

13 November 2015

The Manager
Company Announcements Office
ASX Limited
Level 4/20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

FOR IMMEDIATE RELEASE

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

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), please find enclosed a copy of the first supplementary target's statement of Phoenix Gold Limited (ABN 55 140 269 316) (**Phoenix Gold**) dated 13 November 2015 (**Supplementary 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 Supplementary 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



13 November 2015

ASX Code: PXG, EVN

SUPPLEMENTARY TARGET'S STATEMENT

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement (**Supplementary Target's Statement**) issued by Phoenix Gold Limited ABN 55 140 269 316 (**Phoenix**) in relation to the off-market takeover bid for all the ordinary shares in the capital of Phoenix on issue as at 7.00pm (Sydney time) on 25 September 2015 by Evolution Mining Limited ABN 74 084 669 036 (**Evolution**).

This Supplementary Target's Statement supplements, and should be read together with, Phoenix's target's statement dated 29 September 2015 (**Original Target's Statement**).

Words and phrases defined in the Original Target's Statement have the same meaning in this Supplementary Target's Statement (unless otherwise defined).

13 November 2015

1. RECOMMENDATION TO ACCEPT EVOLUTION'S REVISED OFFER

- As at 12 November 2015, Evolution has a relevant interest in at least 49.92% of Phoenix Shares¹.
- Evolution has revised the Offer consideration such that Phoenix shareholders will now be entitled to receive an additional 0.75 cents for each Phoenix Share they hold if Evolution obtains a relevant interest in 90% of Phoenix Shares, or is otherwise entitled to pursue compulsory acquisition of all of the remaining Phoenix Shares.
- The Directors recommend that you accept the Revised Offer (in the absence of a superior proposal) for the reasons set out in section 1.4 below.
- Each of the Directors who holds or controls Phoenix Shares has now accepted the Revised Offer in respect of those holdings in Phoenix.

1.1 Terms of Revised Evolution Offer

On 6 November 2015, the Boards of Phoenix and Evolution announced that they had reached an agreement on improved terms for the Evolution Offer (**Revised Offer**). The terms of the Revised Offer are as follows:

- upon Evolution obtaining a relevant interest in 90% of Phoenix Shares, or otherwise being entitled to pursue compulsory acquisition of all of the remaining Phoenix Shares, Phoenix shareholders, including those who have already accepted the Evolution Offer at any time previously, will be entitled to receive an additional 0.75 cents for each Phoenix Share they hold (**Increased Consideration**); and
- the Evolution Offer Period will be extended such that it will now close at 7:00pm (AEST) on 15 December 2015, unless further extended.

¹ Based on Form 604 lodged by Evolution under section 671B of the Corporations Act on 12 November 2015.

At the time of agreement on the Revised Offer, Evolution had a relevant interest of 42.9% in Phoenix, and had received acceptances from both of Phoenix's major shareholders; Zijin Mining Group Co., Ltd², and Geologic Resource Partners LLC.

1.2 Directors' recommendation

After discussions between the directors of both Phoenix and Evolution and taking into account the implications of Evolution's current relevant interest in Phoenix Shares, which has resulted in an effective change in control of the Company, the Directors have reached the conclusion that they should amend their recommendation to shareholders.

Accordingly, the Directors have unanimously resolved to recommend that Phoenix shareholders **ACCEPT** Evolution's Revised Offer of A\$0.0675 cash and 0.06 Evolution Shares per Phoenix Share (in the absence of a superior proposal) for the reasons set out below.

In arriving at its unanimous recommendation to Phoenix shareholders to **ACCEPT** the Revised Offer, the Directors have considered all options available and believe it is in the best interests of Phoenix shareholders in the current circumstances.

1.3 Directors' Intention

Each of the Directors who holds or controls Phoenix Shares has now accepted the Revised Offer in respect of those holdings in Phoenix.

