

**ZURI CAPITAL CORP.**

**FILING STATEMENT**

**IN RESPECT OF THE QUALIFYING TRANSACTION  
OF ZURI CAPITAL CORP.**

Dated as of November 29, 2013

*Neither the TSX Venture Exchange Inc. (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this Filing Statement.*

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## FORWARD-LOOKING STATEMENTS

The information provided in this Filing Statement, including information incorporated by reference, may contain “forward-looking statements” about Zuri Capital Corp. (“**Zuri**”) after giving effect to the Amalgamation at which point Zuri becomes the “Resulting Issuer”. In addition, Zuri or the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of Zuri or the Resulting Issuer that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by Zuri or the Resulting Issuer that address activities, events or developments that Zuri or the Resulting Issuer expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

These forward looking statements include statements and assumptions with respect to: fluctuation of mineral prices, foreign currency fluctuations, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, political risks, statutory and regulatory compliance, changes to laws, regulations and permits governing operations and activities of mining companies, industrial accidents, labour disputes, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, repatriation of earnings to Canada from other jurisdictions, dependence on key management employees, conflicts of interest, significant and increasing competition in the mining industry, stock price and volume volatility, and the Closing Date of the Qualifying Transaction. There can be no assurance that the plan, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Filing Statement.

These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of Zuri and/or the Resulting Issuer and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this Filing Statement and described from time to time in documents filed by Zuri and the Resulting Issuer with Canadian securities regulatory authorities.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. We believe that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: our ability to carry on exploration and development activities, the timely receipt of required approvals, the price of metals, our ability to operate in a safe, efficient and effective manner and our ability to obtain financing as and when required and on reasonable terms.

Consequently, all forward-looking statements made in this Filing Statement and other documents of Zuri or the Resulting Issuer are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Zuri or the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Zuri and/or persons acting on their behalf may issue. Zuri and the Resulting Issuer undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. See “Summary of Filing Statement - Risk Factors”.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Filing Statement including the summary hereof. Terms and abbreviations used in the financial statements of Zuri and Phoenix and the pro-forma consolidated financial statements of Zuri and in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

All defined terms not otherwise defined herein are as defined in the policies of the Exchange.

**“Acquisition Payments”** mean the payments totalling US\$45,000 required to be paid by Phoenix pursuant to the Property Acquisition Agreement;

**“Affiliate”** means a Company that is affiliated with another Company as described below

A Company is an **“Affiliate”** of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is a **“subsidiary”** of another Company if it is controlled by the other Company.

A Company is **“controlled”** by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

**“AGEI”** means Americas Gold Exploration Inc., a private company wholly owned by Don McDowell;

**“Agency Agreement”** means the agency agreement to be entered into among Phoenix, Zuri and the Agent in connection with the Private Placement, which will supercede and replace the Engagement Letter;

**“Agent”** means Jordan Capital Markets Inc., agent for the Private Placement;

**“Agent’s Commission”** means a cash commission equal to 8% of the gross proceeds raised in the Private Placement which Phoenix has agreed to pay the Agent;

**“Agent’s Options”** means the non-transferable option to be issued by Phoenix to the Agent in connection with the Private Placement to purchase up to 1,600,000 Phoenix Units, which is equal to 8% of the total number of Phoenix Units sold by the Agent, exercisable at a price of \$0.10 per Phoenix Unit for two (2) years from the closing of the Private Placement;

**“Amalco”** means the amalgamated Company formed under the BCBCA upon completion of the Amalgamation of Phoenix and Zuri Subco;

“**Amalgamation**” means the three cornered amalgamation among Zuri, Zuri Subco and Phoenix under the BCBCA;

“**Amalgamation Date**” means the day of completion of the Amalgamation;

“**Associate**” when used to indicate a relationship with a Person, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling the Person to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person or Company;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person or Company serves as trustee or in a similar capacity; and
- (d) in the case of a Person, a relative of that person, including
  - (i) that Person’s spouse or child, or
  - (ii) any relative of that Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member (as defined by the policies of the Exchange) firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the Exchange with respect to that Member firm, Member corporation or holding Company;

“**Available Funds**” means the funds that will be available to the Resulting Issuer on Completion of the Qualifying Transaction, as set out in “Part IV - Information Concerning the Resulting Issuer - Available Funds and Principal Purposes”;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

“**Business Day**” means any day other than a Saturday, Sunday or a day on which banking institutions in Vancouver, British Columbia are authorized or obligated by law to close;

“**CEO**” means chief executive officer;

“**CFO**” means chief financial officer;

“**Closing**” means the completion of the Transaction;

“**Closing Date**” means the day of closing of the Transaction expected to occur by December 31, 2013 or such other date as agreed between Phoenix and Zuri;

“**Company**” means unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange;

“**Control Person**” means any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**COO**” means chief operating officer;

“**CPC**” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

“**CPC Agent**” means Foster & Associates Financial Services Inc.;

“**CPC Escrow Shares**” means the 2,000,000 Zuri Shares held in escrow pursuant to Section 11 of the CPC Policy;

“**CPC Escrow Agreement**” means the Exchange prescribed Form 2F CPC Escrow Agreement dated May 2, 2011 among Zuri, the Transfer Agent and certain Zuri Shareholders which provides that all of 2,000,000 Zuri Shares issued prior to the CPC IPO at a price of \$0.05 per Zuri Share which were acquired by such individuals be escrowed. Since the date of the CPC Escrow Agreement, no Zuri Shares have been released from escrow under the terms of the CPC Escrow Agreement;

“**CPC IPO Agent’s Options**” means the options granted to the CPC Agent in connection with the CPC IPO to acquire up to 200,000 Zuri Shares at an exercise price of \$0.10 per Zuri Share, exercisable until March 17, 2014;

“**CPC IPO**” means the initial public offering of 2,000,000 Zuri Shares at \$0.10 per share which completed on March 19, 2012;

“**CPC Option Plan**” means the stock option plan as adopted by Zuri;

“**CPC Options**” means stock options to acquire Zuri Shares pursuant to the CPC Option Plan;

“**CPC Outstanding Options**” means the 400,000 outstanding CPC Options which were granted to the officers and directors of Zuri with an exercise price of \$0.10 per Zuri Share, exercisable until March 19, 2017 and the CPC IPO Agent’s Options, such options representing all of the issued and outstanding CPC Options as at the date hereof;

“**CPC Policy**” means Policy 2.4 Capital Pool Companies of the Exchange’s corporate finance manual;

“**Definitive Agreement**” means the definitive amalgamation agreement among Zuri, Zuri Subco and Phoenix to replace the Letter Agreement between Zuri and Phoenix which sets out the terms and conditions for the Proposed Qualifying Transaction;

“**Eldorado Option**” means the option to acquire a 50% right, title and interest to the Eldorado Property pursuant to an agreement dated April 12, 2012 between Timothy D. Scott as the optionor and AGEI as the optionee;

“**Eldorado Property**” means the one patented lode mining claim (20 acres) named Eldorado situated in Battle Mountain Lander County, Nevada in North East ¼ Section 29, T. 31 N., R. 43 E., MDM together with all ores, minerals, surface and mineral rights, and the right to explore for, mine, and remove the same, and all water rights and improvements, easements, licenses, rights-of-way and other interests appurtenant thereto;

“**Engagement Letter**” means the engagement letter among Phoenix, Zuri and the Agent dated September 5, 2013 pursuant to which Phoenix retained the Agent to act as agent for the Private Placement;

“**Escrow Agreement**” means the escrow agreement among the Transfer Agent, the Resulting Issuer, principals of the Resulting Issuer and certain security holders of the Resulting Issuer entered into upon Closing pursuant to the policies of the Exchange as a Value Securities Escrow Agreement (see “Part IV – Information Concerning the Resulting Issuer –Escrowed Securities”);

“**Escrow Share Purchase**” means the sale and purchase of 2,000,000 Zuri Shares at a price of \$0.07 per share for the aggregate purchase price of \$140,000 pursuant to the Escrow Share Purchase Agreement;

“**Escrow Share Purchase Agreement**” means the share purchase agreement among Mike Gillis, Iqbal Boga, Steve Smith, Zachery Dingsdale, Mark Fekete and Kenneth Macleod as vendors and Glenn Laing and Sean Choi as purchasers, regarding the Escrow Share Purchase;

“**Exchange**” means the TSX Venture Exchange Inc.;

“**Filing Statement**” means this filing statement of Zuri dated November 29, 2013, together with the schedules hereto and including the summary hereof;

“**Filippini/Keenan Property**” means the five patented lode mining claims named Friendly Toad No. 1, Friendly Toad No. 3, Borealis No. 1, Borealis No.2 and Aurora No. 1 situated in Lander County, Nevada in section 21, T.31 N., R. 43 E., MDM together with all ores, minerals, surface and mineral rights, and the right to explore for, mine, and remove the same, and all water rights and improvements, easements, licenses, rights-of-way and other interests appurtenant thereto described in the Property Acquisition Agreement;

“**Filippini/Keenan ROFR**” means the right of first refusal for the acquisition of any right or interest in the Filippini/Keenan Property that AGEI and William Matlack or their respective Associates, Affiliates, representatives or agents acquire from the owners of the Filippini/Keenan Property;

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation that evidences the final Exchange acceptance of the Qualifying Transaction;

“**GAAP**” means Generally Accepted Accounting Principles in Canada;

“**IFRS**” means International Financial Reporting Standards;

“**Insider**” as used in relation to an Issuer, means

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a Company that is an Insider or subsidiary of the Issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
- (d) the Issuer itself if it holds any of its own securities;

“**Initial Public Offering**” or “**IPO**” means a transaction that involves an Issuer issuing securities from its treasury pursuant to its final Prospectus;

“**IPO Agency Agreement**” means the agency agreement dated December 19, 2011 between Zuri and the CPC Agent, in connection with the CPC IPO;

“**Issuer**” means a company and its subsidiaries which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant company seeking a listing of its securities on the Exchange;

“**Kroy Holdings**” means Kroy Holdings Limited, a British Virgin Islands company wholly owned by Kings Trust whose sole beneficiary is Glenn Laing;

“**Letter Agreement**” means the letter agreement dated effective July 29, 2013, as amended October 8, 2013 and November 14, 2013, which was entered into between Zuri and Phoenix relating to Zuri’s acquisition of Phoenix;

“**Name Change**” means the Resulting Issuer’s change of name from Zuri to “Phoenix Gold Resources Corp.” or such other name as may be approved by the board of directors of the Resulting Issuer and applicable regulatory authorities;

“**Non-Arm’s Length Party**” means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any such Persons and in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

“**Non-Arm’s Length Qualifying Transaction**” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;



“**Original Investors**” means William Matlack, AGEI, Kroy Holdings and Resource Hunter;

“**Person**” means a Company or individual;

“**Phoenix**” means Phoenix Gold Resources Ltd.;

“**Phoenix Shareholders**” means holders of Phoenix Shares;

“**Phoenix Shares**” or “**Phoenix Common Shares**” means the common shares in the capital of Phoenix;

“**Phoenix Subco**” means Phoenix Gold Resources (USA) Inc., a Nevada corporation incorporated under the laws of Nevada and a wholly-owned subsidiary of Phoenix;

“**Phoenix Units**” means the units of Phoenix being sold pursuant to the Private Placement, comprised of one Phoenix Share and half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one Phoenix Share for \$0.20 per Phoenix Share for a period of 24 months from issuance;

“**Plumas Interest**” means AGEI’s 50% right, title and interest to the Plumas Property, subject to the Plumas NSR, but otherwise free and clear of all other liens, charges and encumbrances;

“**Plumas Lease**” means the lease agreement among Phoenix, AGEI and William Matlack pursuant to which AGEI as the owner of the legal title and William Matlack, as the beneficial owner, have granted Phoenix a 20 year renewable lease on the 50% right, title and interest to the Plumas Property, beneficially owned by William Matlack;

“**Plumas NSR**” means the 5% net smelter return royalty on the Plumas Property in favour of Goodwin Plumas Mines Inc., which can be reduced to a 2% net smelter return royalty for payment of \$1,500,000, as described in Schedule C of the Property Acquisition Agreement;

“**Plumas Option**” means the option to acquire the Plumas Interest;

“**Plumas Property**” means the two patented lode mining claims with extralateral rights (40 acres) and one patented milesite claim (8.5 acres), named Plumas, Godwin and Plumas Millsite situated in Battle Mountain, Lander County, Nevada in section 15 and 22, T. 31 N., R. 43 E., MDM together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the revision and reversions, remainder and remainders, rents issues and profits thereof, together with all mineral and all veins and lodes of mineral-bearing rock therein and all dips, spurs and angles thereof described in the Property Acquisition Agreement;

“**Principals**” means:

- (a) a Person who acted as a promoter of the Issuer within two (2) years before the IPO prospectus or Final Exchange Bulletin confirming final acceptance of a transaction;
- (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the IPO prospectus or the Final Exchange Bulletin;
- (c) a 20% holder – a Person who holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions;
- (d) a 10% holder – a person that:
  - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s IPO or immediately after the Final Exchange Bulletin for non IPO transactions; and
  - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A company, more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include the securities of an entity that may be issued to the Principals under outstanding convertible securities in both the Principals' securities of the entity and the total securities of the entity outstanding.) Any securities of the Issuer that this entity holds will be subject to escrow requirements.

A Principal's spouse and their relatives that live at the same address as the Principal are treated as Principals and any securities of the Issuer they hold are subject to escrow requirements;

**"Private Placement"** means the brokered private placement of up to 20,000,000 Phoenix Units at \$0.10 per Phoenix Unit to raise gross proceeds of up to \$2,000,000;

**"Properties"** means the Plumas Property, the Eldorado Property and the Filippini/Keenan Property located in Nevada;

**"Property Acquisition Agreement"** means the property acquisition agreement among Phoenix, Americas Gold Exploration Inc. and William Matlack dated July 9, 2013, as amended November 13, 2013;

**"Property Rights"** means the Plumas Interest, the Plumas Lease, the Eldorado Option and the Filippini/Keenan ROFR acquired by Phoenix and Phoenix Subco pursuant to the Property Acquisition Agreement;

**"Proposed Qualifying Transaction"** means the acquisition of all of Phoenix Shares by Zuri by means of a three-cornered amalgamation of Zuri, Phoenix and Zuri Subco pursuant to the Definitive Agreement, as described in this Filing Statement and submitted to the Exchange for acceptance as Zuri's Qualifying Transaction;

**"Qualifying Transaction"** means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means;

**"Related Parties"** or individually, a **"Related Party"** means promoters, officers, directors and other Insiders of a company, and Associates or Affiliates thereof;

**"Related Party Transaction"** has the meaning ascribed to that term Exchange Policy 5.9, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm's Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction;

**"Resource Hunter"** means Resource Hunter Capital Partners, a private company wholly owned by Glenn Laing;

**"Resulting Issuer"** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin, being Zuri Capital Corp. (which shall be renamed "Phoenix Gold Resources Corp.", or such other name designated by the board of directors of Phoenix and the applicable regulatory authorities);

**"Resulting Issuer Shares"** means the common shares in the capital of the Resulting Issuer;

**"Resulting Issuer Stock Options"** means the stock options to acquire Resulting Issuer Shares;

**"Resulting Issuer Warrants"** means the common share purchase warrants of the Resulting Issuer;

**"Share Option Plan"** means the share option plan established by Zuri and confirmed at the Zuri Shareholders meeting of July 2, 2013, which authorizes Zuri to issue its directors, officers, consultants and employees stock options to a maximum number of common shares equal to 10% of the issued and outstanding Zuri Shares, exercisable for a period of up to ten (10) years from the date of grant;

**"Significant Assets"** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by a CPC, together with any other concurrent transactions, would result in the CPC meeting the minimum listing requirements of the Exchange;

**"Target Company"** means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction, being Phoenix, a private company incorporated on March 11, 2013;

“**Technical Report**” means the technical report with respect to the Properties prepared in accordance with NI 43-101 by Allen J. Maynard, BAppSc (Geol), MAIG, MAusIMM entitled “NI 43-101 Technical Report on the Phoenix Gold Project Located in Lander County Battle Mountain Mining District, Nevada USA” and dated effective November 25, 2013 for Zuri;

“**Transaction**” means the transactions, including the Private Placement, Proposed Qualifying Transaction and Name Change as described in this Filing Statement;

“**Transfer Agent**” or “**Escrow Agent**” or “**Trustee**” means Computershare Investor Services Inc., Vancouver office, 510 Burrard Street, Vancouver, British Columbia V6C 3B9;

“**Zuri**” means Zuri Capital Corp., a corporation incorporated under the BCBCA on May 2, 2011;

“**Zuri Shares**” means the common shares in the capital of Zuri;

“**Zuri Shareholders**” means holders of Zuri Shares; and

“**Zuri Subco**” means 0982887 B.C. Ltd., a British Columbia corporation incorporated under the BCBCA and a wholly-owned subsidiary of Zuri.

## SUMMARY OF FILING STATEMENT

*The following is a summary of information relating to Zuri, Phoenix, the Resulting Issuer (assuming Completion of the Qualifying Transaction) and the Transaction and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms used in this summary will have the meaning provided in the Glossary or elsewhere in this Filing Statement.*

### **General**

*Zuri Capital Corp. and 0982887 B.C. Ltd.*

Zuri was incorporated under the BCBCA on May 2, 2011. Zuri is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario. On March 19, 2012, Zuri completed its IPO for 2,000,000 Zuri Shares at \$0.10 per Zuri Share and commenced trading on the Exchange as a CPC on March 20, 2012 under the symbol ZUR.P.

Zuri Subco is a wholly owned subsidiary of Zuri and was incorporated under the BCBCA on October 11, 2013 for the purposes of completing the Qualifying Transaction. Zuri Subco is a privately held company.

### *Phoenix*

Phoenix is a privately held company incorporated under the BCBCA on March 11, 2013.

Pursuant to the Property Acquisition Agreement and the Plumas Lease, Phoenix acquired the Property Rights, which are comprised of the Plumas Interest, the Plumas Lease, the Eldorado Option and the Filippini/Keenan ROFR. For more information on the Property Rights, please see “Part III – Information Concerning Phoenix Gold Resources Ltd. – General Development of the Business - Significant Acquisitions and Dispositions - Property Rights”.

### *Properties*

As a result of the Amalgamation, Amalco will become a wholly-owned subsidiary of Zuri, which will have indirectly acquired the Property Rights. For more information about the Properties, see “Schedule D - Technical Report on the Properties”. Upon completion of the Qualifying Transaction, Phoenix will become a wholly-owned subsidiary of the Resulting Issuer and the Resulting Issuer will carry on the business of Phoenix, and will change its name to “Phoenix Gold Resources Corp.” or such other name as determined by the directors of Zuri and approved by the Exchange and applicable regulatory authorities.

### **Transaction**

The Transaction involves three stages which will result in the Resulting Issuer owning the Property Rights. The stages are as set out below:

1. Phoenix will complete the Private Placement;
2. Zuri Subco and Phoenix will complete the Amalgamation, forming Amalco as the wholly-owned subsidiary of the Resulting Issuer with Amalco owning a 100% interest in Phoenix, and the Resulting Issuer indirectly owning the Property Rights; and
3. The Resulting Issuer will complete the Name Change.

#### ***1. Private Placement***

Phoenix has arranged the Private Placement of up to 20,000,000 Phoenix Units at a price of \$0.10 per Phoenix Unit to raise total proceeds of up to \$2,000,000. Phoenix has engaged the Agent to act as its agent in connection with the Private Placement. Phoenix has agreed to pay the Agent’s Commission being a cash commission equal to 8% of the gross proceeds raised in the Private Placement and the Agent’s reasonable expenses and has paid the Agent a retainer of \$15,000 to be applied toward such expenses.

In addition, the Agent will also receive the Agent's Options entitling it to purchase up to 1,600,000 Phoenix Units, which is equal to 8% of the total number of Phoenix Units to be sold in the Private Placement, exercisable at a price of \$0.10 per Phoenix Unit for a period of twenty-four (24) months from the closing of the Private Placement.

Completion of the Private Placement is subject to receipt of all regulatory and Exchange approvals of both the Private Placement and the Amalgamation and fulfillment of other conditions of closing of the Transaction. Closing of the Private Placement will occur immediately before closing of the Amalgamation.

The proceeds raised from the Private Placement will be used to pay for the costs associated with the Qualifying Transaction, the Agent's Commission, the initial payment on the Plumas Lease, the Eldorado Option Payment, the Acquisition Payments, the work program on the Properties and to provide general working capital.

## ***2. Amalgamation***

### **Letter Agreement**

The Letter Agreement between Zuri and Phoenix sets out the terms and conditions of the Amalgamation and will be replaced and superceded by the Definitive Agreement.

Phoenix will amalgamate with Zuri Subco pursuant to a three-cornered amalgamation under the BCBCA wherein Amalco will become a wholly-owned subsidiary of Zuri and the former shareholders of Phoenix will become shareholders of Zuri, which thereby becomes the Resulting Issuer. Pursuant to the Amalgamation, the Original Investors will receive 15,750,000 common shares, and all of the remaining issued and outstanding Phoenix Shares, will be converted into like issued and outstanding Resulting Issuer Shares on a one-for-one basis on the closing date of the Amalgamation.

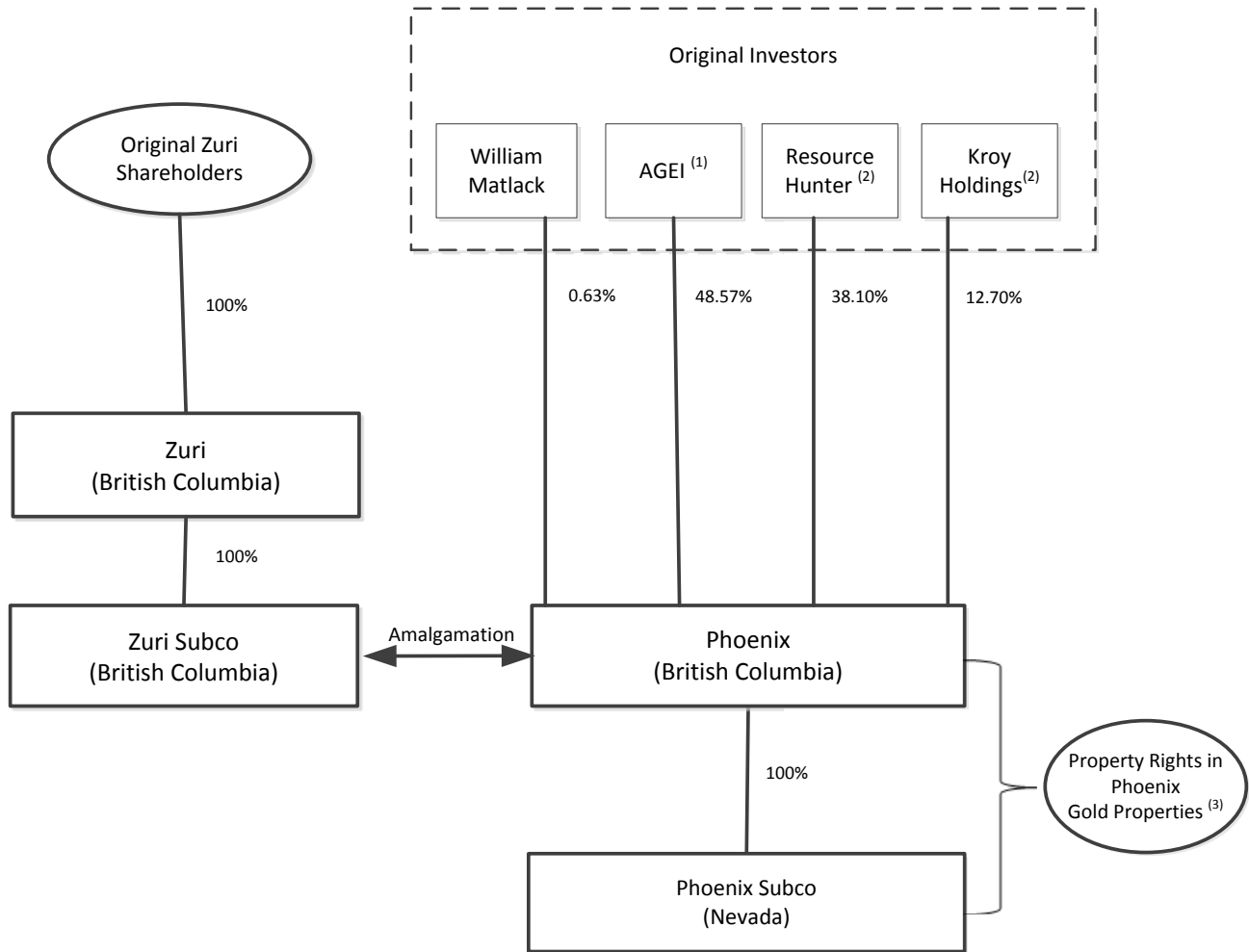
It is expected that the Amalgamation and all other transactions contemplated in the Letter Agreement will be completed by the Closing Date.

