8 April 2011

The Manager
Australian Securities Exchange
Company Announcements Office
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

BLUE FUNNEL PROJECT ML 16/19

Further to our announcement of 31 March 2011 we are pleased to advise that settlement of the Sale and Joint Venture Agreement with Phoenix Gold Ltd has now been completed.

The total consideration of $1,100,000 for the sale of a 95% interest in the project, including 4 million fully paid ordinary shares in Phoenix Gold Ltd and $300,000 in cash, has been received.

In addition, Golden Deeps is to receive a royalty of $20 per ounce for all gold produced from the tenement and its retained 5% interest will be free carried by Phoenix until the commencement of commercial mining.

Phoenix is planning an extensive exploration programme on its tenements within the Zuleika Shear which also hosts the Blue Funnel Project.

We are hopeful that this exploration will lead to the reopening of the Blue Funnel mine, in which Golden Deeps retains an ongoing interest.

Yours faithfully
Norman Grafton
Company Secretary
Golden Deeps Limited