1.4 Reasons for the recommendation

The Directors now believe it is reasonable to accept the Revised Offer (in the absence of a superior proposal) for the following reasons:

- (a) Assuming the Increased Consideration becomes payable under the Revised Offer, the Revised Offer has an implied value of A\$0.158 per Phoenix Share (**Reference Price**), based on the 20 day VWAP of Evolution's Shares as of ASX market close on 5 November 2015 (being the last trading day before the Revised Offer was announced on the ASX). The Reference Price represents a premium of:
 - (i) 60.8% to the Phoenix closing price of \$0.098 on 19 June 2015, being the last trading price prior to the announcement of the Zijin Offer (now lapsed); and
 - (ii) 57.6% to the Zijin Offer of A\$0.10 cash per Phoenix Share.
- (b) Effectively, control of the company has passed. As Evolution has voting power in Phoenix of at least 49.92%³, and there are no other substantial shareholders, it is highly unlikely that any resolutions could be passed at a meeting of shareholders without Evolution's support or that any resolutions proposed by Evolution could be defeated. Evolution's effective control of Phoenix means that it will be in a position to largely control:
 - (i) the management and board composition of Phoenix;
 - (ii) the timing of any future development of the Phoenix Assets; and
 - (iii) the method and source of funding for the further advancement of the Phoenix Assets, which may result in Evolution further increasing its shareholding.
- (c) If the Revised Offer closes and Phoenix Shares remain publicly quoted, the Phoenix share price and their trading liquidity is likely to decline.
- (d) By accepting the Revised Offer, Phoenix shareholders will become part of a larger, leading Australian gold company with multiple operating assets located throughout Australia and attractive growth prospects.
- (e) The Revised Offer is unconditional and Phoenix shareholders who accept the Revised Offer will receive their initial offer consideration of A\$0.06 cash and 0.06 Evolution Shares for each Phoenix Share within approximately 14 days after the acceptance is received.

Phoenix shareholders who accept the offer will only receive the Increased Consideration if Evolution obtains a relevant interest in 90% of Phoenix Shares, or is

² Held through wholly-owned subsidiaries.

³ Based on Form 604 lodged by Evolution under section 671B of the Corporations Act on 12 November 2015.

otherwise entitled to pursue compulsory acquisition of all of the remaining Phoenix Shares.

- (f) The Directors have considered all options available to Phoenix shareholders and believe that it is in the best interests of Phoenix shareholders to accept the Revised Offer in the current circumstances. The Revised Offer is the best and only offer currently available to Phoenix shareholders.
- (g) The Reference Price falls within the \$0.156 to \$0.244 valuation range of a Phoenix Share ascribed by the Independent Expert for the purposes of assessing the Zijin Offer (now lapsed).

1.5 Closing date

The Revised Offer is scheduled to close at 7:00pm (AEST) on 15 December 2015 (unless extended)⁴. The Directors note that Evolution has not made a "last and final statement" as to whether it intends to extend the Revised Offer beyond this date, and as such Evolution can further extend the Revised Offer period at any time prior to the scheduled close.

1.6 Other factors to consider

Alternatively, shareholders can elect to sell their Phoenix Shares on market on ASX (unless you have previously accepted the Evolution Offer or the Revised Offer).

There are several implications in relation to each of the above choices. A summary of these implications is set out in section 7 of the Original Target's Statement.

2. NO ACCOUNT OF PERSONAL CIRCUMSTANCES

The information in this Supplementary Target's Statement does not constitute financial product advice and this Supplementary Target's Statement does not take account of your individual investment objectives and financial situation or particular needs. Accordingly, in deciding whether to remain a shareholder in Phoenix or accept the Revised Offer, you should consider your own investment objectives and seek independent financial and taxation advice.

3. OTHER NOTICES

This Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

A copy of this Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for its contents.

Signed for and on behalf of Phoenix Gold Limited following a resolution of the Directors of Phoenix Gold Limited.



Dale Rogers
Executive Chairman

13 November 2015

⁴ In accordance with section 624(2) of the Corporations Act, if Evolution's voting power increases to more than 50% within the last 7 days of the Evolution Offer Period, the Evolution Offer Period will automatically be extended so that it ends 14 days after that event.