The Definitive Agreement will contain such representations, warranties and covenants as are customary for transactions of the nature and magnitude of the Amalgamation. The Definitive Agreement also contains a number of conditions precedent in favour of each of the parties. For detailed information regarding the Definitive Agreement, please see "Part II – Information Concerning Zuri – Amalgamation".

## ***3. Name Change***

Immediately after the Amalgamation, the Resulting Issuer will complete the Name Change to "**Phoenix Gold Resources Corp.**" or such other name as determined by Zuri's directors, the Exchange and the applicable regulatory authorities.

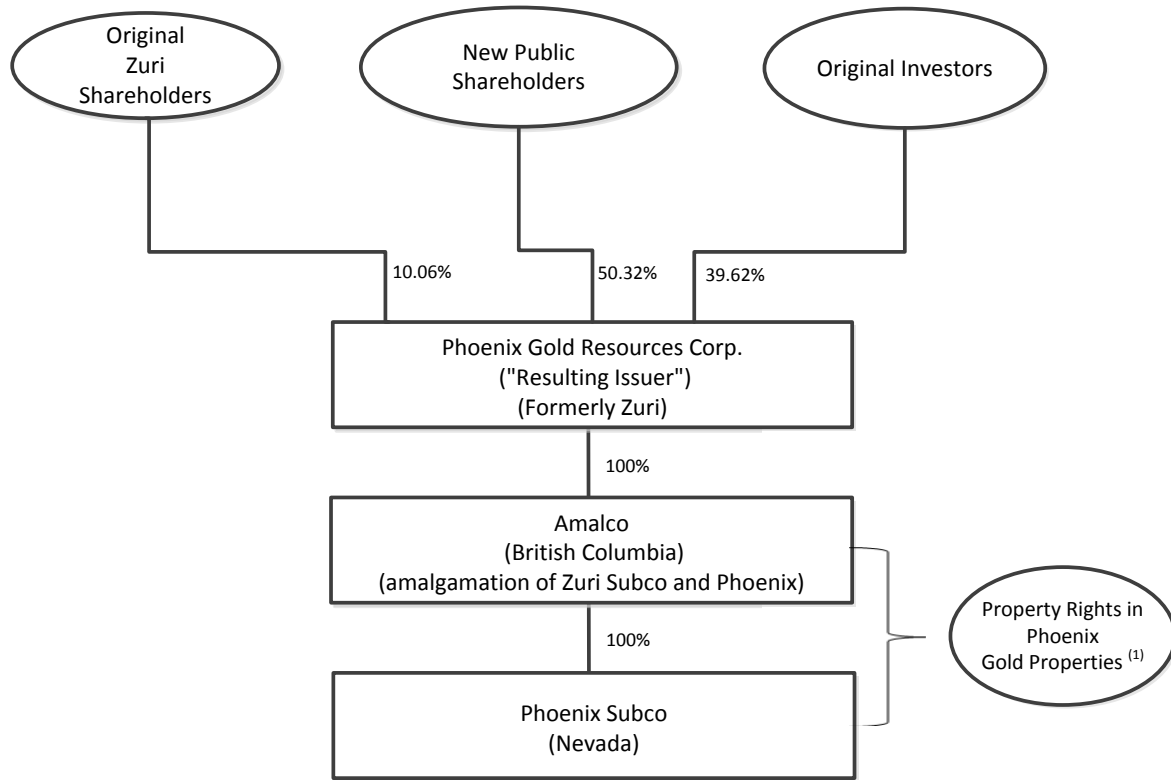
The pre-Amalgamation corporate structure is as follows:



Notes:

- (1) This company is owned and controlled by Don McDowell.
- (2) This company is owned and controlled by Glenn Laing.
- (3) Please see "Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisition and Dispositions – Property Rights" for more information.

On completion of the Qualifying Transaction, the corporate structure will be as follows:



Note:

(1) Please see "Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisition and Dispositions – Property Rights" for more information.

### **The Resulting Issuer's Board and Management Following Completion of the Amalgamation**

#### ***Directors***

It is anticipated that the directors of the Resulting Issuer will be:

Glenn Laing  
William Matlack  
Paul Jones  
Andrew Lee

#### ***Officers***

It is anticipated that the officers of the Resulting Issuer will be:

Glenn Laing – President and CEO  
Sean Choi – CFO and Corporate Secretary

#### **Arm's Length Transaction**

The Transaction is not a Non-Arm's Length Qualifying Transaction.

### Interests of Insiders, Promoters or Control Person

Zuri's directors and officers currently hold 2,000,000 Zuri Shares as follows: Mike Gillis (200,000 Zuri Shares), Iqbal Boga (360,000 Zuri Shares), Steve Smith (360,000 Zuri Shares), Zachery Dingsdale (360,000 Zuri Shares), Mark Fekete (360,000 Zuri Shares) and Kenneth MacLeod (360,000 Zuri Shares), all of which were issued at a price of \$0.05 per Zuri Share before the CPC IPO. In accordance with the CPC Policy, all Zuri Shares purchased by Zuri's directors and officers before the CPC IPO are subject to the CPC Escrow Agreement. Prior to the Completion of the Qualifying Transaction, Zuri's directors and officers will sell all of their 2,000,000 Zuri Shares to Glenn Laing (1,428,571 Zuri Shares) and Sean Choi (571,429), at a price of \$0.07 per Zuri Share, for an aggregate purchase price of \$140,000, pursuant to the Escrow Share Purchase Agreement.

On Completion of the Qualifying Transaction, the Zuri Shares, which will be shares of the Resulting Issuer, will continue to be held in escrow pursuant to the terms of the CPC Escrow Agreement.

See "Part IV – Information Concerning the Resulting Issuer – Escrowed Securities" for details of the CPC Escrow Agreement and release of escrowed securities.

### Availability of Funds and Principal Purposes

#### Available Funds

Amalco will use the available funds from the Transaction towards the working capital of Phoenix.

As of October 31, 2013, the combined working capital of Zuri and Phoenix is approximately (\$78,838). The following table sets forth the estimated total funds available to the Resulting Issuer after giving effect to the Transaction and the Private Placement:

Source of Funds	Amount (\$)
Zuri working capital estimated as at October 31, 2013	88,101 <sup>(1)</sup>
Phoenix working capital as at October 31, 2013	(166,939) <sup>(2)</sup>
Net Private Placement Funds	1,840,000 <sup>(3)</sup>
<b>Total available funds</b>	<b>1,761,162</b>

Notes:

- (1) The estimated working capital of Zuri as of October 31, 2013 is estimated at \$129,141 as at July 31, 2013 less \$41,040 in expenses incurred since then.
- (2) The estimated working capital of Phoenix as at October 31, 2013 is estimated at (\$151,924) as at August 31, 2013 less \$15,015 in expenses incurred since then.
- (3) Net proceeds of the Private Placement will be \$2,000,000 less 8% cash commissions of \$160,000 paid to the Agent under the Private Placement.

#### Principal Purposes

The Resulting Issuer will use the funds available to it upon the completion of the Qualifying Transaction to further its business objectives. Specifically, the Resulting Issuer will use the funds available to it upon the completion of the Amalgamation over the next twelve (12) months as follows:

Use of Proceeds	Amount (\$)
Estimated Transaction Costs	120,000 <sup>(1)</sup>
General Budget for Exploration Work Program on the Properties	521,450 <sup>(2)</sup>
Plumas Lease (initial payment)	36,502 <sup>(3)</sup>
Eldorado Option Payment	96,990 <sup>(4)</sup>
Acquisition Payments	46,931 <sup>(5)</sup>
General and administrative costs	240,000



Unallocated working capital	100,000
Additional working capital	599,289
<b>Total</b>	<b>1,761,162</b>

Notes:

- (1) Includes estimated legal, accounting and professional fees in connection with the Transaction. Transaction costs of \$15,015 were incurred as of October 31, 2013 and are already reflected in the working capital calculation of Phoenix in “Available Funds” above. The further Transaction Costs of \$120,000 that will be incurred is estimated to include the Exchange listing fees of approximately \$26,120 and legal fees and other expenses of \$93,880.
- (2) See “Schedule D – Technical Report on the Properties – Recommendations” for a breakdown of the general budget. The total recommended work program is estimated to cost US\$500,000 and for the purposes above, the conversion rate is assumed to be equal to \$1.0429 C\$/US\$ based on the Bank of Canada noon buying rate on October 31, 2013.
- (3) The required initial Plumas Lease payment is US\$35,000. The Canadian dollar equivalent is based on a conversion rate of \$1.0429 C\$/US\$, which is the Bank of Canada noon buying rate on October 31, 2013.
- (4) The total aggregate required Eldorado Option Payment is US\$105,000, of which US\$12,000 has already been paid. The Canadian dollar equivalent is based on a conversion rate of \$1.0429 C\$/US\$, which is the Bank of Canada noon buying rate on October 31, 2013.
- (5) The Acquisition Payments required pursuant to the Property Acquisition Agreement amount to US\$45,000. The Canadian dollar equivalent is based on a conversion rate of \$1.0429 C\$/US\$, which is the Bank of Canada noon buying rate on October 31, 2013.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

See “Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes.”

### Selected Pro Forma Financial Information

The following table sets out certain financial information for each of Zuri and Phoenix as at July 31, 2013, as well as unaudited pro forma financial information for the Resulting Issuer, after giving effect to the Amalgamation. The following information should be read in conjunction with the unaudited pro forma balance sheet of the Resulting Issuer. See “Schedule C – Pro Forma Financial Statements of the Resulting Issuer”.

	<b>Zuri as at July 31, 2013</b>	<b>Phoenix as at August 31, 2013</b>	<b>Pro-forma adjustments</b>	<b>Pro Forma Resulting Issuer</b>
Cash and Cash Equivalents	\$153,328	\$Nil	\$1,539,577	\$1,692,905
Other Receivables	\$3,265	\$5,979	-	\$9,244
Advances to related parties	-	-	-	-
Mineral Rights	-	\$60,000	\$180,423	\$240,423
<b>Total Assets</b>	<b>\$156,593</b>	<b>\$65,979</b>	<b>\$1,720,000</b>	<b>\$1,942,572</b>
Accounts payable and accrued liabilities	\$27,452	\$157,903	-	\$185,355
<b>Total Liabilities</b>	<b>\$27,452</b>	<b>\$157,903</b>	<b>-</b>	<b>\$185,355</b>
Share Capital	186,593	\$60,016	\$1,489,127	\$1,735,736
Share-based Payment Reserve	\$38,120	-	\$88,480	\$126,600
Warrant Reserve	\$19,060	-	\$453,440	\$472,500
Accumulated Deficit	(\$114,632)	(\$151,940)	(\$311,047)	(\$577,619)
<b>Total Equity</b>	<b>\$129,141</b>	<b>(\$91,924)</b>	<b>\$1,720,000</b>	<b>\$1,757,217</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$156,593</b>	<b>\$65,979</b>	<b>\$1,720,000</b>	<b>\$1,942,572</b>

### Stock Exchange Listing and Market Price of Zuri’s Shares

The Resulting Issuer’s Shares will continue to be listed on the Exchange and will trade under the new trading symbol “PXA”. The market price for the Zuri Shares on the date of the announcement of the Amalgamation was \$0.05 per share. As of the date of this Filing Statement, the last trading price of price Zuri Shares was \$0.05 per share.

Phoenix is a private company and its shares are not listed on the Exchange.

### Conflicts of Interest

Zuri is not aware of any conflicts of interest in connection with the Transaction.

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer in connection with the Amalgamation are also directors, officers or promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Zuri, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon the completion of the Amalgamation, as at the date of this Filing Statement. See “Part IV – Information Concerning the Resulting Issuer – Directors and Officers of the Resulting Issuer – Other Reporting Issuer Experience”.

### **Interest of Experts**

The following is a list of all experts responsible for reports referred to in this Filing Statement:

- DeVisser Gray, LLP, Chartered Accountants, as auditors of Zuri; and
- SF Partnership LLP, Chartered Accountants, as the auditors for Phoenix; and
- Al Maynard and Associates Pty. Ltd., as the authors of the Technical Report.

Zuri’s auditors are DeVisser Gray, LLP, Chartered Accountants, who have prepared an independent auditor’s report dated December 10, 2012 in respect of Zuri’s annual audited financial statements as at October 31, 2012 and 2011. DeVisser Gray, LLP has advised that they are independent with respect to Zuri within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Phoenix’s auditors are SF Partnership, LLP, Chartered Accountants, who have prepared an independent auditor’s report dated November 5, 2013 in respect of Phoenix’s audited financial statements as at August 31, 2013. SF Partnership, LLP, Chartered Accountants, has advised that they are independent with respect to Phoenix within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds more than 1% beneficial interest, direct or indirect, in any property of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an Associate or Affiliate of the Resulting Issuer.

See “Part V - General Matters—Experts.”

### **Relationships**

Phoenix has engaged the Agent to act as its agent in connection with the Private Placement. See “Information Concerning Phoenix – General Development of the Business – The Private Placement” and “General Matters – Relationship”.

### **Summary of Risk Factors**

The principal business of the Resulting Issuer upon completion of the Amalgamation will be the business of Phoenix. Due to the nature of Phoenix’s business, the present stage of development of its business, the Resulting Issuer will be subject to significant risks. The Resulting Issuer’s future development and operating results may be very different from those expected as at the date of this Filing Statement. Risk factors include, but are not limited to, the following:

- **The Completion of the Qualifying Transaction is subject to Exchange approval and the Exchange has not yet conditionally approved the Transaction. There can be no assurance that all of the necessary approvals will be obtained.** If the Transaction does not complete, Zuri will continue to search for other opportunities, however, it will have incurred significant costs associated with the Transaction and will likely need to transfer its listing to the NEX Board of the TSX Venture Exchange for failure to complete its qualifying transaction within the required time period.

- Completion of future programs may require additional financing which, if available, will dilute the interests of existing shareholders.
- Zuri and Phoenix have a limited operating history. There is no assurance that the Resulting Issuer will ever be profitable.
- The price of gold and other minerals has experienced significant and volatile price fluctuations over short periods of time which are affected by numerous factors beyond the control of the Resulting Issuer.
- The mineral exploration and mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market would exist for their sale.
- Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits.
- Mineral exploration and mining activities are also subject to environmental risks.
- Certain directors and officers of the Resulting Issuer are also directors and officers of other natural resource companies. Conflicts may arise between the obligations of such directors and officers to the Resulting Issuer and to the other natural resource companies.
- Management of the Resulting Issuer will rely on a few key officers, the loss of any of whom can have a detrimental effect on the Resulting Issuer's operations.
- Much of the expenses of the Resulting Issuer will be incurred in foreign currencies such as the US dollar and the Resulting Issuer will report its financial results in Canadian dollars. Accordingly, the Resulting Issuer will be exposed to the risk of foreign exchange rates.

For a detailed description of these and other risk factors see "Part I – Risk Factors".

#### **Currencies**

All dollar figures (\$) in this Filing Statement refer to Canadian dollars, unless otherwise indicated.

## PART I – RISK FACTORS

An investment in the Resulting Issuer Shares should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of development. In evaluating the Resulting Issuer and its prospective business, investors should carefully consider, in addition to other information contained in this Filing Statement, the following risk factors. It is possible that other risks and uncertainties that affect the Resulting Issuer's business will arise or become material.

### Transaction Related Risk Factors

#### ***Transaction Not Approved***

**The Completion of the Qualifying Transaction is subject to Exchange approval and the Exchange has not yet conditionally approved the Transaction. There can be no assurance that all of the necessary approvals will be obtained.** If the Transaction does not complete, Zuri will continue to search for other opportunities, however, it will have incurred significant costs associated with the Transaction and will likely need to transfer its listing to the NEX Board of the TSX Venture Exchange for failure to complete its qualifying transaction within the required time period.

#### ***Financing Risks***

The Resulting Issuer is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

#### ***Markets for Securities***

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established and sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Resulting Issuer's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

#### ***Reliance on Key Individuals***

The Resulting Issuer's success depends to a certain degree upon certain key members of management. It is expected that these individuals will be a significant factor in the Resulting Issuer's growth and success. The loss of the service of members of management and certain key employees could have a material adverse effect on the Resulting Issuer. Unavailability of these key individuals and the inability of the Resulting Issuer to expand its management team member for any reason would affect the ability of the Resulting Issuer to implement its business plans in the short-term.

#### ***Lack of Operating History***

The Resulting Issuer is an early stage company. There can be no assurance that the Resulting Issuer will be able to implement its business plans relating to operations of the Properties in the timeframes estimated by management.

#### ***Environmental Risks and Hazards***

The Resulting Issuer's operations are subject to various environmental laws which regulate matters such as health, safety, treatment of waste and land use. Failure to comply with applicable laws, regulations, and licensing requirements may result in enforcement actions. Penalties could include suspension or revocation of necessary licenses or permits, civil liability, or the imposition of fines. The cost of compliance, remediation, or liability could materially adversely affect future operating results. Furthermore, the operational or financial impact of new or amended laws or regulations cannot be predicted and could have a material adverse impact on the Resulting Issuer's financial condition and operating results.

### ***Title to Mineral Properties***

Although the Resulting Issuer has conducted title reviews of the Properties, title review does not preclude third parties from challenging the Resulting Issuer's title or related property rights. While the Resulting Issuer believes that it has satisfactory title to the Properties, some titles may be defective or subject to challenge.

### ***Management located outside of Canada***

As certain members of management of the Resulting Issuer reside outside of Canada and the Resulting Issuer has identified a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

### ***Uninsurable Risks***

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer.

### ***Permits and Licenses***

The operations of the Resulting Issuer may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at its projects will be granted.

### ***Competition***

The mineral exploration and mining business is competitive in all of its phases. The Resulting Issuer will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Resulting Issuer, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Resulting Issuer's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Resulting Issuer will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

### ***Exploration, Development and Operations***

Exploration and development of mineral deposits involves a high degree of risk which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing properties. Although the mineral resource figures set out herein have been carefully prepared and reviewed or verified by an independent qualified person, these amounts are estimates only and no assurance can be given that an identified mineral resource will ever become a mineral reserve or in any way qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: deposit size, grade, unusual or unexpected geological formations and metallurgy; proximity to infrastructure; metal prices which are highly cyclical; environmental factors; unforeseen technical difficulties; work interruptions; and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted.

The long term profitability of the Resulting Issuer's operations will be in part directly related to the cost and success of its exploration and mine development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

### ***Fluctuating Price and Currency***

The Resulting Issuer's revenues, if any, are expected to be in large part derived from the mining and sale of gold and other mineral resources. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by

numerous factors beyond the Resulting Issuer's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of mineral resources and therefore the economic viability of any of the Resulting Issuer's exploration projects cannot be accurately predicted.

The Resulting Issuer raises its equity primarily in Canadian dollars and will conduct its principal business and operational activities in and proposes to maintain certain accounts in U.S. dollars. The Resulting Issuer's operations in Phoenix make it subject to foreign currency fluctuation and such fluctuations may adversely affect the Resulting Issuer's financial position and operating results.

### ***Early Stage of Development***

An investment in the Resulting Issuer is subject to certain risks related to the nature of the Resulting Issuer's business and the early stage of development of the Resulting Issuer's business. There are numerous factors which may affect the success of the Resulting Issuer's business which are beyond the Resulting Issuer's control including local, national and international economic and political conditions. The Resulting Issuer's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome.

### ***Global Financial and Economic Conditions***

Current global financial and economic conditions, while improving, remain volatile. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Such factors may impact the Resulting Issuer's ability to obtain financing in the future on favourable terms or obtain any financing at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Resulting Issuer's operations and financial condition could be adversely impacted.

### ***Liquidity Risk***

The Resulting Issuer might incur debt in order to fund its exploration and operational programs, which would reduce its financial flexibility and could have a material adverse effect on the Resulting Issuer's business, financial condition or results of operation.

The Resulting Issuer's ability to meet any debt obligations and reduce its level of indebtedness depends on future performance. General economic conditions, gold prices and financial, business and other factors affect the Resulting Issuer's operations and future performance. Many of these factors are beyond the Resulting Issuer's control. The Resulting Issuer cannot assure investors that it will be able to generate sufficient cash flow to pay the interest on its debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt. Factors that will affect its ability to raise cash through an offering of securities or a refinancing of its debt include financial market conditions, the value of its assets and performance at the time the Resulting Issuer needs capital.

The Resulting Issuer cannot assure investors that it will have sufficient funds to make such payments. If the Resulting Issuer does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it might have to sell significant assets. Any such sale could have a material adverse effect on the Resulting Issuer's business, operations and financial results.

Failure to obtain additional financing, if required, on a timely basis, could cause the Resulting Issuer to reduce or delay its proposed operations.

### ***Conflicts of Interest***

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer. However, in conflict of interest situations, the Resulting Issuer's directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. Circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Resulting Issuer.

***Credit Risk***

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its commercial obligations. The Resulting Issuer believes its exposure to credit risk is not significant.

***Dilution to Shareholders***

Shareholder approval may not be required for the Resulting Issuer to issue additional Resulting Issuer Shares. The business of the Resulting Issuer will require substantial additional financing which will likely involve the sale of equity capital. The Resulting Issuer can also be expected to issue additional options, warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders of the Resulting Issuer. The Resulting Issuer is not able at this time to predict the future amount of such issuances or dilution.

***Shared Ownership and Dependency on Partners***

The Resulting Issuer's operations are, to a significant degree, conducted together with one or more partners through contractual arrangements. In such instances, the Resulting Issuer may be dependent on, or affected by, the due performance of its partners. If a partner fails to perform, the Resulting Issuer may, among other things, risk losing rights or revenues or incur additional obligations or costs in order to itself perform in place of its partners. The Resulting Issuer and its partners may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under a certain agreement. If a dispute were to arise with one or more partners relating to a project, such dispute may have significant negative effects on the Resulting Issuer's operations relating to such project.

***Financial Statements Prepared on a Going Concern Basis***

The Resulting Issuer's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

## **PART II — INFORMATION CONCERNING ZURI CAPITAL CORP.**

### **Corporate Structure**

#### ***Name and Incorporation***

Zuri Capital Corp. was incorporated under the BCBCA on May 2, 2011. The principal business of Zuri, a CPC, has been the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Zuri has not commenced commercial operations and has no assets other than cash and a small amount of accounts receivable.

The head office of Zuri is located at Suite 1450 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2 and the registered office is located at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8. Zuri is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

Zuri Subco was incorporated on October 11, 2013 as the wholly-owned subsidiary (and only subsidiary) of Zuri under the BCBCA for the sole purposes of the Transaction to amalgamate with Phoenix.

#### ***History***

Pursuant to the filing of Zuri's prospectus on December 19, 2011, Zuri became a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario. Zuri completed its CPC IPO for 2,000,000 Zuri Shares at \$0.10 and commenced trading on the Exchange as a CPC on March 20, 2012. In connection with the CPC IPO, Zuri issued 200,000 CPC IPO Agent's Options to the CPC Agent for its services as agent for Zuri in the CPC IPO. The Agent's Options expire on March 19, 2014. Zuri also paid the CPC Agent a cash commission equal to 10% of the gross proceeds.

