2 of the Evolution Bidder's Statement.

9.3 Substantial holders

As at the date of this Target's Statement, based on the substantial shareholding notices provided to Phoenix, the substantial shareholders of Phoenix are:

Name of substantial holder	Person's votes	Voting power (%)
Evolution Mining Limited	93,000,000	19.78%
Geologic Resource Partners LLC (Geologic) and associated entities*	42,433,333	9.03% ¹
Zijin Mining Group Co., Ltd (including securities held through Jinyu (HK) International Mining Company Limited, Norton Gold Fields Limited and Gold Mountains (H.K.) International Mining Company Limited)	41,870,375	9.01%

Note:

1. On 18 May 2015 Geologic entered into a Pre-Bid Agreement with Zijin, pursuant to which Geologic, in the absence of a superior proposal, agreed to accept the Zijin Offer by 27 August 2015. On 25 August 2015, Geologic was relieved of their obligation to accept the Zijin Offer on the basis that the Evolution Offer was a superior offer.

9.4 Risk factors

Phoenix is currently exposed to a number of risks that Phoenix shareholders should be aware of, both of a general nature and more specific to the mining industry. A brief outline of these risks is set out

below, which should be considered in conjunction with Phoenix's ongoing disclosure under the ASX Listing Rules.

Your Directors consider that the current board and management team's detailed knowledge of the Phoenix Assets, and the gold industry more generally, put it in the best position to manage these risks going forward and maximise the return to shareholders from the Phoenix Assets.

(a) **General risks for all gold mining companies**

The occurrence of one or more of the scenarios set out below could have a material adverse impact on the future performance of Phoenix or return on an investment in Phoenix. The Company has considered the probability of the industry specific risks above eventuating and concluded that the Phoenix Assets has overall positive prospects.

- (i) **Macroeconomic conditions:** Macroeconomic conditions, both domestic and global, may affect Phoenix's financial performance (such as inflation, interest rates, government policy, employment and industrial disruption).
- (ii) **Market conditions:** As Phoenix is a listed company, its share price is subject to the numerous influences that may affect both the trends in the share market and the share prices of individual companies.
- (iii) **Changes in legislation and government regulation:** Government legislation and policy, both within Australia and internationally, including changes to the taxation system.
- (iv) **Commodity price volatility and exchange rate risks:** Any revenue derived by Phoenix from the Phoenix Assets will be subject to commodity price and exchange rate risks (as its revenues are likely to be denominated in US\$ while its expenditure will be largely denominated in A\$), both which are affected by factors beyond the control of Phoenix.

Whilst the above factors are outside the control of Phoenix and may result in material adverse impacts on its business and operating results, the Board and management believe they have the skills to manage these risks if and when they arise.

(b) **Specific risks to Phoenix**

- (i) **Exploration risks:** Mineral exploration and development are speculative undertakings, as such if a viable deposit is identified, there is no assurance that it can be commercially developed.
- (ii) **Development and infrastructure risk:** Phoenix may encounter unforeseen difficulties in developing the infrastructure (including the commission of mine or mines) necessary to commence mining production.
- (iii) **Liquidity and future financings:** The development of the Phoenix Assets depends upon Phoenix's ability to obtain financing.

9.5 Foreign Shareholders and Unmarketable Parcel Shareholders

If you are a Foreign Shareholder (that is, any Phoenix Shareholder whose address is in a place outside Australia and its external territories and New Zealand), or an Unmarketable Parcel Shareholder (being a Shareholder who, if you accept the Evolution Offer, Evolution Shares would be issued which would not constitute a Marketable Parcel) unless Evolution otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with Evolution Shares on acceptance of the Offer; and
- (b) it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia and its external territories and New Zealand,

then you will not be entitled to receive Evolution Shares as consideration for your Phoenix Shares under the Offer.

Otherwise, Evolution will:

- (a) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of Evolution Shares to which you and all other Foreign Shareholders would have been entitled but for residing in a place within Australia and its external territories and New Zealand;
- (b) cause those Evolution Shares to be offered for sale on ASX as soon as practicable and otherwise in the manner and at the price and on such other terms and conditions as are determined by the Nominee; and
- (c) cause the Nominee to pay to you the net proceeds of the sale of such shares.

Please refer to section 13.7 of the Evolution Bidder's Statement for further details.

9.6 Consents

Royal Bank of Canada (operating as RBC Capital Markets) has given, and has not withdrawn before the date of this Target's Statement, its written consent to be named in this Target's Statement as Phoenix's Australian financial adviser in the form and context in which it is so named.

Allion Legal has given, and has not withdrawn before the date of this Target's Statement, its written consent to be named in this Target's Statement as Phoenix's Australian legal adviser in the form and context in which it is so named.

BDO Corporate Finance (WA) Pty Ltd has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement in the form and context it is so named and to the inclusion of certain statements based on its Independent Expert's Report in relation to the Zijin Offer in the form and context included in this Target's Statement.

