

10 November 2015

Dear Fellow Shareholder,

Phoenix Gold and Evolution Mining Announce Recommended Transaction

As you may be aware, the Boards of Phoenix Gold Limited (ASX:PXG, “**Phoenix**”) and Evolution Mining Limited (ASX:EVN, “**Evolution**”) announced on 6 November 2015, that they had reached agreement on improved terms for the proposed off-market takeover offer for Phoenix by Evolution (the “**Revised Offer**”).

Following ongoing discussions between the directors of both companies, and acknowledging the likelihood that Evolution will imminently gain control of Phoenix, the Board of Phoenix resolved to unanimously recommend that shareholders **ACCEPT** the Revised Offer, in the absence of a superior proposal.

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 remaining Phoenix shares, Phoenix shareholders, including those that 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 (the “**Increased Consideration**”).
- The offer period for the Revised Offer will be extended such that it will now close at 7.00pm (Sydney time) on 15 December 2015, unless further extended.

As at the date of the announcement of the Revised Offer, the Revised Offer had an implied value of A\$0.158 per Phoenix Share (“**Reference Price**”), based upon the 20 day volume weighted average price (“**VWAP**”) of Evolution’s shares on ASX¹. This Reference Price represents an attractive premium of:

- 60.8% to the Phoenix closing price of A\$0.098 on 19 June 2015, being the last trading price prior to the announcement of Zijin Mining Group Co., Ltd’s offer to acquire Phoenix (the “**Zijin Offer**”) (now lapsed);
- 57.6% to the Zijin Offer of A\$0.10 cash per Phoenix share; and
- 83.7% to the 30 day VWAP of Phoenix’s shares on ASX prior to the initial announcement of the Zijin Offer on 19 June 2015, being A\$0.086.

Further, the improvement in the Revised Offer over the original Evolution Offer for Phoenix is entirely in cash, which adds certainty of value for Phoenix shareholders.

In addition to the attractive premia outlined above, your Directors are of the view that acceptance of the Revised Offer is in the best interests of Phoenix shareholders, for the following key reasons:

- If the Revised Offer closes and Phoenix shares remain publicly quoted, the Phoenix share price and their trading liquidity is likely to decline.

¹ Assuming that the Increased Consideration becomes payable under the Revised Offer.

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- Effectively, control of Phoenix has passed. As Evolution has voting power in Phoenix of 42.9% as at 6 November 2015, 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.
- 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.
- The Revised Offer is unconditional and Phoenix shareholders who accept the offer will be paid their initial offer consideration within approximately 14 days after the acceptance is received.²

Each of the Phoenix Directors who holds or controls Phoenix shares has also undertaken to accept the Revised Offer in respect of those holdings in Phoenix by 13 November 2015, in the absence of a superior proposal.

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

As we have stated in the past, we have a great deal of respect for the team at Evolution and look forward to becoming shareholders in the company.

If you have already accepted the Evolution Offer, you do not need to take any further action and you will be entitled to benefit from the improved terms of the Revised Offer should Evolution obtain a relevant interest in 90% or more of the Phoenix shares.

All company announcements and information on the Revised Offer are available on the Phoenix website at www.phoenixgold.com.au and on the Evolution website at www.evolutionmining.com.au. Shareholders can also receive further information on the Zijin Offer by calling the Phoenix Shareholder Information Line below:

Within Australia: 1300 889 468

Outside Australia: +61 2 8022 7902

Yours sincerely,



Dale Rogers
Executive Chairman

² Shareholders will subsequently receive the Increased Consideration upon Evolution obtaining a relevant interest in 90% of Phoenix shares, or otherwise being entitled to pursue compulsory acquisition of all remaining Phoenix shares.