On July 29, 2013, Zuri entered into the Letter Agreement, which sets forth the terms and conditions of the Amalgamation. Zuri and Phoenix contemplate entering into the Definitive Agreement which will supercede the Letter Agreement.

#### ***Escrow Share Purchase***

Zuri's directors and officers currently hold 2,000,000 Zuri Shares, all of which were issued at a price of \$0.05 per Zuri Share before the CPC IPO. In accordance with the CPC Policy, all Zuri Shares purchased by Zuri's directors and officers before the CPC IPO are subject to the CPC Escrow Agreement. Prior to the Completion of the Qualifying Transaction, all 2,000,000 Zuri Shares will be sold to Glenn Laing (1,428,571 Zuri Shares) and Sean Choi (571,429), at a price of \$0.07 per Zuri Share, for an aggregate purchase price of \$140,000, pursuant to the Escrow Share Purchase Agreement.

On Completion of the Qualifying Transaction, the Zuri Shares, which will be shares of the Resulting Issuer, will continue to be held in escrow pursuant to the terms of the CPC Escrow Agreement.

#### ***Definitive Agreement***

In accordance with the terms of the Definitive Agreement, the Acquisition will be completed by way of a three-cornered amalgamation among Zuri, Zuri Subco and Phoenix pursuant to which Zuri Subco and Phoenix will complete the Amalgamation to form Amalco, and Amalco will be a wholly-owned subsidiary of Zuri, which will become the Resulting Issuer. Immediately prior to the Amalgamation, Phoenix will complete the Private Placement.

Pursuant to the terms of the Definitive Agreement, upon completion of the Amalgamation former Phoenix Shareholders, (including all individual who become Phoenix Shareholders as a result of the Private Placement) will receive, for each Phoenix Share held, one Resulting Issuer Share.

On Completion of the Qualifying Transaction:

- (a) Phoenix will amalgamate with Zuri Subco to form Amalco, which will be a wholly-owned subsidiary of the Resulting Issuer;
- (b) the Original Investors will hold an aggregate of 15,750,000 Resulting Issuer Shares representing approximately 39.62% of the issued and outstanding Resulting Issuer Shares;



- (c) the current Zuri Shareholders will hold an aggregate of approximately 4,000,000 Resulting Issuer Shares representing approximately 10.06% of the outstanding Resulting Issuer Shares; and
- (d) the Phoenix Shareholders who became shareholders pursuant to the Private Placement will hold an aggregate of 20,000,000 Resulting Issuer Shares representing 50.32% of the issued and outstanding Resulting Issuer Shares.

The CPC Outstanding Options will entitle holders thereof to acquire Resulting Issuer Shares on the terms and conditions set out in the CPC Outstanding Options.

The Completion of the Qualifying Transaction is subject to a number of conditions, including obtaining all necessary regulatory approvals, including Exchange approval of the Transaction, additional conditions precedent, including no material adverse change in the business, affairs or operations of Phoenix or Zuri and certain other conditions customary for transactions of this nature.

***Amalgamation***

Under the Amalgamation, each of the issued and outstanding securities of Phoenix will be exchanged for one Resulting Issuer Share on a one-for-one basis.

The Zuri securities issued to the Phoenix security holders will not be subject to a hold period under Canadian securities legislation and the policies of the Exchange, but all of the Zuri Securities issued to the Original Shareholders in exchange for their Phoenix Shares will be subject to escrow under the policies of the Exchange. See “Part - V – Information Concerning the Resulting Issuer – Escrowed Securities”.

**Selected Financial Information and Management’s Discussion and Analysis**

***Selected Information***

	Year ended October 31, 2012 <sup>(1)</sup> (\$)	Period from Incorporation to October 31, 2011 <sup>(1)</sup> (\$)
Total Assets	193,339	112,936
Total Liabilities	26,300	20,999
Net Loss (Basic and diluted loss per share)	0.02	0.00

Notes:

- (1) Based on financial statements prepared in accordance with IFRS.
- (2) Based on financial statements prepared in accordance with IFRS.

***Management Discussion and Analysis***

Zuri’s management’s discussion and analysis for the year ended October 31, 2012, are incorporated by reference and attached to this Filing Statement as Schedule A, and should be read in conjunction with the Zuri’s audited financial statements and notes thereto attached to this Filing Statement as Schedule A.

**Description of the Securities**

Zuri’s authorized capital consists of an unlimited number of common shares without par value. As at the date hereof, there are 4,000,000 Zuri Shares issued and outstanding.

Each Zuri Share entitles the holder to dividends as and when declared by the directors. Zuri Shares entitle holders to receive notice of and attend all Zuri Shareholder meetings and to one vote in respect of each Zuri Share held at such meetings. In the event of the liquidation, dissolution or winding-up of Zuri, the Zuri Shareholders are entitled to share rateably in the remaining assets of Zuri.

There are no pre-emptive rights, and no conversion or exchange rights attaching to the Zuri Shares, nor are there any sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or any other material restrictions, nor are there any provisions requiring an Zuri Shareholder to contribute additional capital.

## Share Option Plan

Zuri approved the adoption of a rolling share option plan in which stock options for up to 10% of the issued and outstanding common shares of Zuri can be granted at any given time (the “**Zuri Share Option Plan**”). The Zuri Share Option Plan provides Zuri with the ability to incentivize directors, officers, employees, management and others who provide services to Zuri. The Zuri Share Option Plan was approved by shareholders on July 2, 2013.

### *Eligible Optionees*

Under Exchange policies, to be eligible for the issuance of a stock option under the Zuri Share Option Plan an optionee must either be a director, officer, employee, consultant or an employee of a company providing management or other services to Zuri or a subsidiary at the time the option is granted. Options may be granted only to an individual or to a non-individual that is wholly owned by individuals eligible for an option grant. If the option is granted to a non-individual, it must provide the Exchange with an undertaking that it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect, without the consent of the Exchange.

### *Material Terms of the Plan*

The following is a brief description of the Zuri Share Option Plan:

The purpose of the CPC Option Plan is to provide Zuri with a share-related mechanism to attract, retain and motivate directors, employees and consultants, to reward such of those persons by the grant of options under the Plan by the Board from time to time for their contributions toward the long term goals of Zuri and to enable and encourage such persons to acquire Zuri shares as long term investments.

The Board shall, from time to time, in its sole discretion determine those directors, employees and consultants, if any, to whom CPC Options are to be awarded. If the Board elects to award a CPC Option to a director, the Board shall, in its sole discretion but subject to the terms of the CPC Option Plan, determine the number of Zuri Shares to be acquired on the exercise of such CPC Option. If the Board elects to award a CPC Option to an employee or consultant, the number of Zuri Shares to be acquired on the exercise of such CPC Option shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

- (a) the person’s remuneration as at the award date in relation to the total remuneration payable by Zuri to all of its employees and consultants as at the award date;
- (b) the length of time that the person has provided services to Zuri; and
- (c) the nature and quality of work performed by the person.

The board of directors of Zuri may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employee and consultants of Zuri non-transferable options to purchase common shares for a period of up to five (5) years from the date of the grant (or ten (10) years if Zuri is reclassified by the Exchange as a Tier 1 Issuer), provided that the maximum number of common shares reserved for issuance under the Zuri Share Option Plan does not exceed 10% of the common shares issued and outstanding as at the date of grant.

In addition, the aggregate number of common shares reserved for issuance to any one optionee in any twelve (12) month period shall not exceed 5% of the issued and outstanding common shares at the date of grant unless Zuri is at the time a Tier 1 issuer and has obtained disinterested shareholder approval, and the aggregate number of common shares reserved for issuance pursuant to options granted to any one consultant or employee performing investor relations activities in any twelve (12) month period may not exceed 2% of the issued and outstanding common shares at the date of the grant, without consent being obtained from the Exchange.

In the event that the optionee holds his CPC Option as a director and such optionee ceases to be a director of Zuri other than by reason of death, the expiry date of the CPC Option shall be the 90th day following the date the optionee ceases to be a director of Zuri unless the optionee continues to be engaged by Zuri as an employee or consultant, in which case the expiry date shall remain unchanged. However, if the optionee ceases to be a director of Zuri as a result of:

- (a) ceasing to meet the qualifications set forth in s.124 of the BCBCA; or

(b) a special resolution having been passed by the members of Zuri pursuant to subsection 128(3) of the BCBCA, then the expiry date shall be the date the optionee ceases to be a director of Zuri.

In the event that the optionee holds his CPC Option as an employee or consultant of Zuri (other than an employee or consultant performing investor relations activities) and such optionee ceases to be an employee or consultant of Zuri other than by reason of death, the expiry date of the CPC Option shall be the 30th day following the date the optionee ceases to be an employee or consultant of Zuri unless the optionee ceases to be such as a result of:

- (a) termination for cause; or
- (b) an order of the British Columbia Securities Commission, the Exchange, or any regulatory body having jurisdiction to so order,

in which case the expiry date shall be the date the optionee ceases to be an employee or consultant of Zuri.

Any CPC Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

As at the date of this Filing Statement, there are CPC Options outstanding that are exercisable for 400,000 Zuri Shares.

### Prior Sales

No Zuri Shares have been sold during the previous twelve (12) months from the date of this Filing Statement.

### Stock Exchange Price

The following table sets forth the trading ranges (high/low) and volumes of Zuri's Shares traded on the Exchange for the periods identified:

Period	Low	High	Volume
Quarter ending January 31, 2012 <sup>(1)</sup>	N/A	N/A	N/A
Quarter ending April 30, 2012	0.105	0.125	239,000
Quarter ending July 31, 2012	0.100	0.130	73,000
Quarter ending October 31, 2012	0.090	0.135	45,000
Quarter ending January 30, 2013	0.060	0.065	19,000
Quarter ending April 30, 2013	0.075	0.09	40,000
Quarter ending July 31, 2013 <sup>(2)</sup>	0.050	0.08	4,000
Month ending August 30, 2013 <sup>(2)</sup>	N/A	N/A	0
Month ending September 30, 2013 <sup>(2)</sup>	N/A	N/A	N/A
Month ending October 31, 2013 <sup>(2)</sup>	N/A	N/A	N/A
Month ending November 30, 2013 <sup>(3)</sup>	N/A	N/A	N/A

Notes:

- (1) Zuri Shares began trading on the Exchange on March 20, 2012.
- (2) Trading in Zuri Shares was halted on August 1, 2013.
- (3) Information provided is for the period from November 1, 2013 to the date of this Filing Statement.

### Executive Compensation

For the purposes of this section Named Executive Officers are: the CEO; CFO; each of the four most highly compensated executive officers who were serving as executive officers at the end of the most recently completed financial year and whose aggregate salary and bonus exceeded \$150,000; and any additional individuals for whom disclosure would have been provided

but for the fact that the individual was not serving as an executive officer of Zuri at the end of the most recently completed financial year. Based on the above criteria, the only Named Executive Officers (“NEOs”) for Zuri are the CEO and President, Mike Gillis, and the CFO and Corporate Secretary, Iqbal Boga, who was CFO and Corporate Secretary until July 2, 2013.

During the financial year ended October 31, 2012, 400,000 options exercisable at price of \$0.10 each expiring on March 19, 2017 were granted to various directors and officers of Zuri. No other compensation has been paid to executives of Zuri. See Summary Compensation Table below, for further detail.

Summary Compensation Table

The following table summarizes compensation paid to the Named Executive Officers during Zuri’s the year ended October 31, 2012 and the period from incorporation to October 31, 2011:

Name and Principal Position	Year ended October 31	Salary (\$)	Share-based awards (\$)	Option based awards (\$) <sup>(1)(2)</sup>	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mike Gillis President and CEO	2012	Nil	Nil	7,624	Nil	Nil	Nil	Nil	7,624
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Iqbal Boga CFO and Corporate Secretary	2012	Nil	Nil	7,624	Nil	Nil	Nil	Nil	7,624
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) These stock options were granted on March 19, 2012 and are exercisable until March 17, 2017 at an exercise price of \$0.10 per share.
- (2) The fair value of options granted was \$0.0953 per option. Zuri calculated the compensation cost by using the Black-Scholes option pricing model assuming a risk free interest rate of 2.50%, a dividend rate of 0%, an expected annual volatility of Zuri’s share price of 175% and an expected life of the options of 5 years.

Option Grants During the Financial Year Ended October 31, 2012

Zuri granted an aggregate of 400,000 stock options to its directors and officers during the financial year ended October 31, 2012. The board of directors of Zuri is currently responsible for setting the overall compensation strategy of Zuri and administering Zuri’s executive compensation program. As part of its mandate, the board approves the appointment and remuneration of Zuri’s executive officers, including the Named Executive Officers identified in the Summary Compensation Table. The board is also responsible for reviewing Zuri’s compensation policies and guidelines generally. Currently, the only director who also serves as an officer of Zuri is Mr. Gillis who is Zuri’s President and CEO. Zuri currently does not pay salary or any other remuneration to its executives other than the options outlined above.

Compensation of Directors

The directors of Zuri currently receive no remuneration other than options. The following table sets forth information in respect of all amounts of compensation provided to the directors (other than Mr. Gillis who is also an NEO) during Zuri’s financial year ended October 31, 2012.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Steve Smith	Nil	Nil	5,718	Nil	Nil	Nil	5,718
Zachery Dingsdale	Nil	Nil	5,718	Nil	Nil	Nil	5,718
Mark Fekete	Nil	Nil	5,718	Nil	Nil	Nil	5,718
Kenneth MacLeod	Nil	Nil	5,718	Nil	Nil	Nil	5,718

Notes:

- (1) These stock options were granted on March 19, 2012 and are exercisable until March 17, 2017 at an exercise price of \$0.10 per share.
- (2) The fair value of options granted was \$0.0953 per option. Zuri calculated the compensation cost by using the Black-Scholes option pricing model assuming a risk free interest rate of 2.50%, a dividend rate of 0%, an expected annual volatility of Zuri's share price of 175% and an expected life of the options of 5 years.

### Arm's Length Transaction

The proposed Transaction is not a Non-Arm's Length Qualifying Transaction.

### Legal Proceedings

There are no legal proceedings to which Zuri is or has been a party. To the knowledge of the management of Zuri, there are no such proceedings contemplated.

### Auditors

Zuri's auditors are DeVisser Gray LLP, Chartered Accountants, Suite 401-905 West Pender Street, Vancouver, BC V6C 1L6.

### Transfer Agent and Registrar

Zuri's transfer agent and registrar is Computershare Investor Services Inc., Vancouver office, 510 Burrard Street, 2<sup>nd</sup> Floor, Vancouver, British Columbia V6C 3B9.

### Material Contracts

Except for contracts entered into by Zuri in the ordinary course of business, the only material contracts entered into by Zuri since its incorporation are as follows:

1. CPC Escrow Agreement. For more information on the CPC Escrow Agreement see "Part IV – Information Concerning the Resulting Issuer –Escrowed Securities";
2. Escrow Agreement. Upon Closing, the Resulting Issuer, the Escrow Agent and certain security holders of the Resulting Issuer will enter into an Escrow Agreement in accordance with the policies of the Exchange. For more information on the Escrow Agreement see "Part IV – Information Concerning the Resulting Issuer –Escrowed Securities";
3. Definitive Agreement. For more information on the Definitive Agreement, see "Part II – Information Concerning Zuri – Amalgamation".
4. Agency Agreement. For more information on the Agency Agreement, please see "Part III – Information Concerning Phoenix – General Development of the Business – Private Placement" and "General Matters – Relationships".

Copies of these agreements will be available for inspection at the registered and records office of Zuri located at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8, at any time during ordinary business hours until Completion of the Qualifying Transaction and for a period of thirty (30) days thereafter.

### PART III — INFORMATION CONCERNING PHOENIX GOLD RESOURCES LTD.

#### Corporate Structure

##### *Name and Incorporation*

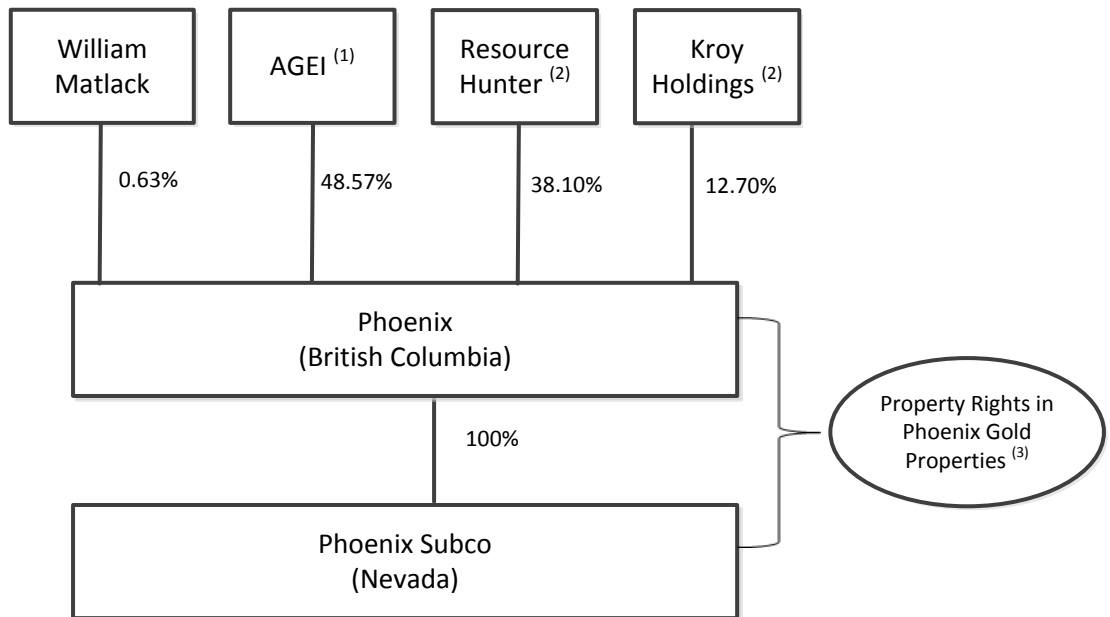
Phoenix was incorporated on March 11, 2013 under the BCBCA. On October 31, 2013, Phoenix Subco was incorporated in order to hold the Property Rights, as necessary under the law of Nevada.

Phoenix Subco was incorporated on October 31, 2013 as the wholly-owned subsidiary (and only subsidiary) of Phoenix under the laws of Nevada for the sole purposes of holding title to the Phoenix Gold Properties upon Completion of the Qualifying Transaction.

The registered and records office of Phoenix is located at Suite 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. The registered and records office of Phoenix Subco is located at 50 W. Liberty Street, Suite 750, Reno, Nevada 89501.

##### *Inter-corporate Relationships*

Phoenix and Phoenix Subco hold a 100% interest in the Property Rights and such Property Rights will be registered in the name of Phoenix or Phoenix Subco (as directed by Phoenix).



Notes:

(1) This company is owned and controlled by Don McDowell.

(2) This company is owned and controlled by Glenn Laing.

(3) Please see “Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisition and Dispositions – Property Rights” for more information.

## **General Development of the Business**

### ***History***

Phoenix is a privately held company incorporated on March 11, 2013 and its only subsidiary is Phoenix Subco.

### **Amalgamation**

As a consequence of the Amalgamation, Zuri will acquire all of the issued and outstanding securities of Phoenix in exchange for 15,750,000 Zuri Shares issued to the Original Investors (12.7% to Kroy Holdings, 38.1% to Resource Hunter, 48.6% to AGEI and 0.6% to William Matlack) together with such other common shares exchanged on a one-for-one basis for the Shares issued under the Private Placement. Immediately after the Amalgamation, the Resulting Issuer will change its name to “**Phoenix Gold Resources Corp.**” or such other name as approved by the board of directors of the Resulting Issuer, the Exchange and the applicable regulatory authorities.

The Zuri securities issued to the Phoenix security holders under the Amalgamation will not be subject to a hold period under Canadian securities legislation and the policies of the Exchange.

### **Private Placement**

Phoenix has arranged the Private Placement of up to 20,000,000 Phoenix Units at a price of \$0.10 per Phoenix Unit to raise total proceeds of up to \$2,000,000.

Pursuant to the Engagement Letter, Phoenix has engaged the Agent to act as its agent in connection with the Private Placement. Phoenix has agreed to pay the Agent’s Commission being a cash commission equal to 8% of the gross proceeds raised in the Private Placement and the Agent’s reasonable expenses and has paid the Agent a retainer of \$15,000 to be applied toward such expenses.

In addition, the Agent will also receive the Agent’s Options entitling it to purchase up to 1,600,000 Phoenix Units, which is equal to 8% of the total number of Phoenix Units to be sold in the Private Placement, exercisable at a price of \$0.10 per Phoenix Unit for a period of twenty-four (24) months from the closing of the Private Placement.

Completion of the Private Placement is subject to receipt of all regulatory and Exchange approvals, the Agent’s due diligence and the execution of a formal agency agreement. Closing of the Private Placement will occur immediately before closing of the Transaction.

The proceeds raised from the Private Placement will be used to pay for the costs associated with the Qualifying Transaction, the Agent’s Commission, the initial payment on the Plumas Lease, the Eldorado Option Payment, the Acquisition Payments, the work program on the Properties and to provide general working capital.

The Engagement Letter will be replaced and superceded by the Agency Agreement which will be entered into among the Agent, Phoenix and Zuri that will incorporate the terms of the Engagement Letter and all other terms and conditions that are customary for such agreement.

### ***Significant Acquisitions and Dispositions***

#### **Property Rights**

Pursuant to the terms of the Property Acquisition Agreement, Phoenix acquired the Property Rights as follows:

- (a) Phoenix acquired the Plumas Interest in consideration for issuing to AGEI 500,000 Phoenix Shares at a deemed price of US\$0.10 per Phoenix Share. As a result, AGEI holds registered title of the Plumas Interest beneficially in trust for Phoenix for motives of temporary convenience, which it will immediately transfer to Phoenix (or as otherwise directed by Phoenix) upon receipt of written direction from Phoenix at any time determined solely by Phoenix, as anticipated on or before closing of the Transaction.
- (b) Phoenix acquired a lease from William Matlack of his beneficial interest in 50% of the right, title and interest to the Plumas Property in consideration for issuing to William Matlack 100,000 Phoenix Shares at a price of \$0.10 per Phoenix Share and in furtherance thereof, on November 22, 2013, the Plumas Lease was entered into. In order to keep the Plumas

Lease in good standing, Phoenix must pay William Matlack US\$35,000 on the closing of the Transaction and annual payments of US \$35,000, due on each anniversary date of the initial payment for each year the Plumas Lease remains in effect. William Matlack will have the option to convert the Plumas Lease payments into a 1% net smelter return royalty (the “**Matlack Royalty**”) on the Plumas Property. Phoenix will have the right to buy back the Matlack Royalty by paying William Matlack US\$1,000,000. The Plumas Lease is assignable by Phoenix to Phoenix Subco but assignment to a third party requires the prior consent of the Lessor and payment to the Lessor of US\$10,000, and if the Plumas Lease is assigned to a third party, the annual Plumas Lease payment will increase from \$US35,000 to US\$45,000. The Plumas Lease is for a term of 20 years and may be renewed by Phoenix for an additional 20 years subject to renegotiation of the certain payments which shall be pursued in good faith.

(c) Phoenix acquired the Eldorado Option in consideration of Phoenix assuming all of the obligations of AGEI thereunder. In furtherance thereof, AGEI, Phoenix and Timothy D. Scott, the optionor of the Eldorado Option, entered into the Option Extension and Assignment Acknowledgement Agreement made October 29, 2013 pursuant to which the parties acknowledged and accepted the assignment of the Eldorado Option to Phoenix and amended the terms of the Eldorado Option to provide that if the Eldorado Option was not exercised by October 31, 2013, the Exercise Price would be increased by \$5,000 so that Phoenix will have the option to acquire Timothy D. Scott’s 50% right, title and interest to the Eldorado Property at any time on or before December 31, 2013 for a consideration of US\$105,000 (of which US\$12,000 has already been paid).