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX in compliance with the ASX Listing Rules. Pursuant to ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Target's Statement. A list of all such documents is set out below:

Date lodged	Announcement
28 September 2015	EVN: Defeating Condition to Phoenix Takeover Bid Fulfilled
25 September 2015	EVN: Notice of Completion of Dispatch of Bidder's Statement
11 September 2015	EVN: Phoenix Gold Bidder's Statement
3 September 2015	Phoenix Gold's Target's Statement in Response to Zijin's Bid
14 April 2015	Phoenix Suspends Small Mining Projects to Focus on Norton JV and Heap Leach
18 March 2015	Strong Feasibility Study Results Confirm Castle Hill Heap Leach Strategy
10 February 2014	Phoenix Board Approves Staged Development After Successful Completion of Feasibility Study.
14 January 2015	Phoenix's Mineral Resources Grow Beyond 4 Million Ounces
28 October 2014	Phoenix Gold Limited Annual Report 2014

Phoenix will, upon request from any Phoenix shareholder during the Evolution Offer Period, provide within 2 Business Days of the request, a copy of any of the above documents (free of charge).

As permitted by ASIC Class Order 13/523, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

9.7 JORC Code reporting of Phoenix's Mineral Resources and Ore Reserves

The information in this Target's Statement that relates to Ore Reserves relating to Castle Hill Stages 1, 2 and 3, Red Dam and Carbine are based on information compiled by Mr Glenn Turnbull who is a Fellow of the Institute of Material, Minerals and Mining. As at the relevant date, Mr Glenn Turnbull was a full time employee of Golder Associates Ltd with sufficient experience relevant to the engineering and economics of the types of deposits which are covered in this Target's Statement and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012.

The information in this Target's Statement that relates to Ore Reserves other than Castle Hill Stages 1, 2 and 3, Red Dam and Carbine are based on information compiled by Mr William Nene who is a member of The Australian Institute of Mining and Metallurgy. As at the relevant date, Mr Nene was a full time employee of Goldfields Mining Services Pty Ltd with sufficient experience relevant to the engineering and economics of the types of deposits which are covered in this Target's Statement and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code.

The information in this Target's Statement that relates to a Mineral Resource estimation for the Castle Hill Project Stage 1 and 3 is based on information compiled by Mr Brian Fitzpatrick who is a member of the Australasian Institute of Mining and Metallurgy and is also an accredited Chartered Professional Geologist. As at the relevant date, Mr Fitzpatrick was a Senior Consulting Geologist for Cube Consulting with sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 JORC Code.

The information in this Target's Statement that relates to a Mineral Resource estimation for the Red Dam and Burgundy projects is based on information compiled by Dr Sia Khosrowshahi who is a member of the Australasian Institute of Mining and Metallurgy. As at the relevant date, Dr Khosrowshahi was a Principal Consulting Geologist for Golder Associates Pty Ltd with sufficient experience relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 JORC Code.

The information in this Target's Statement that relates to Exploration Results and other Resources are based on information compiled by Mr Ian Copeland who is member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. As at the relevant date, Mr Copeland was an employee of the Company with sufficient experience relevant to the styles of mineralization and the types of deposits under consideration, and the activities undertaken, to qualify as a Competent Person as defined in the 2012 JORC Code.

The Company confirms that it is not aware of any information or data that materially affects the information included in the Company's previous announcements lodged with ASX in respect of the Mineral Resources and Ore Reserves relating to the Phoenix Assets and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company further confirms that the form and context in which the relevant competent person's findings were previously presented have not been materially modified.

Certain information in this Target Statement which relates to Exploration Results, Mineral Resources or Ore Reserves was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

9.8 Continuous disclosure

Phoenix is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Phoenix to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Phoenix has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Phoenix Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au or from Phoenix's website at www.phoenixgold.com.au.

In addition, Phoenix will make copies of the following documents available for inspection at Phoenix's offices which are located at Unit 2, 53 Great Eastern Highway, West Kalgoorlie, Western Australia 6430, (between 9.00am and 5.00pm on Business Days):

- (a) Annual Report 2014, lodged with ASX on 28 October 2014; and
- (b) any continuous disclosure document lodged by Phoenix with ASX between the lodgement of its Annual Report 2014 and the date of this Target's Statement.

Copies of documents lodged with ASIC in relation to Phoenix may be obtained from, or inspected at, an ASIC office.

9.9 ASIC declarations and Listing Rule waivers

Phoenix has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Evolution Offer. Nor has Phoenix been granted any waivers from ASX in relation to the Evolution Offer.

9.10 No other material information

This Target's Statement is required to include all the information that Phoenix shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Evolution Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director.

The Directors are of the opinion that the information that Phoenix shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Evolution Offer is:

- (a) the information contained in the Evolution Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in Phoenix's releases to ASX, and in the documents lodged by Phoenix with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Evolution Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Evolution Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of Phoenix Shares;
- (b) the matters that Phoenix shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to Phoenix shareholders' professional advisers; and
- (d) the time available to Phoenix to prepare this Target's Statement.