(d) The Filippini/Keenan ROFR was granted to Phoenix and Phoenix Subco. If Phoenix or Phoenix Subco exercises the Filippini/Keenan ROFR and acquires a 50% or greater right, title and interest in the Filippini/Keenan Property, Phoenix or Phoenix Subco will issue or cause to be issued to AGEI and William Matlack the number of Phoenix Shares or Resulting Issuer Shares equal to US\$50,000 with each share deemed to have a value no less than the going public price or the then applicable market price (with a deemed conversion rate of US\$1 = C\$1). Any right acquired on exercise of the Filippini/Keenan ROFR will be granted and reflected in the terms of the definitive agreement entered into in relation to the Filippini/Keenan Property.

In addition, the Property Acquisition Agreement provides that upon closing of the Transaction, Phoenix will pay a further \$10,000 to AGEI for its legal expenses and US\$35,000 to William Matlack as additional consideration. The Property Acquisition Agreement will remain binding unless the Transaction is not completed by December 31, 2013.

## Narrative Description of the Business

### General

Phoenix is in the business of developing and exploring the Properties. For more information on the Properties see “Schedule D – Technical Report on the Properties”.

## Selected Consolidated Financial Information and Management’s Discussion and Analysis

### Annual Information

	Total Revenues (\$)	Income from continuing operations (\$)	Net Loss <sup>(1)</sup> (\$)	Total Assets (\$)	Total Liabilities (\$)	Cash Dividends Declared
Period from inception on March 11, 2013 to August 31, 2013	-	-	151,940	65,979	157,903	N/A

Note:

(1) See “Schedule B – Financial Statements of Phoenix Gold Resources Ltd.” prepared in accordance with IFRS.

### Management Discussion and Analysis

#### Overview

The following management’s discussion and analysis (“**Phoenix’s MD&A**”) of the financial condition of Phoenix for the period from inception (March 11, 2013) to August 31, 2013 has been prepared by management of Phoenix as of October 31, 2013. Phoenix’s MD&A should be read in conjunction with the audited financial statements of Phoenix, which are attached hereto as Schedule B.



### *Discussion of Operations*

For the period from inception (March 11, 2013) to August 31, 2013, Phoenix incurred a net operating loss of \$151,940 or \$0.01 per share. The net loss is primarily a result of professional fees, consulting fees, management fees and office and administration fees incurred in connection with initiating the Qualifying Transaction. Phoenix had assets totalling \$65,979 of August 31, 2013. Phoenix has not paid any dividends on its shares.

The principal asset and undertaking of Phoenix are the Property Rights. The Properties are described more fully in Schedule D.

### *Liquidity and Capital Resources*

Phoenix does not currently derive any revenues and does not have sufficient working capital to carry out its work program on the Properties. As a result, Phoenix has determined to seek further capital by completing the Private Placement and the Amalgamation with Zuri and Zuri Subco. See “Available Funds” under “Summary – Availability of Funds and Principal Purposes”. For greater detail regarding Phoenix’s mineral properties, please see Schedule D.

### *Off-Balance Sheet Arrangements*

As at August 31 2013, Phoenix did not have any off-balance sheet arrangements.

### *Transactions with Related Parties*

Phoenix has no compensation arrangements with its Board of Directors. Compensation accrued to the key management is listed below:

	Period from inception (March 11, 2013) to August 31, 2013
Management fees	\$ 90,000

For the period from inception (March 11, 2013) to August 31, 2013, Phoenix accrued management fees of \$60,000 to Avonlea Ventures Inc., and \$30,000 to 2238012 Ontario Inc. As at August 31, 2013, these amounts are included in accounts payable and accrued liabilities. These transactions are in the normal course of operations and at the exchange rate agreed to by the related parties. These related parties are controlled by directors and/or officers of Phoenix.

As of August 31, 2013, Phoenix’s accounts payable and accrued liabilities included \$15,671 payable to a related company. The director and officer of Phoenix who also has control of Phoenix through indirect ownership of its common shares was a member of key management personnel of the related company.

### *Proposed Transaction*

Phoenix entered into the Letter Agreement in connection with the Transaction. For a summary of the Letter Agreement, please see “Summary – Transaction – Letter Agreement”.

### *Critical Accounting Estimates*

Phoenix’s audited consolidated financial statements are prepared in accordance with IFRS. A comprehensive discussion of Phoenix’s significant accounting policies is contained in Note 3 to the audited consolidated financial statements of Phoenix Gold Resources Ltd. for the period from inception (March 11, 2013) to August 31, 2013. Phoenix’s significant accounting policies are subject to estimates and key judgements about future events, many of which are beyond management’s control.

### *Accounting Policies*

Phoenix’s audited consolidated financial statements for the period from inception (March 11, 2013) to August 31, 2013 are prepared in accordance with IFRS. On Completion of the Qualifying Transaction, Phoenix will be a wholly-owned subsidiary of Zuri which will be the Resulting Issuer. After Closing, the financial results of Phoenix will be consolidated into the financial

statements of the Resulting Issuer. For further details, see Note 3 to the audited financial statements of Phoenix found in Schedule B attached hereto.

*Financial Instruments and Other Instruments*

Phoenix’s financial instruments include other receivables and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values.

Phoenix’s risk management policies are established to identify and analyze the risks faced by Phoenix, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and Phoenix’s activities. Phoenix has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. Note 11 to the audited consolidated financial statements for the period from inception (March 11, 2013) to August 31, 2013 presents information about Phoenix’s exposure to each of the above risks and Phoenix’s objectives, policies and processes for measuring and managing these risks.

*Trends*

There are no known trends, commitments, events or uncertainties that are presently known to management of Phoenix and reasonably expected to have a material effect on Phoenix’s business, financial condition or results of operations.

**Description of the Securities**

***Description of Share Capital***

The authorized capital of Phoenix consists of an unlimited number of common shares without par value (the “**Phoenix Shares**”) of which 15,750,000 are issued and outstanding.

Holders of the common shares of Phoenix are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of Phoenix and, upon dissolution, to share equally in such assets of Phoenix as are distributable to the holders of common shares.

**Consolidated Capitalization**

<b>Designation of Security</b>	<b>Amount Authorized or to be authorized</b>	<b>Amount outstanding as of the date of the most recent balance sheet contained in the Filing Statement<sup>(1)</sup></b>	<b>Amount outstanding immediately prior to the Amalgamation<sup>(1)</sup></b>
Phoenix Common Shares	unlimited	15,750,000	15,750,000

Note:

(1) The most recent balance sheet for Phoenix contained in this Filing Statement is dated August 31, 2013 and the shareholders’ deficiency as at August 31, 2013 was \$91,924.

**Prior Sales**

The following table sets forth details of all Phoenix Shares sold since incorporation of Phoenix:

<b>Date</b>	<b>Number of Shares</b>	<b>Issue price per Share</b>	<b>Aggregate issue price</b>
March 11, 2013	100	\$0.01	\$1.00
March 22, 2013	1,999,900	\$0.000001	\$2.00
March 22, 2013	6,000,000	\$0.000001	\$6.00
March 22, 2013	7,150,000	\$0.000001	\$7.15
July 9, 2013	600,000	\$0.10	\$60,000.00
<b>TOTAL:</b>	<b>15,750,000</b>		<b>\$60,016.15</b>

**Executive Compensation**

For the purposes of this section NEOs are: the CEO; CFO; each of the four most highly compensated executive officers who were serving as executive officers at the end of the most recently completed financial year and whose aggregate salary and bonus exceeded \$150,000; and any additional individuals for whom disclosure would have been provided but for the fact that

the individual was not serving as an executive officer of Phoenix at the end of the most recently completed financial year. Based on the above criteria, the NEO for Phoenix is Mr. Glenn Laing, Phoenix’s President.

See Compensation Table below, for further detail.

Summary Compensation Table

The following table summarizes compensation paid to the NEOs for the period from inception (March 11, 2013) to August 31, 2013 (“YE ‘13”).

Name and principal position	Period YE ‘13	Salary (\$)	Share-based awards (\$)	Option-based awards \$(4)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Glenn Laing President and Director	YE ‘13	NIL	NIL	NIL	NIL	NIL	NIL	60,000 <sup>(1)</sup>	60,000 <sup>(1)</sup>
Sean Choi CFO and Corporate Secretary	YE ‘13	NIL	NIL	NIL	NIL	NIL	NIL	30,000 <sup>(2)</sup>	30,000 <sup>(2)</sup>

Notes:

- (1) Beginning March 11, 2013, Phoenix accrued \$10,000 per month to Avonlea Ventures Inc., which is a management services company owned and controlled by Glenn Laing. Management fees continued to accrue to Avonlea Ventures Inc. subsequent to August 31, 2013.
- (2) Beginning March 11, 2013, Phoenix accrued \$5,000 per month to 2238012 Ontario Inc., which is a management services company owned and controlled by Sean Choi. Management fees continued to accrue to 2238012 Ontario Inc. subsequent to August 31, 2013.

*Compensation Discussion and Analysis and Compensation Governance*

Phoenix’s fundamental goal is to create value for its shareholders. The objectives of Phoenix’s compensation policy for its executive officers, including the NEOs, are to compensate executives competitively for their specific skills, knowledge and experience and to align their actions and economic interests with the interests of long-term shareholders of Phoenix. Phoenix’s compensation policy is intended to provide overall rates of compensation which are generally competitive with the rates of compensation provided to individuals who perform comparable functions for other companies within a similar industry. Phoenix intends to use other early stage mineral exploration companies as benchmarks in determining appropriate amounts of compensation. A benchmark group has not been identified at this time, but will be determined prior to any compensation grant.

*Option Based Awards*

Phoenix has not granted any awards pursuant to a long-term incentive plan, option or stock appreciation rights plan, or plans for compensation through shares or units, since its inception on March 11, 2013.

See also “Part IV—Information Concerning the Resulting Issuer—Options to Purchase Securities”.

*Termination and Change of Control Benefits*

The NEOs do not have an employment or consulting agreement with Phoenix which provides for any benefit upon termination or change of control of Phoenix.

*Compensation of Directors*

Glenn Laing and Andrew Lee are the only directors of Phoenix. The directors of Phoenix currently do not receive compensation and there is no intention to pay compensation prior to Closing. The expectation is that upon Completion of the Qualifying Transaction, directors of the Resulting Issuer will receive certain compensation. See “Part IV—Information Concerning the Resulting Issuer—Compensation of Directors”.

### **Non-Arm's Length Party Transactions**

Phoenix has not entered into any non-arm's length transactions since its inception (March 11, 2013), other the accrued management fees of \$60,000 to Avonlea Ventures Inc., and \$30,000 to 2238012 Ontario Inc. from the period of inception to August 31, 2013. These transactions are in the normal course of operations and at the exchange rate agreed to by the related parties. These related parties are controlled by directors and/or officers of Phoenix.

As of August 31, 2013, Phoenix's accounts payable and accrued liabilities included \$15,671 payable to a related company. The director and officer of Phoenix who also has control of Phoenix through indirect ownership of its common shares was a member of key management personnel of the related company.

### **Legal Proceedings**

There are no legal proceedings to which Phoenix is or is likely to be a party or which are known to Phoenix to be pending or contemplated which are material to Phoenix's business and affairs.

### **Auditor**

Phoenix's auditor is SF Partnership LLP located at 4950 Yonge Street, Toronto, Ontario M2N 6K1.

### **Material Contracts**

The following are the material contracts of Phoenix and Phoenix as at the date of this Filing Statement:

1. Definitive Agreement. For more information on the Definitive Agreement, please see "Part II – Information Concerning Zuri – Amalgamation”;
2. Property Acquisition Agreement. For more information on the Property Acquisition Agreement, please see "Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisitions and Dispositions – Property Rights”;
3. Plumas Lease Agreement. For more information on the Plumas Lease Agreement, please see "Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisitions and Dispositions – Property Rights”;
4. Engagement Letter. For more information on the Engagement Letter, please see "Part III – Information Concerning Phoenix – General Development of the Business – Private Placement” and "General Matters – Relationships”;
5. Option Extension and Assignment Acknowledgment Agreement. For more information on the Option Extension and Assignment Acknowledgment Agreement, please see "Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisitions and Dispositions – Property Rights”; and
6. Agency Agreement. For more information on the Agency Agreement, please see "Part III – Information Concerning Phoenix – General Development of the Business – Private Placement” and "General Matters – Relationships”.

These agreements will be material agreements of the Resulting Issuer upon Completion of the Qualifying Transaction. Copies of these agreements will be available for inspection at the Resulting Issuer's registered offices at Suite 1000 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, at any time during ordinary business hours until the Completion of the Qualifying Transaction and for a period of thirty (30) days thereafter.

## PART IV – INFORMATION CONCERNING THE RESULTING ISSUER

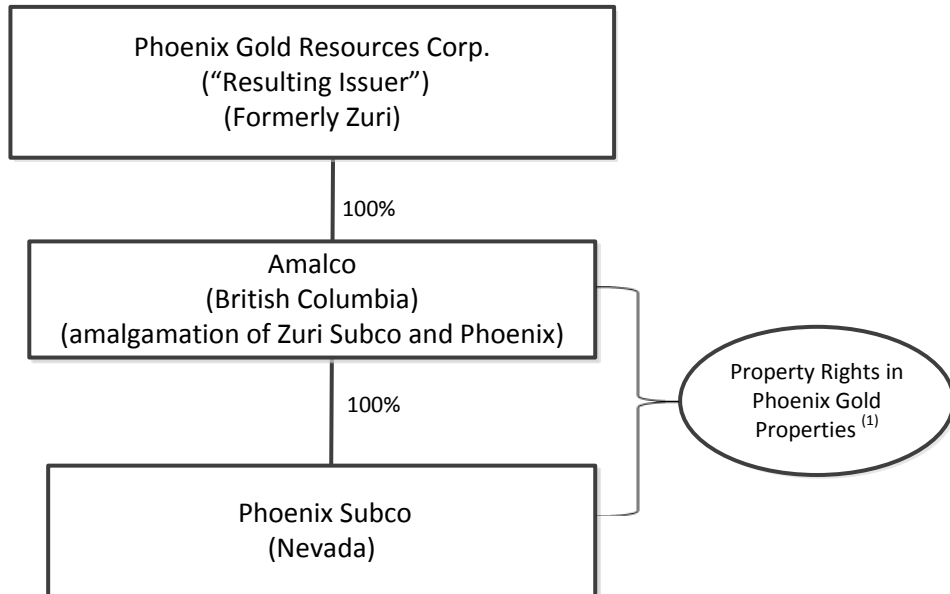
### Corporate Structure

#### *Name and Incorporation*

Prior to the Amalgamation, Zuri incorporated a wholly-owned subsidiary, Zuri Subco under the BCBCA. After completion of the Amalgamation, the Resulting Issuer will own 100% of Amalco resulting from the Amalgamation of Zuri Subco and Phoenix under the BCBCA, which will then own 100% of Phoenix and the Property Rights. It is anticipated that Amalco will be named, “Phoenix Gold Resources Ltd.” and shall exist as a company under the BCBCA. It is anticipated that the Resulting Issuer will change its name to “**Phoenix Gold Resources Corp.**” and its head office shall be located at Suite 1901 – 5000 Yonge Street, Toronto, Ontario, Canada, M2N 7E9 and shall have its registered office at 1000-595 Burrard Street, Vancouver, British Columbia, Canada V7X 1S8. See also “Part III – Information Concerning Phoenix Gold Resources Ltd. – Corporate Structure”.

#### *Inter-corporate Relationships*

After Completion of the Qualifying Transaction, the Resulting Issuer will own 100% of Amalco (amalgamated under the BCBCA), which will hold the 100% of Phoenix and the Property Rights.



Note:

(1) Please see “Part III – Information Concerning Phoenix – General Development of the Business – Significant Acquisition and Dispositions – Property Rights” for more information.

### Narrative Description of the Business

#### *Stated Business Objectives*

The business of the Resulting Issuer will be the business of Phoenix which will be the development of the Properties.

**Milestones**

In the short-term within the next 12 months, the Resulting Issuer plans to complete the recommended mapping and drill exploration program for the Properties at a total cost of approximately US\$500,000, as set forth in the Technical Report and outlined again below under the heading, “Proposed work program and budget”.

In the longer-term beyond the next 12 months, the Resulting Issuer plans to complete additional exploration and development of the Properties as determined upon completion of the recommended mapping and drill exploration program set forth in the Technical Report.

*Exploration and Development of Mineral Projects*

**The Properties**

A detailed discussion of the Properties is set forth in Schedule D. However, the following provides a summary of the key aspects of the Properties, which summary is qualified in its entirety by the Technical Report contained in Schedule D.

*Location*

The Properties are located in Lander County, Nevada, within the Battle Mountain Mining District, which hosts a series of gold mines (Marigold, Lonetree, Fortitude, Trenton Canyon and is immediately adjacent to Newmont Mining Corporation’s Phoenix Mine, one of the largest operating mines in North America.

The Properties cover 60.66 hectares (149.4 acres) and have been subject to exploration since the 1880’s through the 1940’s with modern exploration continuing through 2013 with more than \$1,300,000 invested in the completion of an estimated 6,439 metres of drilling by Barrick Gold Corporation and Homestake Mining in 1986-1990 and over \$250,000 by AGEI from 2008-2012, including US\$112,390 in land and exploration expenses for the Plumas Property and Eldorado Property during the period since December 2010.

*Technical Report Recommendations*

The Technical Report recommends that all three of the primary target areas, being the Plumas Property, the Eldorado Property and, if acquired, the Filippini Property be explored initially. It also recommends including comprehensive surface geology, alteration and structural mapping and extensive geochemical sampling and detailed re-logging of earlier drill holes to improve the understanding of the geological controls of the mineralization and proposes a mapping and drill exploration program be initiated and carried out over a twelve (12) month period.

A general budget is proposed totalling US\$500,000, to include geologic, alteration and structural mapping detailed re-logging of earlier drill holes taking into consideration the latest district geological interpretations of the structures, rock-types and controls on the mineralization which will require an estimated 800m of new drilling to both expand and delineate gold resources.

*Proposed work program and budget*

The Technical Report recommends the following work program and budget for the project:

<b>Management &amp; Project Overhead (for 12 months)</b>	<b>US\$</b>
Consultants & Other	20,000
Communications and IT	2,000
Expenses and Supplies	10,000
<b>Geology &amp; Exploration</b>	
Field Program – Prospecting, Mapping and General Expenses	8,000
Reverse circulation drilling	250,000
Core drilling	100,000
Assay analysis and geochemical work	25,000
Field truck – 1 vehicle @\$2000/vehicle per month	24,000
Computer and field supplies	41,000
Contractor Mob / Demob – one lump sum	10,000

<b>Phoenix Camp</b>	
Camp operational expenses for 12 months exploration	6,000
<b>Environmental &amp; Permitting</b>	
Environmental and permitting for exploration program	4,000
<b>TOTAL:</b>	<b>500,000</b>

### Description of the Securities

The share structure of the Resulting Issuer will be the same as the share structure of Zuri and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each Zuri Share. See “Part II –Information Concerning Zuri – Description of Securities”.

### Pro Forma Consolidated Capitalization

#### *Pro Forma Consolidated Capitalization*

The following table sets forth the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction. Please also refer to the pro forma financial statements of the Resulting Issuer attached as Schedule C.

Designation of Security	Amount Authorized	Amount Outstanding After Giving Effect to this Transaction
Resulting Issuer Shares	Unlimited	39,750,000
Incentive Options exercisable at \$0.10 each <sup>(1)</sup>	10% of the issued and outstanding shares of the Resulting Issuer.	Stock options of the Resulting Issuer will be issued in the ordinary course of business. Currently the amount of options to be issued and optionees to which options will be granted are unknown.

Notes:

- (1) A total of 10% of the issued and outstanding shares of the Resulting Issuer less the 400,000 stock options granted to the Zuri directors will be available to be granted after closing of the Transaction. No Resulting Issuer Warrants are currently issued or outstanding and none will be after giving effect to the Transaction.

### Fully Diluted Share Capital

The following table sets forth the fully-diluted share capital of the Resulting Issuer after giving effect to the Transaction:

Designation of Security	Outstanding After Giving Effect to the Transaction	
	Number	Percentage (%)
<b>Resulting Issuer Shares</b>		
Issued	39,750,000 <sup>(5)</sup>	75.35%
Reserved for issuance as Resulting Issuer Shares on exercise of Resulting Issuer Warrants <sup>(1)</sup>	10,000,000	18.96%
Reserved for issuance as stock options (Zuri)	400,000	0.76%
Reserved for issuance as Resulting Issuer Shares on exercise of CPC IPO Agent’s Options	200,000	0.38%
Reserved for issuance as stock options (new directors and officers of the Resulting Issuer) <sup>(2)</sup>	N/A	N/A
Reserved for issuance as Resulting Issuer Shares on exercise of Agent’s Options <sup>(3)</sup>	1,600,000	3.03%
Reserved for issuance as Resulting Issuer Shares on exercise of the Resulting Issuer Warrants comprising the Agent’s Options <sup>(4)</sup>	800,000	1.52%
<b>Total Number of Securities (fully-diluted)</b>	<b>52,750,000</b>	<b>100%</b>

Notes:

- (1) Under the Private Placement, 10,000,000 common share purchase warrants of Phoenix will be issued, which will be converted into Resulting Issuer Warrants on a 1-for-1 basis on completion of the Amalgamation.
- (2) No Resulting Issuer Shares have been reserved for issuance for stock options in this category at this time. Stock options of the Resulting Issuer will be issued in the ordinary course of business.

- (3) No Resulting Issuer Shares have been reserved for issuance for Agent's Options at this time; however, after giving effect to the Transaction there will be an aggregate of 1,600,000 Resulting Issuer Shares reserved for issuance under the Agent's Options which may be acquired by the Agent through the exercise of Agent's Options by the Agent.
- (4) No Resulting Issuer Shares have been reserved for issuance for Resulting Issuer Warrants at this time; however, after giving effect to the Transaction there will be an aggregate of 800,000 Resulting Issuer Shares reserved for issuance on exercise of the Resulting Issuer Warrants which may be acquired by the Agent through the exercise of Agent's Options by the Agent.
- (5) This number is comprised of Zuri's current issued and outstanding, being 4,000,000 Zuri Shares, 15,750,000 Phoenix Shares held by the Original Investors, and 20,000,000 Phoenix Shares which are to be issued under the Private Placement being conducted in connection with the Qualifying Transaction. All of the outstanding Phoenix Shares will be converted for shares of Zuri on completion of the Amalgamation and such shares will be combined with Zuri's currently issued and outstanding shares to form the issued and outstanding shares of the Resulting Issuer.

## Availability of Funds and Principal Purposes

### Available Funds

Amalco will use the available funds from the Transaction towards the working capital of Phoenix.

As of October 31, 2013, the combined working capital of Zuri and Phoenix was approximately (\$78,838). The following table sets forth the estimated total funds available to the Resulting Issuer after giving effect to the Transaction and the Private Placement:

Source of Funds	Amount (\$)
Zuri working capital estimated as at October 31, 2013	88,101 <sup>(1)</sup>
Phoenix working capital as at October 31, 2013	(166,939) <sup>(2)</sup>
Net Private Placement Funds	1,840,000 <sup>(3)</sup>
<b>Total available funds</b>	<b>1,761,162</b>

Notes:

- (1) The estimated working capital of Zuri as of October 31, 2013 is estimated at \$129,141 as at July 31, 2013 less \$41,040 in expenses incurred since then.
- (2) The estimated working capital of Phoenix as at October 31, 2013 is estimated at (\$151,924) as at August 31, 2013 less \$15,015 in expenses incurred since then.
- (3) Net proceeds of the Private Placement will be \$2,000,000 less 8% cash commissions of \$160,000 paid to the Agent under the Private Placement.

### Principal Purposes

The Resulting Issuer will use the funds available to it on Completion of the Qualifying Transaction to further its business objectives. Specifically, the Resulting Issuer will use the funds available to it upon the completion of the Amalgamation over the next twelve (12) months as follows:

Use of Proceeds	Amount (\$)
Estimated Transaction Costs	120,000 <sup>(1)</sup>
General Budget for Exploration Work Program on the Properties	521,450 <sup>(2)</sup>
Plumas Lease (initial payment)	36,502 <sup>(3)</sup>
Eldorado Option Payment	96,990 <sup>(4)</sup>
Acquisition Payments	46,931 <sup>(5)</sup>
General and administrative costs	240,000
Unallocated working capital	100,000
Additional working capital	599,289
<b>Total</b>	<b>1,761,162</b>

Notes:

- (1) Includes estimated legal, accounting and professional fees in connection with the Transaction. Transaction costs of \$15,015 were incurred as of October 31, 2013 and are already reflected in the working capital calculation of Phoenix in "Available Funds" above. The further



Transaction Costs of \$120,000 that will be incurred is estimated to include the Exchange listing fees of approximately \$26,120 and legal fees and other expenses of \$93,880.

- (2) See "Schedule D – Technical Report on the Properties – Recommendations" for a breakdown of the general budget. The total recommended work program is estimated to cost US\$500,000 and for the purposes above, the conversion rate is assumed to be equal to \$1.0429 C\$/US\$ based on the Bank of Canada noon buying rate on October 31, 2013.
- (3) The required initial Plumas Lease payment is US\$35,000. The Canadian dollar equivalent is based on a conversion rate of \$1.0429 C\$/US\$, which is the Bank of Canada noon buying rate on October 31, 2013.
- (4) The total aggregate required Eldorado Option Payment is US\$105,000, of which US\$12,000 has already been paid. The Canadian dollar equivalent is based on a conversion rate of \$1.0429 C\$/US\$, which is the Bank of Canada noon buying rate on October 31, 2013.
- (5) The acquisition payments required pursuant to the Property Acquisition Agreement amount to US\$45,000. The Canadian dollar equivalent is based on a conversion rate of \$1.0429 C\$/US\$, which is the Bank of Canada noon buying rate on October 31, 2013.

The Resulting Issuer will spend the funds available to it on completion of the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its short term and long term objectives. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer's objectives, in which case the Resulting Issuer expects to either issue additional shares or incur indebtedness. It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next twelve (12) months and that during this period of time it is expected that adequate cash flow will be generated to assist the Resulting Issuer in pursuing its objectives.

### ***Dividend Policy***

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the completion of the Amalgamation. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid.

### **Principal Securityholders**

To the knowledge of management of Zuri and Phoenix, no one person or corporation is expected, as at the Completion of the Qualifying Transaction, to beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attaching to all the outstanding Resulting Issuer Shares, other than 9,428,571 Resulting Issuer Shares to be held indirectly by Mr. Laing, being 23.72% of the Resulting Issuer Shares on a non-diluted basis and 7,650,000 Resulting Issuer Shares to be held indirectly by Mr. McDowell, being 19.25% of the Resulting Issuer Shares on a non-diluted basis.

### **Directors, Officers and Promoters**

The following table sets forth the name of all individuals who will be directors, officers and promoters of the Resulting Issuer following the closing of the Transaction, their municipalities of residence, their current positions with Zuri or Phoenix and their proposed positions with the Resulting Issuer, their principal occupations during the past five (5) years and the number of Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction will be exercised.

<b>Name, municipality of residence and current position(s)</b>	<b>Proposed positions with Resulting Issuer and principal occupation for past five years</b>	<b>Period during which each proposed director or officer has served as a director of Zuri or Phoenix and when his/her term with the Resulting Issuer will expire<sup>(1)</sup></b>	<b>Resulting Issuer Shares held (post-Amalgamation)</b>	<b>Percentage of Shares held in the Resulting Issuer<sup>(2)</sup> (%)</b>
Glenn Laing <sup>(3)</sup> Oakville, Ontario, Canada President, CEO and Director of Phoenix	See detailed description below	March 11, 2013 to present (President and Director) March 20, 2013 to present (CEO)	9,428,571	23.72
William Matlack Reno, Nevada, USA	See detailed description below	Not currently a director or officer of Phoenix or Zuri	100,000	0.25
Sean Choi	See detailed description below	March 20, 2013 to present	571,429	1.44

Name, municipality of residence and current position(s)	Proposed positions with Resulting Issuer and principal occupation for past five years	Period during which each proposed director or officer has served as a director of Zuri or Phoenix and when his/her term with the Resulting Issuer will expire <sup>(1)</sup>	Resulting Issuer Shares held (post-Amalgamation)	Percentage of Shares held in the Resulting Issuer <sup>(2)</sup> (%)
North York, Ontario, Canada CFO and Corporate Secretary of Phoenix				
Paul Jones <sup>(3)</sup> Golden, Colorado, USA	See detailed description below	Not currently a director or officer of Phoenix or Zuri	Nil	N/A
Andrew Lee <sup>(3)</sup> Vancouver, British Columbia, Canada Director of Phoenix	See detailed description below	March 20, 2013 to present	Nil	N/A
<b>Total:</b>			<b>10,100,000</b>	<b>25.41%</b>

Notes:

- (1) Each of the Resulting Issuer's directors will be nominated for election by the Resulting Issuer's shareholders at the next annual general meeting, and if elected, to serve until the next annual general meeting of shareholders or until a successor is elected or appointed. The Resulting Issuer's officers will each serve at the pleasure of the Resulting Issuer's Board of Directors.
- (2) The denominator in this calculation of the percentages is 39,750,000 common shares, which is the estimated number of issued and outstanding Resulting Issuer Shares on the closing date of the Transaction, including the Amalgamation. The percentage figures given in this column assume that none of the persons listed in this chart acquires shares from Zuri Shareholders or participates in the Private Placement. The denominator is not a fully-diluted number and does not include the exercise of any outstanding convertible securities.
- (3) Denotes member of Audit Committee and Compensation Committee. Mr. Jones will act as Chair of the Audit Committee. Mr. Laing will act as Chair of the Compensation Committee.

### Committees

The only committees of the Board of Directors of the Resulting Issuer will be the Audit Committee and the Compensation Committee.

### Audit Committee

It is anticipated that the Resulting Issuer will appoint Mr. Jones, Mr. Laing and Mr. Lee as members of the Audit Committee. It is expected that the Audit Committee will be chaired by Mr. Jones. The mandate of the Audit Committee will be to ensure the Resulting Issuer effectively maintains the necessary management systems and controls to allow for timely and accurate reporting of financial information to safeguard shareholder value, to meet all relevant regulatory requirements and to provide recommendations to the Board of Directors in the areas of management systems and controls.

### Compensation Committee

It is anticipated that the Resulting Issuer will appoint Mr. Laing, Mr. Jones and Mr. Lee as members of the Compensation Committee. It is expected that the Compensation Committee will be chaired by Mr. Laing. The Compensation Committee will monitor corporate governance issues, including the governance of the Board of Directors and Board committees. This Committee's mandate will include establishing criteria for selection of directors, recruiting candidates and making recommendations to the Board of Directors for nominees as directors; recommending to the Board corporate governance principles; addressing the size, composition and responsibilities of the Board and its committees; recommending changes to corporate governance principles from time to time; and evaluating the performance of directors, the Board and committees.

The compensation committee's mandate will also include evaluating the performance of the CEO, approving all compensation for executive officers and directors, recommending compensation plans, including equity-based compensation plans, to the Board of Directors, and approving the annual report on executive compensation for inclusion in proxy materials or annual reports.

### ***Management - Directors and Officers***

***Glenn Laing*** (age 62) ***Chairman, President, CEO and Director*** – Mr. Laing holds the positions of President, CEO, COO and director of Ecuador Gold and Copper Corp. (TSXV: EGX) since July 2012. In addition, he was the President, CEO, COO and a

director of GB Minerals Ltd. (formerly Plains Creek Phosphate Corporation) (TSXV: GBL) from February 2011 to March 2013. Mr. Laing holds a Bachelor of Science, Engineering (Mining Geology) degree from the University of Witwatersrand, Johannesburg and a Masters of Science (Mining Engineering) degree from Colorado School of Mines, USA. Mr. Laing has held the position of Director, President and CEO of numerous publicly listed natural resource companies. Since 1999, Mr. Laing has been President of Silverbridge Capital Inc., a private corporate finance advisory firm specializing in mining, oil and gas, and alternative energy sectors. Mr. Laing will devote approximately 40% of his time to the Resulting Issuer.

**William Matlack**, (age 59) **Director** – William Matlack is a geologist and metals and mining investment banker with Scarsdale Equities LLC. He is currently a director of Klondex Mines Ltd. (TSXV: KDX). He has a B.A. in Geology from Carleton College and a M.S. in Geology from the University of Minnesota.

**Sean Choi**, (age 34) **Chief Financial Officer and Corporate Secretary** – During the past five years Mr. Choi acted as an independent financial consultant. Mr. Choi is the Chief Financial Officer and Corporate Secretary of Ecuador Gold and Copper Corp. (TSXV: EGX) and has been the Controller and a Finance Manager for that company since April 2011. From February 2011 to April 2013 he acted as Controller and Finance Manager of GB Minerals Ltd. (formerly Plains Creek Phosphate Corporation) (TSXV: GBL). Mr. Choi is a Chartered Professional Accountant and a Chartered Accountant. Mr. Choi holds a Bachelor of Administrative and Commercial Studies degree from the University of Western Ontario. Mr. Choi will devote approximately 40% of his time to the Resulting Issuer.

**Paul Jones**, (age 75) **Director** – Mr. Jones is currently a director of Ecuador Gold and Cooper Corp (TSXV: EGX) since February 2013, was a director of GB Minerals Ltd. (formerly Plains Creek Phosphate Corporation) (TSXV: GBL) from April 2011 to May 2013. Mr. Jones is a member of the Society of Mining Engineers where he has been a member since 1958, and is a member of the Mining and Metallurgical Society of America. In 2004, Mr. Jones received the William Lawrence Saunders Gold Medal from the American Institute of Mining, Metallurgical and Petroleum Engineers in recognition of his service to the public and the mining industry.

**Andrew Lee**, (age 43) **Director** – Mr. Lee was the Vice-President of Megastar Development Corp. (TSXV: MDV) from June to November 2010 and from September 2011 to November 2012. Mr. Lee holds a Bachelor of Science degree from the University of British Columbia and has been working as a self-employed consultant to mineral exploration companies since 1998.

None of the proposed officers of the Resulting Issuer has entered into a non-competition or non-disclosure agreement with Phoenix or propose to enter into such an agreement with the Resulting Issuer.

### **Promoter Consideration**

Mr. Gillis may be considered to be a promoter of Zuri in that he took the initiative in founding and organizing Zuri. Mr. Laing may be considered to be a promoter of Phoenix in that he took the initiative in founding and organizing Phoenix.

Pursuant to the Escrow Share Transfer Agreement, no current director or officer of Zuri will own any Resulting Issuer Shares on Completion of the Qualifying Transaction. Mr. Laing will own 9,428,571 Resulting Issuer Shares representing 23.72% of the total issued and outstanding Resulting Issuer Shares assuming Completion of the Qualifying Transaction.

There will be no other consideration paid to any promoter in connection with the Transaction. On Completion of the Qualifying Transaction, Mr. Laing will receive no compensation other than the grant of stock options, which have not yet been determined.

See table under heading above “Information Concerning the Resulting Issuer – Directors, Officers and Promoters” for the number of Resulting Issuer Shares held by Mr. Laing and “Executive Compensation – Compensation Discussion and Analysis and Compensation Governance” below for a discussion of the compensation to be granted to Mr. Laing after Completion of the Qualifying Transaction.

### **Corporate Cease Trade Orders or Bankruptcies**

Other than as set out below, no proposed director, officer, Insider, Promoter or Control Person of the Resulting Issuer has, within the previous ten year period, been a director, officer, Insider or Promoter of any issuer that was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days, or became bankrupt, made a proposal under any legislation relating

to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Laing was a former officer and director of Jumbo Petroleum Corporation (TSXV:JBO) from March 2004 until August 2008. A cease trade order was imposed in September 2008 for Jumbo Petroleum Corporation's failure to file financial statements for the period ended August 31, 2008.

### Penalties or Sanctions

No proposed director, officer, or promoter of the Resulting Issuer, or any shareholder anticipated to hold a sufficient amount of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

### Personal Bankruptcies

No proposed director, officer, Insider, Promoter or Control Person of the Resulting Issuer, or a personal holding company of any such persons, has within the ten (10) years preceding the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

### Conflict of Interests

There may be potential conflicts of interest to which the directors, officers, Insiders and Promoters of the Resulting Issuer may be subject in connection with the operations of the Resulting Issuer. The directors, officers, Insiders and Promoters may be engaged in corporations or businesses which may be in competition with the search by the Resulting Issuer for businesses or assets. Accordingly, situations may arise where a director, officer, Insider or Promoter will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. See also "Part I - Risk Factors".

### Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five (5) years, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
Glenn Laing	Ecuador Gold and Copper Corp. (British Columbia)	Director, President, CEO, and COO	July 2012	Present
	GB Minerals Ltd. (formerly Plains Creek Phosphate Corporation) (Alberta)	Director, President, CEO, and COO	February 2011	March 2013
	Southern Hemisphere Mining Limited (British Columbia)	Director	December 2005	April 2010
	Glass Earth Gold Limited (formerly Glass Earth Limited) (Australia)	Director, President and CEO	January 2004	June 2008
	Jumbo Petroleum Corporation (Alberta)	Director, President and CEO	March 2004	August 2009
	Canada Carbon Inc. (British Columbia)	Director	February 2008	November 2008
William Matlack	Klondex Mines Ltd. (British Columbia)	Director	June 2012	Present
Paul Jones	St. Andrew Goldfields Ltd. (Ontario)	Director	June 2003	May 2012
		Executive Vice-President	June 2003	June 2009
	Glass Earth Gold Ltd. (British Columbia)	Director	October 2006	Present
	New Horizon Uranium Corp. (British Columbia)	Executive Vice-President & Secretary	December 2005	October 2008

Name	Name and Jurisdiction of Reporting Issuer	Position	From	To
	Ecuador Gold and Copper Corp. (British Columbia)	Director	February 2013	Present
	GB Minerals Ltd. (formerly Plains Creek Mining Limited) (British Columbia)	Director	April 2011	May 2013
Andrew Lee	Changyu Medtech Ltd. (British Columbia)	Director	February 2012	April 2012
	Eloro Resources Ltd. (Ontario)	Director	July 2011	November 2012
	Megastar Development Corp. (British Columbia)	Director	March 2011	November 2012
Vice President Corporate Development		June 2010	November 2010	
Sean Choi	Ecuador Gold and Copper Corp. (British Columbia)	CFO	April 2013	Present

### Executive Compensation

On closing of the Qualifying Transaction, the Resulting Issuer will have three NEOs, being Glenn Laing, the Resulting Issuer's President and CEO and Sean Choi, the Resulting Issuer's CFO and Corporate Secretary.

#### *Compensation Discussion and Analysis and Compensation Governance*

On Completion of the Qualifying Transaction, it is contemplated that the Resulting Issuer will form a compensation committee comprised of one independent director, one executive director and one director who was formerly an officer and therefore not independent, and such committee will review compensation annually. In setting compensation levels, the compensation committee will rely on the experience and knowledge of its members. For more information about the Resulting Issuer's compensation committee, please see "Part IV – Information Concerning the Resulting Issuer –Directors, Officers and Promoters – Compensation Committee".

Compensation packages for executives will be comprised of a base salary and incentive stock options. Base salaries take into consideration the size of the company, the financial and strategic impact of the position, the personal contribution of the individual and fairness relative to other positions within the company. The base salary of each executive officer will be reviewed annually to reflect the performance of the individual in the context of the success of the company.

No NEO or director is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly by the NEO or director.

The Resulting Issuer will contemplate remuneration for its executive officers depending on such executive's position with the Resulting Issuer and the market rate of remuneration paid to persons performing a similar role with companies similar to the Resulting Issuer. In addition, the Resulting Issuer has granted options to certain officers (see "Summary of Filing Statement – Interests of Insiders, Promoters or Control Persons") and will consider granting options from time-to-time under the Resulting Issuer Share Option Plan depending on the recipient's position with the Resulting Issuer and that person's contribution to the development of the Resulting Issuer's business. Likewise, the Resulting Issuer will contemplate remuneration for its executive officers depending on such executive's position with the Resulting Issuer and the market rate of remuneration paid to persons performing a similar role with companies similar to the Resulting Issuer.

#### *Option Based Awards*

The compensation committee will review the Resulting Issuer's incentive compensation and any other stock-based plans (if any) and will recommend changes in such plans to the board of directors as needed and will review and submit to the board, recommendations concerning new executive compensation or stock-based plans, based on input and recommendations from the executive officers.

Compensation of all executive officers of the Resulting Issuer will be determined, or recommended to the board for determination, by the compensation committee.

### *Pension Plan Benefits*

The Resulting Issuer is not expected to have any pension plan or deferred compensation plan that provides for payments or benefits at, following or in connection with retirement of NEOs.

### ***Termination and Change of Control Benefits***

The Resulting Issuer does not expect to have any plan or arrangement to pay or otherwise compensate any NEO if his employment is terminated as a result of resignation, retirement, change of control, etc. or if his responsibilities change following a change of control.

### **Compensation of Directors**

Non-executive directors of the Resulting Issuer are expected to be paid an annual retainer of up to \$12,000 (paid on a quarterly basis) and a fee of \$1,000 per meeting (attended in person) and \$500 per meeting (attended by phone). Each director is also expected to be granted options to acquire such number of Resulting Issuer Shares as determined by the compensation committee in accordance with the terms of the Share Option Plan and the Exchange requirements. The chair of each of the audit committee and compensation committee is expected to be paid an additional annual retainer of \$2,000 for acting in such capacity. Directors of the Resulting Issuer are to be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Board of Directors, committees of the Board of Directors or meetings of the shareholders of the Resulting Issuer.

It is anticipated that the Resulting Issuer will obtain customary liability insurance for the benefit of its directors.

### **Indebtedness of Directors and Officers**

No director or officer of Zuri or Phoenix or person who acted in such capacity in the last financial year of Zuri or Phoenix or proposed director or officer of the Resulting Issuer, or any other individual who at any time during the most recently completed financial year of Zuri or Phoenix was a director of Zuri or Phoenix or any Associate of Zuri or Phoenix, is indebted to Zuri or Phoenix, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Zuri or Phoenix.

### **Investor Relations Arrangements**

No agreement has been entered into regarding investor relation services for the Resulting Issuer and it is not currently anticipated that the Resulting Issuer will enter into any investor relations agreements.

### **Options to Purchase Securities**

#### ***Options to Purchase Securities***

There are currently 400,000 CPC Outstanding Options which will be exchange for options of the Resulting Issuer as a result of the Amalgamation. These CPC Outstanding Options have been issued to Zuri's directors and officers and will terminate on the date which is ninety (90) days from such directors or officer's resignation in accordance with the CPC Option Plan.

On Completion of the Qualifying Transaction there will be no stock options outstanding to any officer, director, consultant or employee of the Resulting Issuer or its subsidiaries; however, the Resulting Issuer may grant stock options to these individuals, as eligible optionees, in accordance with the Resulting Issuer Stock Option Plan.

### ***Share Option Plan***

The Zuri Share Option Plan will remain in place following completion of the Amalgamation to become the Resulting Issuer Share Option Plan. Under the plan, a maximum number of 10% of the Resulting Issuer Shares, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Resulting Issuer's board of directors to eligible optionees under the Zuri Share Option Plan. While the Resulting Issuer Share Option Plan is in effect, there can never be more options for more than 10% of the issued and outstanding Resulting Issuer Shares at any point in time. For further information in respect of the terms and conditions of such plan, see "Part II - Information Concerning Zuri Capital Corp. – Share Option Plan".

## Escrowed Securities

Upon Completion of the Qualifying Transaction, 17,750,000 Resulting Issuer Shares will be subject to escrow pursuant to the policies of the Exchange, as set out in the tables below.

### *CPC Escrowed Securities*

Zuri's directors and officers currently hold 2,000,000 Zuri Shares as follows: Mike Gillis (200,000 Zuri Shares), Iqbal Boga (360,000 Zuri Shares), Steve Smith (360,000 Zuri Shares), Zachery Dingsdale (360,000 Zuri Shares), Mark Fekete (360,000 Zuri Shares) and Kenneth MacLeod (360,000 Zuri Shares), all of which were issued at a price of \$0.05 per Zuri Share before the CPC IPO. In accordance with the CPC Policy, all Zuri Shares purchased by Zuri's directors and officers before the CPC IPO are subject to the CPC Escrow Agreement. Prior to the Completion of the Qualifying Transaction, Zuri's directors and officers will sell all of their 2,000,000 Zuri Shares to Glenn Laing (1,428,571 Zuri Shares) and Sean Choi (571,429), at a price of \$0.07 per Zuri Share, for an aggregate purchase price of \$140,000, pursuant to the Escrow Share Purchase Agreement.

On Completion of the Qualifying Transaction, the Zuri Shares, which will be shares of the Resulting Issuer, will continue to be held in escrow pursuant to the terms of the CPC Escrow Agreement.

The table immediately below sets out the number of Resulting Issuer Shares that will be held in escrow under the CPC Escrow Agreement after. The CPC Escrow Agreement provides for stage release from escrow of the holder's shares over a thirty-six (36) month period from the date of the completion of the Qualifying Transaction with 10% released immediately upon completion of the Qualifying Transaction and an additional 15% released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the completion of the Qualifying Transaction.

Name and Municipality of Residence of Securityholder	Designation of class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow	Percentage of class %	Number of securities to be held in escrow <sup>(1)</sup>	Percentage of class <sup>(2)</sup> %
Glenn Laing Oakville, Ontario, Canada	common shares	NIL	N/A	1,428,571	3.59%
Sean Choi North York, Ontario, Canada	common shares	NIL	N/A	571,429	1.44%
<b>Totals:</b>		<b>NIL</b>	<b>N/A</b>	<b>2,000,000</b>	<b>5.03%</b>

Notes:

- (1) This number reflects the number of securities subject to escrow and held in escrow immediately upon completion of the Qualifying Transaction but prior to the first release of 10% of the securities at completion of the Qualifying Transaction.
- (2) The denominator in the calculation of percentage is 39,750,000 Resulting Issuer Shares, which is the estimated issued and outstanding share capital of the Resulting Issuer on the closing date of the Transaction.

### *Principals' Escrowed Securities*

The table immediately below sets out the number of Resulting Issuer Shares that will be held by principals of the Resulting Issuer that will be subject to escrow upon Completion of the Qualifying Transaction (including the CPC Escrowed Securities listed above).