10. GLOSSARY AND INTERPRETATION

10.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
\$, A\$ or AUD	Australian dollar.
AEST	Australian Eastern Standard Time.
Announcement Date	has the meaning given in section 14.1 of the Evolution Bidder's Statement.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the market operated by it (as applicable).
ASX Listing Rules	the listing rules of the ASX.
Authorisation	has the meaning given in section 14.1 of the Evolution Bidder's Statement
Board or Phoenix Board	the Board of Directors.
Business Day	a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday.
Castle Hill Project	the project described in section 4.3(a) of this Target's Statement.
CGT	capital gains tax.
CHESS Holding	a number of Shares which are registered on Phoenix's share register being a register administered by ASX Settlement Pty Limited and which records uncertificated holdings of Shares.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) (as modified or varied by ASIC).
Director	a director of Phoenix
Event	has the meaning given in section 13.8(d) of the Evolution Bidder's Statement.
Evolution Bidder's Statement	the bidder's statement of Evolution dated 11 September 2015.
Evolution Group	has the meaning given in section 14.1 of the Evolution Bidder's Statement.
Evolution Mining or Evolution	Evolution Mining Limited ABN 74 084 669 036
Evolution Offer	the offer by Evolution for the Phoenix Shares, the details of which are set out in sections 13.1 and 13.2 of the Evolution Bidder's Statement.

Evolution Offer Period	the period during which the Evolution Offer will remain open for acceptance in accordance with section 13.2 of the Evolution Bidder's Statement.
Evolution Share	a fully paid ordinary share in Evolution.
Exploration Results	has the meaning given in the JORC Code 2012 or JORC Code 2004 (as applicable).
Foreign Shareholder	a Phoenix Shareholder whose address shown in the register of members of Phoenix is a place outside of Australia and its external territories of New Zealand.
Heap Leach Facility	has the meaning in section 4.3(c).
Independent Expert	BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.
Independent Expert's Report	the independent expert's report prepared by BDO Corporate Finance (WA) Pty Ltd and dated 2 September 2015 in respect of the Zijin Offer, a copy of which is contained as an attachment to the Zijin Target's Statement dated 3 September 2015.
Indicated Mineral Resource	has the meaning given in the JORC Code 2012 or JORC Code 2004 (as applicable).
JORC Code 2004	the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" prepared by the JORC Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
JORC Code 2012	the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" prepared by the JORC Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.
Marketable Parcel	has the meaning given in the procedures of the operating rules of the ASX in force from time to time which, among other things, includes a parcel of shares, the value of which is not less than A\$500.
Mungari Operations	Evolution's assets in and around the Mungari region of Western Australia, including the Frog's Leg mine, the White Foil mine, the 1.5Mtpa Mungari processing plant and certain exploration tenements.
Notice of Status of Conditions	Evolution's notice disclosing the status of the conditions to the Evolution Offer which is required to be given by section 630(3) of the Corporations Act.
Ore Reserve	has the meaning given in the JORC Code 2012 or JORC Code 2004 (as applicable).
Phoenix or Company	Phoenix Gold Limited (ABN 55 140 269 316).

Phoenix Assets	Phoenix's gold projects located in the Western Australian Goldfields region, including the: (a) Castle Hill Project; (b) Zuleika Gold Project; and (c) Heap Leach Facility.
Phoenix Group	has the meaning given in section 14.1 of the Evolution Bidder's Statement.
Phoenix Option or Option	an option to acquire an unissued Phoenix Share.
Phoenix Share or Share	a fully paid ordinary share in Phoenix.
Security Interest	has the meaning given in section 14.1 of the Evolution Bidder's Statement.
Specified Event	has the meaning given in section 13.8(d) of the Evolution Bidder's Statement.
Tenements	has the meaning given in section 14.1 of the Evolution Bidder's Statement .
Third Party	has the meaning given in section 14.1 of the Evolution Bidder's Statement.
Unmarketable Parcel Shareholder	a Phoenix Shareholder to whom, if they accept the Evolution Offer, Evolution Shares would be issued which would not constitute a Marketable Parcel.
Zijin	Norton Gold Fields Limited (ABN 23 112 287 797), a wholly-owned subsidiary of Zijin Mining Group Co. Limited, a company incorporated in the People's Republic of China.
Zijin Offer	the offer by Zijin for the Phoenix Shares, the details of which are set out in sections 8 to 10 of the Zijin Bidder's Statement.
Zijin Bidder's Statement	the replacement bidder's statement of Zijin dated 18 August 2015.
Zijin Target's Statement	the target's statement of the Company dated 3 September 2015 in response to the Zijin Bidder's Statement.
Zuleika Gold Project	the project described in section 4.3(b).

10.2 Interpretation

In this Target's Statement:

- (a) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (b) Words of any gender include all genders.
- (c) Words importing the singular include the plural and vice versa.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) A reference to time is a reference to AWST.
- (i) A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

11. AUTHORISATION

This Target's Statement has been approved by a resolution passed by the directors of Phoenix. All Phoenix directors voted in favour of that resolution. Signed for and on behalf of Phoenix:



Ian Gregory
Director and Company Secretary