Assuming the Resulting Issuer is classified as a Tier 2 Issuer, the Resulting Issuer Shares listed in the table below, in accordance with the Seed Share Resale Rules of Exchange Policy 5.4 (Escrow, Vendor Consideration and Resale Restrictions), will be subject to a Value Securities Escrow Agreement. The Value Securities Escrow Agreement sets out that these Resulting Issuer Shares will be released from escrow in stages over a thirty-six (36) month period from the Completion of the Qualifying Transaction with 10% released immediately upon Completion of the Qualifying Transaction and 15% of such escrowed shares released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the completion of the Completion of the Qualifying Transaction:

Name and Municipality of Residence of Securityholder	Designation of class	Prior to Giving Effect to the Amalgamation		After Giving Effect to the Amalgamation	
		Number of securities held in escrow	Percentage of class %	Number of securities to be held in escrow <sup>(1)</sup>	Percentage of class <sup>(2)</sup> %
Glenn Laing Oakville, Ontario, Canada	Common	NIL	N/A	8,000,000 <sup>(1)</sup>	20.13%
William Matlack Reno, Nevada, USA	Common	NIL	N/A	100,000	0.25%
Don McDowell Reno, Nevada, USA	Common	NIL	N/A	7,650,000 <sup>(5)</sup>	19.25%
<b>Totals:</b>		<b>NIL</b>	<b>N/A</b>	<b>15,750,000</b>	<b>39.63%</b>

Notes:

- (1) This number reflects the number of securities subject to escrow and held in escrow immediately upon completion of the Qualifying Transaction but prior to the first release of 10% of the securities at completion of the Qualifying Transaction.
- (2) The denominator in the calculation of percentage is 39,750,000 Resulting Issuer Shares, which is the estimated issued and outstanding share capital of the Resulting Issuer on the closing date of the Transaction.
- (3) These shares are held indirectly by Mr. Laing, 2,000,000 Resulting Issuer Shares through Kroy Holdings which is a British Virgin Islands company wholly owned by Kings Trust whose sole beneficiary is Mr. Laing. 7,428,571 Resulting Issuer Shares are held indirectly through Resource Hunter, a private company wholly owned by Mr. Laing.
- (4) These shares are held indirectly by Mr. McDowell, through AGEI, a company private company wholly owned by Mr. McDowell.

The escrow agent for the Transaction is Computershare Investor Services Inc., Vancouver office, 510 Burrard Street, 2<sup>nd</sup> Floor, Vancouver, British Columbia V6C 3B9.

#### **Auditor, Transfer Agent and Registrar**

##### ***Auditor***

After Completion of the Qualifying Transaction, SF Partnership LLP, the auditor of Phoenix will become the auditor of the Resulting Issuer, having an address at 4950 Yonge Street, Toronto, Ontario, Canada, M2N 6K1.

##### ***Transfer Agent and Registrar***

The transfer agent and registrar of the Resulting Issuer will be Computershare Investor Services Inc., Vancouver office, 510 Burrard Street, 2<sup>nd</sup> Floor, Vancouver, British Columbia V6C 3B9.



## PART V - GENERAL MATTERS

### Sponsorship Relationship

Zuri intends to obtain a waiver under Section 3.4(a)(i) of Exchange Policy 2.2 *Sponsorship and Sponsorship Requirements* from the sponsorship requirement contained in such policy.

### Relationships

Phoenix has engaged the Agent to act as its agent in connection with the Private Placement. Phoenix has agreed to pay the Agent's Commission being a cash commission equal to 8% of the gross proceeds raised in the Private Placement and the Agent's reasonable expenses. Phoenix has paid the Agent a retainer of \$15,000. In addition, the Agent will also receive the Agent's Options entitling it to purchase up to 1,600,000 Phoenix Units, which is equal to 8% of the total number of Phoenix Units to be sold in the Private Placement, exercisable at a price of \$0.10 per Phoenix Unit for a period of twenty-four (24) months from the closing of the Private Placement.

### Experts

The following is a list of all experts responsible for reports referred to in this Filing Statement:

- DeVisser Gray LLP Chartered Accountants, as auditors of Zuri;
- SF Partnership LLP, Chartered Accountants, as the auditors for Phoenix; and
- Al Maynard and Associates Pty. Ltd., as authors of the Technical Report.

Zuri's auditors are DeVisser Gray, LLP, Chartered Accountants, who have prepared an independent auditor's report dated December 10, 2012 in respect of Zuri's annual audited financial statements as at October 31, 2012 and 2011. DeVisser Gray, LLP has advised that they are independent with respect to Zuri within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Phoenix's auditors are SF Partnership, LLP, Chartered Accountants, who have prepared an independent auditor's report dated November 5, 2013 in respect of Phoenix's audited financial statements as at August 31, 2013. SF Partnership, LLP, Chartered Accountants, has advised that they are independent with respect to Phoenix within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds more than 1% beneficial interest, direct or indirect, in any property of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an Associate or Affiliate of the Resulting Issuer.

### Other Material Facts

There are no other material facts relating to the Transaction not disclosed elsewhere in this Filing Statement.

### Board Approval

The contents and filing of the Filing Statement have been approved by the board of directors of Zuri. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than Zuri, Zuri has relied upon information furnished by such person.

**SCHEDULE "A"**

**FINANCIAL STATEMENTS OF ZURI CAPITAL CORP. FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2013, THE YEAR ENDING OCTOBER 31, 2012 AND FOR THE PERIOD FOR THE INCORPORATION TO OCTOBER 31, 2011 AND MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING OCTOBER 31, 2012**

Condensed Interim Financial Statements  
(Expressed in Canadian dollars)

**ZURI CAPITAL CORP.**

Nine months ended July 31, 2013  
(unaudited)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Zuri Capital Corp. is prepared by management in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Zuri Capital CORP.  
 Statements of financial position  
 (Expressed in Canadian dollars – unaudited)

	Notes	July 31, 2013	October 31, 2012
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 153,328	\$ 187,626
Taxes receivable		3,265	5,713
		156,593	193,339
<b>TOTAL ASSETS</b>		<b>\$ 156,593</b>	<b>\$ 193,339</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	5	\$ 27,452	\$ 26,300
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	186,593	186,593
Reserves	6	57,180	57,180
Deficit		(114,632)	(76,734)
<b>TOTAL EQUITY</b>		<b>129,141</b>	<b>167,039</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 156,593</b>	<b>\$ 193,339</b>

Zuri Capital CORP.  
 Statements of comprehensive loss  
 (Expressed in Canadian dollars – unaudited)

	<b>Three Months Period Ended July 31, 2013</b>	<b>Three Months Period Ended July 31, 2012</b>	<b>Nine Months Period Ended July 31, 2013</b>	<b>Nine Months Period Ended July 31, 2012</b>
<b>LOSS BEFORE INCOME TAXES</b>				
Office and miscellaneous	24	219	122	820
Professional fees	5,132	-	5,132	-
Stock based compensation	-	-	-	38,120
Rent	18,116	-	18,116	-
Transfer agent, filing fees	3,818	811	14,528	2,409
	<b>27,090</b>	<b>1,030</b>	<b>37,898</b>	<b>41,349</b>
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ ( 27,090 )</b>	<b>\$ (1,030)</b>	<b>\$ (37,898)</b>	<b>\$ (41,349)</b>
<b>INCOME (LOSS) PER SHARE - BASIC AND FULLY DILUTED</b>	<b>\$ (0.01)</b>	<b>\$ ( 0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>

Zuri Capital Corp  
Statement of changes in shareholders' equity  
(Expressed in Canadian dollars – unaudited)

Notes	Share capital		Reserves		Total
	Number of shares	Amount	Contributed Surplus	Deficit	
<b>Balance at October 31, 2012</b>	<b>4,000,000</b>	<b>\$186,593</b>	<b>\$ 57,180</b>	<b>(76,734)</b>	<b>167,039</b>
Comprehensive loss	-	-	-	(37,898)	(37,898)
<b>Balance at July 31, 2013</b>	<b>4,000,000</b>	<b>\$ 186,593</b>	<b>\$ 57,180</b>	<b>\$ (114,632)</b>	<b>\$ 129,141</b>

Notes	Share capital		Reserves		Total
	Number of shares	Amount	Contributed Surplus	Deficit	
<b>Balance at October 31, 2011</b>	<b>2,000,000</b>	<b>100,000</b>	<b>\$ -</b>	<b>\$ (8,063)</b>	<b>\$ 91,937</b>
Comprehensive income (loss)	-	-	-	(41,349)	(41,349)
Shares issued for cash @ 0.10	2,000,000	200,000	-	-	200,000
Broker commission	-	(20,000)	-	-	(20,000)
Share issue costs	-	(74,347)	-	-	(74,347)
Fair values of agents warrants	-	(19,060)	19,060	-	-
Stock-based compensation	-	-	38,120	-	38,120
<b>Balance at July 31, 2012</b>	<b>4,000,000</b>	<b>\$ 186,593</b>	<b>\$ 57,180</b>	<b>\$ (49,412)</b>	<b>\$ 194,361</b>

Zuri Capital Corp  
Statement of cash flows  
(Expressed in Canadian dollars – unaudited)

	Three Months Period Ended July 31, 2013	Three Months Period Ended July 31, 2012	Nine Months Period Ended July 31, 2013	Nine Months Period Ended July 31, 2012
<b>Operating activities</b>				
Net Income (loss) for the period	\$ (27,090)	\$ (1,030)	\$ (37,898)	\$ (41,349)
Stock based compensation	-	-	-	38,120
Changes in non-cash working capital items:				
HST receivable	6,598	3,851	2,448	(4,756)
Subscription receivable	-	-	-	-
Prepaid expense	-	-	-	(495)
Accounts payable & accruals	26,935	(21,827)	1,152	(20,698)
<b>Net cash flows used in operating activities</b>	<b>6,443</b>	<b>(19,006)</b>	<b>(34,298)</b>	<b>(29,178)</b>
<b>Financing Activities:</b>				
Proceeds on issuance of common shares - net of share issue costs	-	-	-	134,592
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134,592</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>6,443</b>	<b>(19,006)</b>	<b>(34,298)</b>	<b>105,414</b>
Cash and cash equivalents, Beginning of period	146,885	207,557	187,626	83,137
<b>Cash and cash equivalents, End of period</b>	<b>\$ 153,328</b>	<b>\$ 188,551</b>	<b>\$ 153,328</b>	<b>\$ 188,551</b>



**1. Nature and continuance of operations**

Zuri Capital Corp. (the "Company") is a public company incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX.V") under the symbol "ZUR.P". The head office, principal address and records office of the Company are located at 409 Granville Street, Suite 1450, Vancouver, British Columbia, Canada.

On March 19, 2012, the Company completed its public offering in the Provinces of British Columbia, Alberta and Ontario and in the Yukon Territories, with an aggregate of 2,000,000 common shares at \$0.10 per share, for total proceeds of \$200,000 before a 10% commission paid to the Agent.

The Company is a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange") and completed its qualifying transaction in accordance with Policy 2.4 of the Exchange on August 1, 2013. The Company's shares commenced trading on the Exchange on March 19, 2012.

These financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge liabilities in the ordinary course of operations rather than through a process of forced liquidation. The Company's continued operations as intended will ultimately be dependent upon its ability to identify, evaluate and negotiate the acquisition of an interest in properties, assets, or business which is considered a qualifying transaction (as defined in Exchange Policy 2.4)

On August 1, 2013, the "Company announced that it has entered into a letter agreement (the "Letter Agreement") effective July 30, 2013 with Phoenix Gold Resources Ltd. ("Phoenix") which will result in a reverse take-over of Zuri by Phoenix by way of a three-cornered amalgamation (the "Acquisition"). The Acquisition, if completed, will constitute the Company's Qualifying Transaction Phoenix is an arm's-length party. The Letter Agreement will be followed by the negotiation of a definitive agreement.

Under the terms of the Letter Agreement, the Acquisition may be effected by way of a three cornered amalgamation, whereby a new wholly-owned subsidiary of the Company to be incorporated under the laws of British Columbia ("Zuri Subco") will amalgamate with Phoenix. Under the amalgamation, the Company will acquire all of the then outstanding 15,750,000 common shares of Phoenix which will be exchanged for common shares of the Company together with the other 15,000,000 common shares exchanged on a one-for-one basis under the Private Placement, all of the issued and outstanding shares of Phoenix being amalgamated with the Zuri Subco to form an amalgamated company ("Amalco") which will hold the right to acquire mineral properties in Nevada known as the Plumas Property, the Eldorado Property, and a right of first refusal to acquire the Filippini/Keenan Property (the "Property Rights"). Upon completion of the Acquisition, the Company expects to change its name to Phoenix Gold Resources Corp. or such other name acceptable to Phoenix and the applicable regulatory authorities

The parties intend that Phoenix will, prior to the Acquisition and subject to Exchange approval, complete a brokered private placement for minimum gross aggregate proceeds of up to \$1,500,000. The price per security will be determined by the Company and the lead agent, and is anticipated to be not less than \$0.10 per security. Following completion of the Private Placement and the Acquisition, the Resulting Issuer is expected to have a total of 34,750,000 common shares issued and outstanding.

Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and accordingly the Company may be unable to realize on the carrying value of its net assets.

## **2. Significant accounting policies and basis of preparation**

These financial statements were authorized for issue on September 06, 2013 by the directors of the Company.

### ***Statement of compliance and conversion to International Financial Reporting Standards***

The interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended October 31, 2012.

### ***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

### ***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination that the Company will continue as a going concern. Actual results may differ from those estimates and judgments should the Company be unable to continue operations.

### ***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

### ***Deferred financing costs***

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Share Capital***

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

***Share-based payments***

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Cash and cash equivalents are classified as fair value through profit and loss.

**2. Significant accounting policies and basis of preparation (cont'd)**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

***Impairment of assets***

The carrying amount of the assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

**2. Significant accounting policies and basis of preparation (cont'd)**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

***Income taxes***

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

***Income taxes (cont'd)***

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

**3. Accounting standards, amendments and interpretations issued by not yet effective**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2013 or later years.

The following standards and interpretations have been issued but are not yet effective:

***New standard IFRS 9 "Financial Instruments"***

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

***New standard IFRS 10 "Financial Statements"***

This new standard will replace IAS 27 "Consolidated and Separate Financial Statements", and SIC-12 "Consolidation – Special Purpose Entities". Concurrent with IFRS 10, the IASB issued IFRS 11 "Joint Ventures"; IFRS 12 "Disclosures of Involvement with Other Entities"; IAS 27 "Separate Financial Statements", which has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and IAS 28 "Investments in Associates and Joint Ventures", which has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

IFRS 10 uses control as the single basis for consolidation, irrespective of the nature of the investee, eliminating the risks and rewards approach included in SIC-12, and requires continuous assessment of control over an investee. The above consolidation standards are effective for annual periods beginning on or after January 1, 2013.

***New standard IFRS 11 "Joint Arrangements"***

This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers.

***New standard IFRS 12 "Disclosure of Interests in Other Entities"***

This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

**3. Accounting standards, amendments and interpretations issued by not yet effective (cont'd)**

***New standard IFRS 13 "Fair value measurement"***

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

***New interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"***

This new IFRIC clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. IFRIC 20 is effective for annual periods beginning on or after January 1, 2013.

***Amendments to IAS 32 "Financial Instruments: Presentation"***

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

***Financial statement presentation***

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "Presentation of Financial Statements" to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**4. Cash and cash equivalents**

The components of cash and cash equivalents are as follows:

	<b>July 31, 2013</b>	<b>October 31, 2012</b>
Cash at bank	\$ 153,328	\$ 187,625
	\$ 153,328	\$ 187,625

**5. Accounts payable and accrued liabilities**

	<b>July 31, 2013</b>	<b>October 31, 2012</b>
Accounts payable and accrued liabilities	\$ 27,452	\$ 26,300
	\$ 27,452	\$ 26,300

**6. Share capital**

*a. Authorized share capital*

Unlimited number of common shares without par value.

*b. Issued share capital*

At July 31, 2013 there were 4,000,000 issued and fully paid common shares.

On March 19, 2012, the Company completed an offering to the public of 2,000,000 common shares at \$0.10 per share for total proceeds of \$200,000 before a 10% commission paid to the Agent. The Company incurred a total of \$74,347 in fees and expenses pursuant to the offering and listing on the TSX Venture Exchange. The Company granted the Agent an option to acquire up to 200,000 common shares of the Company at \$0.10 per share for a two year period.

*c. Basic and diluted loss per share*

The calculation of basic and diluted loss per share for the year ended July 31, 2013 was based on the loss attributable to common shareholders of \$10,808 and the weighted average number of common shares outstanding of 4,000,000.

*d. Stock options*

Outstanding incentive stock options at July 31, 2013 were as follows:

	Expiry Date	Exercise price	Balance, October 31, 2012	Granted	Balance, July 31, 2013
Stock options	March 19, 2017	\$0.10	400,000	-	400,000
Outstanding			400,000	-	400,000
Exercisable			400,000		400,000
Weighted-average exercise price					\$0.10

At July 31, 2013, the weight-average remaining contractual life of stock options was 3.64 years. The weighted-average grant date fair value of options granted during the quarter ended July 31, 2013 was \$0.10.

*e. Stock based compensation*

No options were granted during the Nine Months ended July 31, 2013. During the year ended October 31, 2012, the Company granted a total of 400,000 incentive stock options and stock-based compensation expense of \$38,120 was recorded. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Year ended October 31, 2012
Number of incentive stock options granted	400,000
Fair value of option granted	\$38,120
Expected life of options	5 years
Annualized volatility	175%
Risk-free interest rate	2.50%
Dividend rate	0%



**6. Share capital (cont'd)**

*f. Agent's warrants:*

Outstanding agent warrants at July 31, 2013 were as follows:

	Expiry Date	Exercise price	Balance, October 31, 2012	Granted	Balance, July 31, 2013
Agents warrants	March 19, 2014	\$0.10	200,000	-	200,000
Outstanding			200,000	-	200,000
Exercisable			200,000		200,000
Weighted-average exercise price					\$0.10

At July 31, 2013, the weighted-average remaining contractual life of warrants outstanding was .63 years.

*g. Stock option reserve*

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

For issuance of any agents warrants in a private placement, the Company, using the Black-Scholes model, computes the fair value of the agent warrants. Until such time that the agents warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**7. Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

**Liquidity risk** (cont'd)

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at July 31, 2013:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 27,452	\$ -	\$ -
	\$ 27,452	\$ -	\$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at October 31, 2012:

	Within one year	Between one and five years	More than five years
Trade payables	\$ 26,300	\$ -	\$ -
	\$ 26,300	\$ -	\$ -

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at July 31, 2013, all of the Company's cash is held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

**Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at July 31, 2013:

	As at July 31, 2013		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 153,328	\$ -	\$ -

**7. Financial risk management (cont'd)**

The following is an analysis of the Company's financial assets measured at fair value as at October 31, 2012:

	As at October 31, 2012		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 187,626	\$ -	\$ -

**Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

**Classification of financial instruments**

Financial assets included in the statement of financial position are as follows:

	July 31, 2013	October 31, 2012
Cash and cash equivalents	\$ 153,328	\$ 187,626
Loans and receivables:		
Other receivables	3,265	5,713
Available-for-sale financial instruments:		
Short-term investments	-	-
	\$ 156,593	\$ 193,339

Financial liabilities included in the statement of financial position are as follows:

	July 31, 2013	October 31, 2012
Non-derivative financial liabilities:		
Credit facility	\$ -	\$ -
Trade payables	27,452	26,300
	\$ 27,452	\$ 26,300

**8. Related party transactions**

**Related party balances**

The following amounts due to related parties are included in trade payables and accrued liabilities:

	July 31, 2013	October 31, 2012
Directors or companies controlled by directors of the Company	\$ 19,022	\$ -

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

**8. Related party transactions** (cont'd)

**Related party transactions**

The Company had the following transactions in the normal course of operations with directors and companies with common directors:

	9 months ended	
	July 31, 2013	July 31, 2012
Office rent and supplies (a)	18,116	-
	\$ 18,116	\$ -

- a. \$18,116 in rent to a private company controlled by two directors of the Company

Financial Statements  
(Expressed in Canadian dollars)

**ZURI CAPITAL CORP.**

Year ended October 31, 2012 and from Incorporation on May 2, 2011 to October 31, 2011

## **ZURI CAPITAL CORP.**

### **Management's Responsibility for Financial Reporting**

The accompanying financial statements of Zuri Capital Corp. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 2 to the financial statements.

Management has established a system of internal control over the financial reporting process, which is designed to provide reasonable assurance that relevant and reliable information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements, the accompanying Management's Discussion and Analysis and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee which is comprised of a majority of independent non-executive directors assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the financial statements and the auditors' report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Signed by

Mike Gillis

Chief Executive Officer

Ickbal Boga

Chief Financial Officer

December 10, 2012

## **Independent Auditors' Report**

### **To the Shareholders of Zuri Capital Corp.,**

We have audited the accompanying financial statements of Zuri Capital Corp., which comprise the statements of financial position as at October 31, 2012 and 2011, the statements of comprehensive loss, changes in shareholders' equity and cash flows for the year ended October 31, 2012 and for the period from incorporation on May 2, 2011 to October 31, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zuri Capital Corp. as at October 31, 2012 and 2011 and its financial performance and its cash flows for the year ended October 31, 2012 and for the period from incorporation on May 2, 2011 to October 31, 2011 in accordance with International Financial Reporting Standards.

*De Visser Gray LLP*

Vancouver, BC  
December 10, 2012

Chartered Accountants

ZURI CAPITAL CORP.  
 Statements of financial position  
 As at October 31, 2012 and 2011

	Notes	October 31, 2012	October 31, 2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 187,626	\$ 83,137
Taxes receivable		5,713	860
		193,339	83,997
Deferred financing costs		-	28,939
<b>TOTAL ASSETS</b>		<b>\$ 193,339</b>	<b>\$ 112,936</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	5	\$ 26,300	\$ 20,999
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	186,593	100,000
Reserves	6	57,180	-
Deficit		(76,734)	(8,063)
<b>TOTAL EQUITY</b>		<b>167,039</b>	<b>91,937</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 193,339</b>	<b>\$ 112,936</b>

Nature and continuance of operations (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Director: "Iqbal Boga"  
 Iqbal Boga

Director: "Mike Gillis"  
 Mike Gillis



ZURI CAPITAL CORP.

Statements of comprehensive loss

For the year ended October 31, 2012 and for the period from incorporation on May 2, 2011 to October 31, 2011

	Notes	Year Ended October 31, 2012	Period From May 2, 2011 to October 31, 2011
<b>EXPENSES</b>			
Office and miscellaneous		\$ 841	\$ 63
Professional fees		26,000	8,000
Transfer agent, filing fees		3,710	-
Stock based compensation		38,120	-
		68,671	8,063
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (68,671)</b>	<b>\$ (8,063)</b>
<b>LOSS PER SHARE - BASIC AND FULLY DILUTED</b>		<b>\$ (0.02)</b>	<b>\$ (0.00)</b>

ZURI CAPITAL CORP.

Statement of changes in shareholder's equity

For the year ended October 31, 2012 and for the period from incorporation on May 2, 2011 to October 31, 2011

	Notes	Share capital		Reserves	Deficit	Total
		Number of shares	Amount			
<b>Balance at May 2, 2011 (inception)</b>		-	\$ -	\$ -	\$ -	\$ -
Comprehensive loss		-	-	-	(8,063)	(8,063)
Shares issued for cash by private placement	6	2,000,000	100,000	-	-	100,000
<b>Balance at October 31, 2011</b>		<b>2,000,000</b>	<b>100,000</b>	-	<b>(8,063)</b>	<b>91,937</b>
Comprehensive loss		-	-	-	(68,671)	(68,671)
Shares issued for cash @ 0.10	6	2,000,000	200,000	-	-	200,000
Broker commission		-	(20,000)	-	-	(20,000)
Share issue costs		-	(74,347)	-	-	(74,347)
Fair values of agents warrants		-	(19,060)	19,060	-	-
Stock-based compensation		-	-	38,120	-	38,120
<b>Balance at October 31, 2012</b>		<b>4,000,000</b>	<b>\$ 186,593</b>	<b>\$ 57,180</b>	<b>\$ (76,734)</b>	<b>\$ 167,039</b>

ZURI CAPITAL CORP.

Statements of cash flows

For the year ended October 31, 2012 and for the period from incorporation on May 2, 2011 to October 31, 2011

	Year ended October 31, 2012	Period From May 2, 2011 to October 31, 2011
<b>Operating activities</b>		
Loss for the period from operations	\$ (68,671)	\$ (8,063)
Stock based compensation	38,120	-
Changes in non-cash working capital items:		
Taxes receivable	(4,853)	(860)
Accounts payable and accrued liabilities	18,040	8,260
<b>Net cash used in operating activities</b>	<b>(17,364)</b>	<b>(663)</b>
<b>Financing activities</b>		
Proceeds on issuance of common shares	200,000	100,000
Deferred financing costs	(12,739)	(16,200)
Share issue cost	(65,408)	-
<b>Net cash generated by financing activities</b>	<b>121,853</b>	<b>83,800</b>
Increase in cash and cash equivalents for the period	104,489	83,137
Cash and cash equivalents, beginning of period	83,137	-
<b>Cash and cash equivalents, ending of period</b>	<b>\$ 187,626</b>	<b>\$ 83,137</b>

The Company incurred \$nil (2011 - \$12,739) related to financing activities which were included in accounts payable and accrued liabilities.

**1. Nature and continuance of operations**

Zuri Capital Corp. (the "Company") is a public company incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX.V") under the symbol "ZUR.P". The head office, principal address and records office of the Company are located at 409 Granville Street, Suite 1450, Vancouver, British Columbia, Canada.

On March 19, 2012, the Company completed its public offering in the Provinces of British Columbia, Alberta and Ontario and in the Yukon Territories, with an aggregate of 2,000,000 common shares at \$0.10 per share, for total proceeds of \$200,000 before a 10% commission paid to the Agent.

The Company is a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange"). As a CPC, the Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). The Company is required to complete its Qualifying Transaction ("QT") within twenty-four months of listing on the TSX. Such a transaction will be subject to shareholder and regulatory approval. The Company's shares commenced trading on the Exchange on March 19, 2012.

These financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge liabilities in the ordinary course of operations rather than through a process of forced liquidation. The Company's continued operations as intended will ultimately be dependent upon its ability to identify, evaluate and negotiate the acquisition of an interest in properties, assets, or business which is considered a QT. Such an acquisition will be subject to shareholder and regulatory approval.

Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and accordingly the Company may be unable to realize on the carrying value of its net assets.

**2. Significant accounting policies and basis of preparation**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") for the Company's reporting year ended October 31, 2012.

These financial statements were authorized for issue on December 10, 2012 by the directors of the Company.

***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the determination that the Company will continue as a going concern. Actual results may differ from those estimates and judgments should the Company be unable to continue operations.

2. **Significant accounting policies and basis of preparation (cont'd)**

***Basis of preparation***

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, the functional currency of the Company.

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

***Deferred financing costs***

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

***Share Capital***

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

***Loss per share***

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

***Share-based payments***

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. **Significant accounting policies and basis of preparation (cont'd)**

***Financial instruments***

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Cash and cash equivalents are classified as fair value through profit and loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

2. **Significant accounting policies and basis of preparation (cont'd)**

***Impairment of assets***

The carrying amount of the assets (which include property, plant and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

***Income taxes***

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**2. Significant accounting policies and basis of preparation (cont'd)**

***Income taxes (cont'd)***

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligations, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

**3. Accounting standards, amendments and interpretations issued by not yet effective**

The following standards are effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

*IFRS 10, Consolidated Financial Statements:* IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*.

*IFRS 11, Joint Arrangements:* IFRS 11 establishes principles for financial reporting by parties to a joint arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities-Non – Monetary Contributions by Venturers*.

*IFRS 12, Disclosure of Interests in Other Entities:* IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

*IFRS 13, Fair Value Measurements:* IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

*IFRS 9, Financial Instruments:* In July 2011, the IASB agreed to defer the effective date of IFRS 9 from 2013 to 2015. The standard is the first part of a multi-phase project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. It introduces new requirements for the classification and measurement of financial instruments.



**3. Accounting standards, amendments and interpretations issued by not yet effective (cont'd)**

*IFRS 32 'Financial Instruments: Presentation'* - effective for annual periods beginning on or after January 1, 2014, is amended to provide guidance on the offsetting of financial assets and financial liabilities.

*IAS 27, Separate Financial Statements:* IAS 12 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10.

*IAS 28, Investments in Associates and Joint Ventures:* as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

*IAS 1 – Presentation of Financial Statements:* In June 2011, the IAS issued amendments to IAS 1 that requires an entity to group items presented in the statement of comprehensive income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, the amendments to IAS 1 also require that the taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoptions permitted.

*IFRS 7 – Financial Instruments: Disclosures:* IFRS 7 has been updated to improve the understanding of transfer transactions of financial assets for users of financial statements. This includes understanding possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

**4. Cash and cash equivalents**

The components of cash and cash equivalents are as follows:

	October 31, 2012	October 31, 2011
Cash at bank	\$ 187,625	\$ 83,137
	\$ 187,625	\$ 83,137

**5. Accounts payable and accrued liabilities**

	October 31, 2012	October 31, 2011
Accounts payable and accrued liabilities	\$ 26,300	\$ 20,999
	\$ 26,300	\$ 20,999

**6. Share capital***a. Authorized share capital*

Unlimited number of common shares without par value.

*b. Issued share capital*

At October 31, 2012 there were 4,000,000 issued and fully paid common shares.

On March 19, 2012, the Company completed an offering to the public of 2,000,000 common shares at \$0.10 per share for total proceeds of \$200,000 before a 10% commission paid to the Agent. The Company incurred a total of \$74,347 in fees and expenses pursuant to the offering and listing on the TSX Venture Exchange. The Company granted the Agent an option to acquire up to 200,000 common shares of the Company at \$0.10 per share for a two year period.

*c. Basic and diluted loss per share*

The calculation of basic and diluted loss per share for the year ended October 31, 2012 was based on the loss attributable to common shareholders of \$68,671 (2011 loss of \$8,063) and the weighted average number of common shares outstanding of 3,243,836 (2011 – 2,000,000).

*d. Stock options*

Outstanding incentive stock options at October 31, 2012 were as follows:

	Expiry Date	Exercise price	Balance, October 31, 2011	Granted	Balance, October 31, 2012
Stock options	March 19, 2017	\$0.10	-	400,000	400,000
Outstanding				400,000	400,000
Exercisable					400,000
Weighted-average exercise price					\$0.10

At October 31, 2012, the weight-average remaining contractual life of stock options was 4.38 years (2011 – Nil). The weighted-average grant date fair value of options granted during the year ended October 31, 2012 was \$0.10. (2011 – Nil).

*e. Stock based compensation*

During the year ended October 31, 2012, the Company granted a total of 400,000 incentive stock options and stock-based compensation expense of \$38,120 was recorded. The fair value was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	Year ended October 31, 2012	Year ended October 31, 2011
Number of incentive stock options granted	400,000	-
Fair value of option granted	\$38,120	-
Expected life of options	5 years	-
Annualized volatility	175%	-
Risk-free interest rate	2.50%	-
Dividend rate	0%	-

**6. Share capital (cont'd)***f. Agent's warrants:*

Outstanding agent warrants at October 31, 2012 were as follows:

	Expiry Date	Exercise price	Balance, October 31, 2011	Granted	Balance, October 31, 2012
Agents warrants	March 19, 2014	\$0.10	-	200,000	200,000
Outstanding				200,000	200,000
Exercisable					200,000
Weighted-average exercise price					\$0.10

At October 31, 2012, the weighted-average remaining contractual life of warrants outstanding was 1.38 years (2011 – Nil).

*g. Stock option reserve*

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

For issuance of any agents warrants in a private placement, the Company, using the Black-Scholes model, computes the fair value of the agent warrants. Until such time that the agents warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**Related party transactions**

There are no related party transactions during the period.

**7. Financial risk management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

**7. Financial risk management (cont'd)**

**Liquidity risk (cont'd)**

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at October 31, 2012:

	Within one year	Between one and five years	More than five years
Trade payables	26,300	-	-
	\$ 26,300	\$ -	\$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at October 31, 2011:

	Within one year	Between one and five years	More than five years
Trade payables	20,999	-	-
	\$ 20,999	\$ -	\$ -

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at October 31, 2011, all of the Company's cash is held in Canadian dollars, the Company's functional currency. The Company has no operations in foreign jurisdictions outside of Canada at this time and as such has no currency risk associated with its operations.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal.

**Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

**Fair value**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

## 7. Financial risk management (cont'd)

*Fair value* (cont'd)

- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at October 31, 2012:

	As at October 31, 2012		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 187,626	\$ -	\$ -

There were no transfers between levels during the year.

The following is an analysis of the Company's financial assets measured at fair value as at October 31, 2011:

	As at October 31, 2011		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 83,136	\$ -	\$ -

There were no transfers between levels during the year.

*Classification of financial instruments*

Financial assets included in the statement of financial position are as follows:

	October 31, 2012	October 31, 2011
Fair value through profit and loss:		
Cash and cash equivalents	\$ 187,626	\$ 83,137
	\$ 187,626	\$ 83,137

Financial liabilities included in the statement of financial position are as follows:

	October 31, 2012	October 31, 2011
Non-derivative financial liabilities:		
Trade payables	\$ 26,300	\$ 20,999
	\$ 26,300	\$ 20,999

## 8. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended October 31, 2012	Year ended October 31, 2011
Net loss	\$ (68,671)	\$ (8,063)
Statutory tax rate	25.0%	27.0%
Expected income tax recovery at the statutory tax rate	\$ (17,339)	\$ (2,137)
Differences due to recognition of items for tax purposes:		
Non-deductible items and other	9,625	-
Share issue costs incurred during the year	(23,823)	-
Change in valuation allowance	31,537	2,137
Income tax recovery	\$ -	\$ -

ZURI CAPITAL CORP.

Notes to the financial statements

For the year ended October 31, 2012 and for the period from incorporation on May 2, 2011 to October 31, 2011

8. **Income Taxes** (cont'd)

The components of the Company's deferred tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	October 31, 2012	October 31, 2011
Deferred income tax assets		
Loss carry-forwards	\$ 14,371	\$ 2,016
Share issuance and financing costs	18,869	-
	33,240	2,016
Valuation allowance	(33,240)	(2,016)
Net deferred income tax asset	\$ -	\$ -

The Company has recorded a valuation allowance against deferred income taxes on the extent to which it is more likely than not that sufficient taxable income will not be realized during the carry forward period to utilize all the deferred tax assets.

The Company has available for deduction against future taxable income non-capital losses of approximately \$57,000. These losses, if not utilized, will expire in 2031 and 2032. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

The non-capital losses expire as follows:

Year of origin	Non-capital loss	Year of expiry
2011	\$ 8,000	2031
2012	49,000	2032
	<u>\$ 57,000</u>	

**ZURI CAPITAL CORP.**  
**FOR THE NINE MONTHS ENDED JULY 31, 2013**  
**Management Discussion and Analysis (MD&A) Form 51-102F1**

**OVERVIEW:**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Zuri Capital Corp (the "Company" or "Zuri") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine months ended July 31, 2013. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated September 06, 2013. This MD&A should be read in conjunction with the audited annual financial statements of the Company for the year ended October 31, 2012, together with the notes thereto and the unaudited interim financial statements for the nine months ended July 31, 2013, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Information contained herein is presented as at September 06, 2013, unless otherwise indicated.

The Company is a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange") and completed its qualifying transaction in accordance with Policy 2.4 of the Exchange on August 1, 2013. The Company's shares commenced trading on the Exchange on March 19, 2012. The Company's shares are traded on the TSX Venture Exchange ("TSX.V") under the symbol "ZUR.P". The head office, principal address and records office of the Company are located at 409 Granville Street, Suite 1450, Vancouver, British Columbia, Canada.

Further information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Cautionary Note Regarding Forward-Looking Statements**

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the cost and timing of IPO; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

### **Company business:**

The Company is a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange") and completed its qualifying transaction in accordance with Policy 2.4 of the Exchange on August 1, 2013. The Company's shares commenced trading on the Exchange on March 19, 2012.

On August 1, 2013, the "Company announced that it has entered into a letter agreement (the "Letter Agreement") effective July 30, 2013 with Phoenix Gold Resources Ltd. ("Phoenix") which will result in a reverse take-over of Zuri by Phoenix by way of a three-cornered amalgamation (the "Acquisition"). The Acquisition, if completed, will constitute the Company's "Qualifying Transaction" as defined in Exchange Policy 2.4). Phoenix is an arm's-length party. The Letter Agreement will be followed by the negotiation of a definitive agreement.

Under the terms of the Letter Agreement, the Acquisition may be effected by way of a three cornered amalgamation, whereby a new wholly-owned subsidiary of the Company to be incorporated under the laws of British Columbia ("Zuri Subco") will amalgamate with Phoenix. Under the amalgamation, the Company will acquire all of the then outstanding 15,750,000 common shares of Phoenix which will be exchanged for common shares of the Company together with the other 15,000,000 common shares exchanged on a one-for-one basis under the Private Placement, all of the issued and outstanding shares of Phoenix being amalgamated with the Zuri Subco to form an amalgamated company ("Amalco") which will hold the right to acquire mineral properties in Nevada known as the Plumas Property, the Eldorado Property, and a right of first refusal to acquire the Filippini/Keenan Property (the "Property Rights"). Upon completion of the Acquisition, the Company expects to change its name to Phoenix Gold Resources Corp. or such other name acceptable to Phoenix and the applicable regulatory authorities

The parties intend that Phoenix will, prior to the Acquisition and subject to Exchange approval, complete a brokered private placement for minimum gross aggregate proceeds of up to \$1,500,000. The price per security will be determined by the Company and the lead agent, and is anticipated to be not less than \$0.10 per security. Following completion of the Private Placement and the Acquisition, the Resulting Issuer is expected to have a total of 34,750,000 common shares issued and outstanding.

### **SUMMARY OF QUARTERLY RESULTS**

The Company is a CPC. A summary of selected information for each of the quarters since inception is as follows:

<b>Quarter ended</b>		<b>Revenue</b>	<b>Profit (Loss)</b>	<b>Earnings (Loss) per share</b>
July 31, 2011	IFRS	-	(32)	(0.00)
October 31, 2011	IFRS	-	(8,031)	(0.00)
January 31, 2012	IFRS	-	(708)	(0.00)
April 30, 2012	IFRS	-	(39,611)	(0.02)
July 31, 2012	IFRS	-	(1,030)	(0.00)
October 31, 2012	IFRS	-	(27,322)	(0.01)
January 31, 2013	IFRS	-	(4,557)	(0.00)
April 30, 2013	IFRS	-	(6,251)	(0.00)
July 31, 2013	IFRS	-	(27,090)	(0.01)



**RESULTS OF OPERATION**

	Three Months Period Ended July 31, 2013	Three Months Period Ended July 31, 2012	Nine Months Period Ended July 31, 2013	Nine Months Period Ended July 31, 2012
<b>LOSS BEFORE INCOME TAXES</b>				
Office and miscellaneous	24	219	122	820
Professional fees	5,132	-	5,132	-
Stock based compensation	-	-	-	38,120
Rent	18,116	-	18,116	-
Transfer agent, filing fees	3,818	811	14,528	2,409
	27,090	1,030	37,898	41,349
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	\$ (27,090)	\$ (1,030)	\$ (37,898)	\$ (41,349)
<b>INCOME (LOSS) PER SHARE - BASIC AND FULLY DILUTED</b>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

**Three months ended July 31, 2013, compared with Three months ended July 31, 2012:**

The Company's loss totaled \$27,090 for the three months ended July 31, 2013, which compares with a loss of \$1,030 for the three months ended July 31, 2012; an overall increase in loss of \$26,060. The increase in loss was mainly due to:

- Professional fees during the quarter ended July 31, 2013 was \$5,130 compared to nil during the quarter ended July 31, 2013.
- Rent during the quarter ended July 31, 2013 was \$18,116 compared to nil during the quarter ended July 31, 2013.

**Nine months ended July 31, 2013, compared with nine months ended July 31, 2012:**

The Company's loss totaled \$37,898 for the nine months ended July 31, 2013, which compares with a loss of \$41,349 for the nine months ended July 31, 2012; an overall decrease in loss of \$3,451. The decrease in loss was mainly due to:

- Stock based compensation decreased \$38,120 as no options were granted during the period.
- Transfer agent and filing fees increased by \$12,119 for filing fees to the regulatory authorities.

**Selected Quarterly Information for nine months ended July 31:**

	<u>2013</u>	<u>2012</u>
	IFRS	IFRS
Net income (loss) for period	(37,898)	(40,319)
Working capital	129,141	194,360
Shareholder equity	156,593	194,360

## **LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS**

The Company has no operating revenue and therefore must utilize its current cash reserves and rely on external financing to generate capital to maintain its capacity to meet working capital requirements and ongoing discretionary exploration programs. As a result, the Company continues to incur net losses.

As of July 31, 2013, the Company had \$129,141 in working capital, 4,000,000 common shares issued and outstanding, 200,000 Agents' warrants outstanding and 400,000 options outstanding.

To the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution. The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal. In addition, accounts receivable are composed mainly of sales tax receivable from government authorities in Canada.

### **SUBSEQUENT EVENTS:**

There are no subsequent events to report.

### **SHARE CAPITAL:**

Issued and outstanding as at September 06, 2013, there were:

- a. 4,000,000 common shares outstanding.
- b. 200,000 Agent warrants outstanding.
- c. 400,000 stock options outstanding.

## **TRANSACTIONS WITH RELATED PARTIES**

The Company did not have any transactions in the normal course of operations with directors or companies with common directors.

## **OFF-BALANCE SHEET ARRANGEMENT**

The Company does not have any off-balance sheet items.

## **SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES**

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's unaudited financial statements for the quarter ended July 31, 2013.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company is a development stage company. The unaudited financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions which may raise doubt regarding this assumption. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The amounts recorded for capitalized exploration and evaluation assets, stock based compensation and future income taxes are based on estimates. By their nature, these estimates are subject to measurement uncertainty and changes in these estimates may impact the financial statements for future periods. Amounts recorded for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future

values. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

#### **FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The Company's exposure to financial risk factors is detailed in Note 7 to the interim financial statements.

#### **CAPITAL DISCLOSURE**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at October 31, 2012, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements.

#### **INVESTOR RELATIONS ACTIVITIES**

Investor Relations activities of the Company consisted of the dissemination of news releases by officers and directors. In addition, management of the Company responded to requests by shareholders and investment dealers for information, and disseminated financial information as required by applicable laws. The Directors of the Company have been actively contacting interested parties.

#### **RISK FACTORS**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's management's discussion and analysis for the fiscal year ended October 31, 2012, available on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no significant changes to such risk factors since that date.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

An investment in the securities of the Company is highly speculative and involves numerous and significant

#### **DISCLOSURE OF INTERNAL CONTROLS**

In the light of the Company's small size, controls and procedures for financial reporting and public disclosure are affected by limited segregation of duties. To mitigate potential control weaknesses, the Chief Executive Officer

( 'CEO') is actively involved in the day to day business of the Company, the CEO and Chief Financial Officer ('CFO') jointly review all payments, and the Company has implemented accounting data review procedures to assist the integrity of reports. It is not economically feasible, at the Company's current size and with the limited number of staff available, to achieve optimum or complete segregation of duties. Also, the Company does not have a sufficient number of finance personnel with the required technical knowledge to address all complex and non-routine accounting transactions that may arise. These weaknesses in internal controls raise the possibility that a material misstatement may not be prevented or detected. Management and the Board of Directors work towards mitigating the risk of material misstatements: the integral role of the CEO in day to day operations provides a direct connection to source data, the review and approval by the Board of all material transactions and the use of accounting data review procedures, all provide a further level of assurance. The Company has no plans to remediate the above weaknesses which are linked with its current size and nature of operations.

Although the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that

- (i) the unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim financial statements; and
- (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

There have been no significant changes in the Company's disclosure controls and processes during the nine months ended July 31, 2013.

**ADDITIONAL INFORMATION**

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On behalf of the Board of Directors,

"Mike Gillis"

Mike Gillis

Chief Executive Officer and Director

September 06, 2013

**SCHEDULE "B"**

**FINANCIAL STATEMENTS OF PHOENIX GOLD RESOURCES LTD. FOR THE PERIOD FROM  
INCEPTION (MARCH 11, 2013) TO AUGUST 31, 2013**

# **Phoenix Gold Resources Ltd.**

## **FINANCIAL STATEMENTS**

**For the period from inception (March 11, 2013) to August 31, 2013**

(Expressed in Canadian dollars)

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
**Phoenix Gold Resources Ltd.**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Phoenix Gold Resources Ltd.**, which comprise the statement of financial position as at August 31, 2013, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the period from inception (March 11, 2013) to August 31, 2013, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Phoenix Gold Resources Ltd.** as at August 31, 2013, and its financial performance and its cash flows for the period from inception (March 11, 2013) to August 31, 2013 in accordance with International Financial Reporting Standards.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to note 2 in the financial statements which indicates that **Phoenix Gold Resources Ltd.** has incurred a net loss of \$151,940 for the period from inception (March 11, 2013) to August 31, 2013 and, as of that date, the company's current liabilities exceed current assets by \$151,924. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about **Phoenix Gold Resources Ltd.**'s ability to continue as a going concern.

*SF Partnership, LLP*

Toronto, Canada  
November 5, 2013

LICENSED PUBLIC ACCOUNTANTS



**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Statement of Financial Position**  
**(Expressed in Canadian dollars)**

		<b>August 31, 2013</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Other receivables	\$	<b>5,979</b>
		<b>5,979</b>
<b>Mineral Rights</b> (note 4)		<b>60,000</b>
<b>Total Assets</b>	<b>\$</b>	<b>65,979</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 10)	\$	<b>157,903</b>
<b>Total Liabilities</b>	<b>\$</b>	<b>157,903</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share Capital (note 5)	\$	<b>60,016</b>
Deficit		<b>(151,940)</b>
<b>Total Shareholders' Deficiency</b>		<b>(91,924)</b>
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$</b>	<b>65,979</b>

Commitments and Contractual Arrangements (note 6)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Glenn Laing"  
 Director

"Andrew Lee"  
 Director

*The accompanying notes are an integral part of these financial statements.*

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Statement of Loss and Comprehensive Loss**  
**(Expressed in Canadian dollars)**

	<b>Period from inception (March 11, 2013) to August 31, 2013</b>
<b>Revenue</b>	<b>\$ -</b>
<b>Expenses</b>	
Management fees	90,000
Professional fees	47,752
Consulting fees	7,500
Office and administration	6,688
<b>Net Loss and Comprehensive Loss</b>	<b>\$ 151,940</b>
<b>Weighted Average Number of Shares Outstanding</b>	<b>14,474,573</b>
<b>Loss per Share – Basic and Diluted</b>	<b>\$ (0.01)</b>

*The accompanying notes are an integral part of these financial statements.*

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Statement of Changes in Shareholders' Deficiency**  
**(Expressed in Canadian dollars)**

	Number of Shares	Common Shares	Deficit	Shareholders' Deficiency
<b>Balance – beginning of period</b>	-	-	-	-
Shares issued on inception (March 11, 2013)	100	1	-	1
Shares issued for cash	15,149,900	15	-	15
Shares issued for acquisition of mineral properties	600,000	60,000	-	60,000
Loss for the period	-	-	(151,940)	(151,940)
Other comprehensive loss	-	-	-	-
<b>Balance – August 31, 2013</b>	<b>15,750,000</b>	<b>60,016</b>	<b>(151,940)</b>	<b>(91,924)</b>

*The accompanying notes are an integral part of these financial statements.*

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Statement of Cash Flows**  
**(Expressed in Canadian dollars)**

	<b>Period from inception (March 11, 2013) to August 31, 2013</b>
<b>Cash provided by (used in):</b>	
<b>Operating Activities:</b>	
Net loss for the period	\$ (151,940)
Changes in non-cash working capital items:	
Other receivables	(5,979)
Accounts payable and accrued liabilities	157,903
<b>Net Cash Used in Operating Activities</b>	<b>(16)</b>
<b>Investing Activities:</b>	
Acquisition of mineral properties	(60,000)
<b>Net Cash Used in Investing Activities</b>	<b>(60,000)</b>
<b>Financing Activities:</b>	
Subscription of common shares	60,016
<b>Net Cash Provided by Financing Activities</b>	<b>60,016</b>
Net increase (decrease) in cash	-
Cash - beginning of period	-
<b>Cash - end of period</b>	<b>\$ -</b>

*The accompanying notes are an integral part of these financial statements.*

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**1. Nature and Continuance of Operations**

Phoenix Gold Resources Ltd. (the "Company" or "Phoenix") was incorporated on March 11, 2013 in the province of British Columbia, Canada, under the British Columbia Business Corporations Act. The Company's registered address is 1000 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

The Company's principal business is to acquire, explore and develop gold and mineral mining rights.

**2. Going Concern**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's long term continuance is dependent on obtaining sufficient external financing. To date, the Company has not generated any revenue from operations. As at August 31, 2013, the Company has an accumulated deficit of \$151,940, and has incurred a net loss of \$151,940 for the period then ended and negative working capital of \$151,924. These financial statements do not reflect adjustments to the carrying value of assets, liabilities, the reported expenses and financial position classifications used that might be necessary if the going concern assumption were not appropriate.

**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**a) Statement of compliance to IFRS**

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on IFRS issued and outstanding as of November 5, 2013, the date the Board of Directors approved the financial statements for issue.

**b) Basis of presentation**

These financial statements have been prepared on a historical cost convention using the accrual basis of accounting except for the cash flow information. Presentation of the statement of financial position differentiates between current and non-current assets and liabilities. The statement of loss and comprehensive loss is prepared using the functional classification.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**c) Measurement uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgements made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include accounts payable and accrued liabilities, valuation of share-based payments, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the financial statements of future period could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

**d) Functional currency translation**

*i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

*ii) Functional and presentation currency*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of loss.

**e) Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**e) Financial instruments (cont'd)**

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

*i) Financial assets and liabilities at fair value through profit or loss*

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. The Company at this time does not have any financial instruments in this category.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income (loss). Gains and losses arising from changes in fair value are presented in the statement of income (loss) within other gains and losses in the period in which they arise.

*ii) Available-for-sale investment*

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company at this time does not have any financial instruments in this category.

Available-for-sale investments are recognized initially at fair value and subsequently at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of loss as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and included in other gains and losses.

*iii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of other receivables, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less a provision for impairment, if any.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**e) Financial instruments (cont'd)**

*iv) Held to maturity investments*

Held to maturity investments are non-derivative financial assets with no fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. The Company at this time does not have any financial instruments in this category.

*v) Other financial liabilities*

Other financial liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

**f) Impairment of financial assets**

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. An impairment loss on an available for sale financial asset or fair value through profit or loss financial asset is calculated by reference to its fair value. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in net loss.

Impairment losses on financial assets carried at amortized cost may be reversed in subsequent periods if the amount of the loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized. Financial assets measured at amortized cost and available for sale financial assets that are debt securities are reversed through profit and loss. For available for sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.



**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**g) Revenue recognition**

Revenue will be recorded when consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income will be recognized as it accrues.

**h) Comprehensive income or loss**

Comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive income (loss) in its statement of loss and comprehensive loss and its statement of changes in equity (deficiency).

**i) Income taxes**

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit and loss except to the extent that it relates to equity transactions, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to unused tax losses and unused tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable loss and is not a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**i) Income taxes (cont'd)**

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

**j) Non-monetary transactions**

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

**k) Loss per share**

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

**l) Identifiable intangible assets**

The Company's intangible assets include mineral rights with infinite useful lives.

The Company is in the exploration stage and defers all expenditures related to its mineral rights until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

*i) Pre-Exploration*

Pre-exploration costs in areas where a legal right to explore has not been obtained are expensed as incurred.

*ii) Exploration and evaluation expenditures*

Exploration and evaluation ('E&E') costs incurred after the legal right to explore is obtained, but before technical feasibility and commercial viability of the project have been demonstrated are capitalized as E&E assets. These include the costs of acquiring the licenses and directly attributable general and administrative costs. All applicable costs are capitalized as either tangible or intangible E&E assets depending on the nature of the assets acquired. The costs are accumulated in cost centers by exploration area.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**l) Identifiable intangible assets (cont'd)**

*iii) Development and production costs*

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all E&E costs attributable to that area are reclassified to construction in progress within property, plant and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

**m) Impairment of non-financial assets**

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether an impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

A CGU recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**n) Restoration, rehabilitation and environmental obligations**

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant, other site preparation work, and water and soil management, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value of the liability. These costs are charged against profit or loss over the economic life of the related assets, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as at August 31, 2013.

**o) Share-based payments**

The Company from time to time may issue shares or options to its directors, officers, consultants and employees. The Company values share-based payments using the fair-value method of the services provided. For stock options issued to its directors, officers, consultants and employees where the value of the services provided cannot be determined or the options are provided for services already provided to the Company, the Company values stock-based compensation by reference to the fair value of the stock options issued, utilizing the Black-Scholes option pricing model. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-based payment reserve.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**o) Share-based payments (cont'd)**

Any consideration paid by employees on the exercise of stock options or purchase of stock is credited to share capital plus the amounts originally recorded as share-based payment reserve. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

**p) New accounting standards and recent pronouncements**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period from commencement of operations (March 11, 2013) to August 31, 2013, and have not been applied in preparing these financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

**International Accounting Standards**

**Effective Date**

IAS 32 – Financial Instruments: Presentation	The objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses, and gains; and the circumstances in which financial assets and financial liabilities should be offset. The principles in this Standard complement principles for recognizing and measuring financial assets and financial liabilities in IFRS 9, and for disclosing information about them in IFRS 7.	January 1, 2014
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Concurrent with the amendments to IFRS 7, the IASB also amended IAS 32 to clarify the existing requirements for offsetting financial instruments in the balance sheet.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**3. Significant Accounting Policies (cont'd)**

**p) New account standards and recent pronouncements**

IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.	January 1, 2015
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Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt the new requirements.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**4. Mineral Rights**

On July 9, 2013, the Company issued 500,000 common shares to Americas Gold Exploration Inc. ("AGEI"), at \$0.10 per share in order to acquire 50% right, title and interest to the Plumas Property and 100,000 common shares to William Matlack ("Matlack") at \$0.10 per share as consideration for a 20-year renewable lease entered into for the remaining 50% right, title and interest to the Plumas Property as described in note 6a(i). Matlack has the option to convert the lease payments into a 1% net smelter return royalty on the property and the Company has the right to buy back this option by paying Matlack \$1,053,000 (US\$1,000,000).

The Plumas Property consists of two patented lode mining claims with extralateral rights (40 acres) and one patented millsite claim (8.5 acres) situated in Battle Mountain, Lander County, Nevada.

**5. Share Capital**

(a) *Authorized*

Unlimited number of common shares.

(b) *Issued and outstanding*

Issued common shares are as follows:

	Number of shares	Amount
<b>Balance – beginning of period</b>	-	\$ -
Issued on incorporation – March 11, 2013 (i)	100	1
Issued for cash (ii)	15,149,900	15
Issued for acquisition of mineral properties (iii)	600,000	60,000
<b>Balance – June 30, 2013</b>	<b>15,750,000</b>	<b>\$ 60,016</b>

(i) On March 11, 2013, the Company issued 100 common shares at a value of \$0.01/share upon incorporation.

(ii) On March 22, 2013, the Company issued 15,149,900 common shares at a value of \$0.000001 per share for \$15 (rounded) to directors and shareholders of the Company.

(iii) On July 9, 2013, the Company issued 500,000 common shares to AGEI and 100,000 common shares to Matlack at a price of \$0.10 per share as part of the consideration to acquire the Plumas Property described in note 4.

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**6. Commitments and Contractual Arrangements**

As at August 31, 2013, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

a) As part of the letter of agreement entered into with AGEI and Matlack on July 9, 2013 for the acquisition of certain patented mineral claims in Nevada, comprised of the Eldorado Property, the Plumas Property and the Keenan/Fillipini Property (collectively, the "Phoenix Gold Properties"), the Company has the following commitments:

(i) As part of the lease of the Plumas Property describe in note 4, the Company is required to make payments of \$36,855 (US\$35,000) to be paid on the closing of the reverse take-over transaction ("RTO") described in note 6b and annual payments on each anniversary date for a period of 20 years. Future minimum lease payments are as follows:

2014	\$36,855
2015	36,855
2016	36,855
2017	36,855
2018	36,855
Thereafter	552,825

(ii) The Company will pay the amount of \$5,000 to AGEI for the extension of the lease in respect of the Eldorado Property. Upon closing of the RTO, the Company will pay \$10,000 to AGEI for its legal expenses; and

(iii) The letter of agreement will remain binding unless the RTO transaction by the Company is not completed by December 31, 2013.

b) On July 29, 2013, the Company entered into a letter of agreement with Zuri for acquisition of the Company by Zuri, a capital pool company listed on the TSX Venture Exchange. This will result in a RTO of Zuri by the Company. Concurrent with this transaction, the Company is required to complete a brokered private placement (the "Private Placement") of units (the "Units") consisting of one common share and one half of one share purchase warrant (the "Warrant") at a minimum price per Unit of \$0.10. Each Warrant will be exercisable at a price of \$0.20 for a period of 24 months. The Private Placement shall be for minimum gross proceeds of \$1,500,000. The agent of the Private Placement will receive 8% cash commission on the total gross proceeds and 8% agents' warrants on the total number of Units issued.



**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**7. Capital Management**

As at August 31, 2013, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of \$60,016 and deficit of \$151,940.

The Company's objective when managing capital structure is to ensure sufficient financial resources exist to meet the Company's strategic exploration and business development objectives, and to ensure that the Company continues as a going concern.

**8. Segmented Information**

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

**9. Income Taxes and Deferred Income Tax**

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

(a) Deferred income tax assets and liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The significant components of the Company's deferred tax assets are as follows:

	August 31, 2013
Non-capital losses carried forward	\$ 37,769
Valuation allowance	(37,769)
Deferred income tax assets	\$ -

(b) Non-capital losses

As at August 31, 2013, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years of approximately \$37,769 expiring as follows:

Year 2033	\$ 37,769
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**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**9. Income Taxes and Deferred Income Tax (cont'd)**

(c) Income tax reconciliation

	Period from inception (March 11, 2013) to August 31, 2013
Income tax recovery expected at statutory rate	\$ (37,989)
Difference on deductibility of incorporation costs	220
Valuation allowance	37,769
Income taxes expense	\$ -

**10. Related Party Transactions**

The Company considers its Board of Directors and certain consultants which, by virtue of the contracts in place and the functions performed, to be key management. The Company has no compensation arrangements with its Board of Directors. Compensation accrued to the key management is listed below:

	Period from inception (March 11, 2013) to August 31, 2013
Management fees	\$ 90,000

For the period from inception (March 11, 2013) to August 31, 2013, the Company accrued management fees of \$60,000 to Avonlea Ventures Inc., and \$30,000 to 2238012 Ontario Inc., companies controlled by officers of the Company. As at August 31, 2013, these amounts are included in accounts payable and accrued liabilities.

During the year, the Company expensed consulting fees of \$7,500 and office and administration costs of \$6,688 to Ecuador Gold and Copper Corporation, a company under common control. As at August 31, 2013 this amount is included in accounts payables and accrued liabilities.

These transactions are in the normal course of operations and at the exchange amount agreed to by the related parties.

**11. Financial Instruments**

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and  
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Phoenix Gold Resources Ltd.**  
**(An exploration stage company)**  
**Notes to the Financial Statements**  
**For the period from inception (March 11, 2013) to August 31, 2013**  
**(Expressed in Canadian dollars)**

**11. Financial Instruments (cont'd)**

The Company's financial instruments consisting of other receivables and accrued liabilities are classified as level 2. The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

**Fair value**

As at August 31, 2013, the Company's financial instruments consist of other receivables and accounts payable and accrued liabilities. These financial instruments are classified as loans and receivables or other financial liabilities and are carried at amortized cost. The fair values of other receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

**Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs. The Company has no financial instruments maturing beyond one year. Further information regarding liquidity is set out in note 2.

**Credit risk**

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company has credit risk with its other receivable, but it is considered to be minimal. There is no allowance for doubtful accounts recorded as at August 31, 2013.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

*(i) Interest rate risk*

The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

*(ii) Currency risk*

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is not currently exposed to the risk since the Company does not have any balances or transactions in foreign currency.

**SCHEDULE "C"**

**PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE RESULTING ISSUER AS AT  
JULY 31, 2013**

# **Zuri Capital Corp.**

## **Pro-Forma Statement of Financial Position July 31, 2013** (Stated in Canadian Dollars)

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# Zuri Capital Corp.

## Pro-Forma Statement of Financial Position

(unaudited)

As at July 31, 2013

(in Canadian dollars)

	Zuri Capital Corp. (As at July 31, 2013)	Phoenix Gold Resources Ltd. (As at August 31, 2013)		Pro-Forma Adjustments	Pro-Forma Resulting Issuer
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	153,328	-	(e)	2,000,000	1,692,905
			(g)	(160,000)	
			(i)	(36,502)	
			(j)	(96,990)	
			(k)	(46,931)	
			(l)	(120,000)	
Other receivables	3,265	5,979		-	9,244
	156,593	5,979		1,539,577	1,702,149
<b>Advances to Related Parties</b>	-	-		-	-
<b>Intangible Assets:</b>					
Mineral rights	-	60,000	(i)	36,502	240,423
			(j)	96,990	
			(k)	46,931	
<b>Total Assets</b>	<b>156,593</b>	<b>65,979</b>		<b>1,720,000</b>	<b>1,942,572</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable and accrued liabilities	27,452	157,903		-	185,355
<b>Total Liabilities</b>	<b>27,452</b>	<b>157,903</b>		-	<b>185,355</b>
<b>Shareholders' Equity</b>					
Share Capital	186,593	60,016	(a)	(186,593)	1,735,736
			(b)	400,000	
			(e)	2,000,000	
			(f)	(467,000)	
			(g)	(160,000)	
			(h)	(97,280)	
Share-based Payment Reserve	38,120	-	(a)	(38,120)	126,600
			(d)	29,320	
			(h)	97,280	
Warrant Reserve	19,060	-	(a)	(19,060)	472,500
			(c)	5,500	
			(f)	467,000	
Accumulated Deficit	(114,632)	(151,940)	(a)	243,773	(577,619)
			(b)	(400,000)	
			(c)	(5,500)	
			(d)	(29,320)	
			(l)	(120,000)	
<b>Total Equity</b>	<b>129,141</b>	<b>(91,924)</b>		<b>1,720,000</b>	<b>1,757,217</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>156,593</b>	<b>65,979</b>		<b>1,720,000</b>	<b>1,942,572</b>

## **Zuri Capital Corp.**

### **Pro-Forma Statement of Financial Position**

*(unaudited)*

**As at July 31, 2013**

*(in Canadian dollars)*

#### Pro-forma assumptions:

- (a) Record the acquisition of net assets of Phoenix Gold Resources Ltd. – see note 3(a)
- (b) Record the consideration paid for the acquisition: 4,000,000 common shares issued – see note 3(a)
- (c) Record the consideration paid for the acquisition: 200,000 warrants issued – see note 3(a)
- (d) Record the consideration paid for the acquisition: 400,000 stock options issued – see note 3(a)
- (e) Record the completion of the Concurrent Financing: 20,000,000 Concurrent Financing units issued – see note 3(b)
- (f) Record the completion of the Concurrent Financing: Allocate the fair value of 10,000,000 common share purchase warrants on 20,000,000 Concurrent Financing units issued – See note 3(b)
- (g) Record 8% cash commission on the Concurrent Financing – see note 3(b)
- (h) Record 8% agent's options on the Concurrent Financing – see note 3(b)
- (i) Record \$36,502 (US \$35,000) initial Plumas Lease payment – see note 3(c)
- (j) Record payment of \$96,990 (US \$93,000) to acquire 50% of Eldorado Property – see note 3(c)
- (k) Record additional cash payments of \$46,931 (US \$45,000) upon closing of the RTO Transaction – see note 3(c)
- (l) Record estimated RTO Transaction costs – see note 3(g)

*The accompanying notes are an integral part of the unaudited pro-forma statement of financial position.*

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

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**1. Basis of Presentation**

The accompanying unaudited pro-forma statement of financial position has been prepared by management for inclusion in a Filing Statement (the "Filing Statement") dated November 29, 2013 being filed by Zuri Capital Corp. (the "Zuri") with the TSX Venture Exchange in connection with the amalgamation transaction between Zuri Capital Corp. and Phoenix Gold Resources Ltd. ("Phoenix" or the "Company"), as described in note 2 (the "Proposed Transactions") and note 3 (a) (the "Amalgamation").

The unaudited pro-forma statement of financial position has been derived from: 1) the unaudited condensed interim financial statements of Zuri for the nine months ended July 31, 2013; and 2) the audited financial statements of Phoenix for the period from inception (March 11, 2013) to August 31, 2013.

The unaudited pro-forma statement of financial position as at July 31, 2013 has been prepared as if the amalgamation of Zuri with Phoenix had occurred on July 31, 2013.

The unaudited pro-forma statement of financial position should be read in conjunction with the following financial statements included elsewhere in the Filing Statement:

- (a) The unaudited condensed interim financial statements of Zuri for the nine months ended July 31, 2013;
- (b) The audited financial statements of Zuri for the year ended October 31, 2012 and from incorporation on May 2, 2011 to October 31, 2011; and
- (c) The audited financial statements of Phoenix for the period from inception (March 11, 2013) to August 31, 2013.

The unaudited pro-forma statement of financial position has been prepared for illustrative purposes only and is not necessarily indicative of the actual results that would have occurred had the amalgamation of Zuri with Phoenix been concluded at the dates indicated. The pro-forma adjustments are based on currently available information and management estimates and assumptions. Actual adjustments may differ from the pro-forma adjustments. Management believes that such adjustments provide a reasonable basis for presenting all of the significant effects of the Proposed Transaction in accordance with International Financial Reporting Standards ("IFRS"). The pro-forma statement of financial position applies the accounting policies of Phoenix under IFRS.



**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
(unaudited)  
**As at July 31, 2013**  
(in Canadian dollars)

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**2. The Proposed Transactions**

**(a) About Zuri Capital Corp. and 0982887 B.C. Ltd.**

Zuri Capital Corp. (the "Zuri") was incorporated on May 2, 2011 in the province of British Columbia, Canada, under the British Columbia Business Corporations Act. Zuri's shares are traded on the TSX Venture Exchange ("TSX.V") under the symbol "ZUR.P". Zuri is a Capital Pool Corporation ("CPC"), as this term is defined in the policies of the TSX Venture Exchange (the "Exchange"). The principal business of Zuri is to identify, evaluate and acquire assets, properties or business which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). The Company is required to complete its Qualifying Transaction within twenty-four months of listing on the TSX. Such a transaction will be subject to shareholder and regulatory approval. Zuri trades under the symbol "ZUR.P". The registered corporate office and principal place of business of Zuri is 409 Granville Street, Suite 1450, Vancouver, British Columbia, Canada.

On March 19, 2012, the Company completed its public offering in the Provinces of British Columbia, Alberta and Ontario and in the Yukon Territories, with an aggregate of 2,000,000 common shares at \$0.10 per share, for total proceeds of \$200,000 before a 10% commission paid to the Agent.

0982887 B.C. Ltd. ("Zuri Subco") is a wholly owned subsidiary of Zuri and was incorporated on October 11, 2013 under the *Business Corporations Act* (British Columbia) for the purposes of completing the amalgamation described in note 3(a). Zuri Subco is a privately held company.

**(b) About Phoenix Gold Resources Ltd. and Phoenix Gold Resources (USA) Inc.**

Phoenix Gold Resources Ltd. (the "Phoenix") was incorporated on March 11, 2013 in the province of British Columbia, Canada, under the British Columbia Business Corporations Act. The Company's registered address is 700 - 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

The principal business of Phoenix is to acquire, explore and develop the gold and mineral mining rights. On July 9, 2013, the Company issued 500,000 common shares to Americas Gold Exploration Inc. ("AGEI") at \$0.10 per share in order to acquire 50% right, title and interest to the Plumas Property and 100,000 common shares to William Matlack ("Matlack") at \$0.10 per share as part of the consideration to acquire a 20 year renewable lease of the remaining 50% right, title and interest to the Plumas Property.

The Plumas Property consists of two patented lode mining claims with extra lateral rights (40 acres) and one patented mill site claim (8.5 acres) situated in Battle Mountain, Lander County, Nevada.

Phoenix is authorized to issue an unlimited number of common shares. As of August 31, 2013, 15,750,000 common shares have been issued and are outstanding.

Phoenix Gold Resources (USA) Inc. ("Phoenix Subco") is a wholly owned subsidiary of Phoenix and was incorporated on October 31, 2013 under the laws of Nevada for the purposes of holding title to the Phoenix Gold Property (see 3(c), below). Phoenix Subco is a privately held company.

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

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**3. Pro Forma Assumptions and Adjustments with Respect to the Proposed Transaction**

The pro forma adjustments described below are based upon available information and certain assumptions management believes are reasonable.

**(a) Amalgamation of Zuri and Phoenix**

The accompanying unaudited pro-forma statement of financial position gives effect to the three cornered amalgamation among Zuri, Zuri Subco, and Phoenix as if it had occurred on July 31, 2013. The unaudited pro-forma statement of financial position has been derived from the statement of financial position of Zuri (100% owned parent of Zuri Subco) as of July 31, 2013 and the statement of financial position of Phoenix as of August 31, 2013. After the amalgamation, the former shareholders of Phoenix will own in excess of 50% of the outstanding shares of the amalgamated entity. In accordance with IFRS 3, Business Combinations, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as Zuri does not meet the definition of a business under the standard. As a result, the transaction will be accounted for as a capital transaction with Phoenix being identified as the acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Phoenix.

The consideration to be paid by Phoenix is as follows:

	Fair value (\$)
Issuance of 4,000,000 common shares	\$ 400,000
Issuance of 400,000 stock options	29,320
Issuance of 200,000 agent's warrants	5,500
	<b>\$ 434,820</b>

Based on the statement of financial position of Zuri at July 31, 2013, the net assets at estimated fair values to be acquired by Phoenix are as follows:

	Fair value (\$)
Cash	\$ 153,328
Other receivables	3,265
Accounts payable	(27,452)
	<b>\$ 129,141</b>

In accordance with IFRS 2, Share-Based Payments, any excess of the fair value of the consideration paid by Phoenix over the value of the net monetary assets of Zuri is recognized in the statement of operations and comprehensive income (loss). For the purpose of this pro-forma statement of financial position, the net amount of \$305,679 was charged to net loss and accumulated deficit.

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

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**3. Pro Forma Assumptions and Adjustments with Respect to the Proposed Transaction (Cont'd)**

**(b) Concurrent Financing**

Concurrent with the completion of the transaction described in note 3(a) and as a condition of the amalgamation, Phoenix will complete a private placement offering of 20,000,000 units (the "Units") at \$0.10 per Unit for gross proceeds of \$2,000,000. Each Unit will consist of one common share of Phoenix and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of Phoenix at a price of \$0.20 for a period of two years from the date of issuance. The fair value of 10,000,000 share purchase warrants will be estimated at \$467,000 using the Black-Scholes option pricing model. The following assumptions will be used: expected dividend yield - 0%; expected volatility - 120%; risk-free interest rate - 1.14%; expected life - 2 years.

The agent will receive a cash commission of \$160,000 (8% of the gross proceeds of the Concurrent Financing). In addition, the agent will receive 1,600,000 options ("Agent's Options") equal to 8% of the number of Concurrent Financing Shares sold. Each Agent's Option will entitle the holder to acquire one common share and one-half of one common share purchase warrant of Phoenix at a price of \$0.10 for a period of 2 years from the date of closing of the Concurrent Financing. The fair value of Agent's Options will be estimated at \$97,280 using the Black-Scholes option pricing model. The following assumptions were used: expected dividend yield - 0%; expected volatility - 120%; risk-free interest rate - 1.14%; expected life - 2 years.

Proceeds from the Concurrent Financing will be used to complete the acquisition of the Phoenix Gold Property, completing a feasibility study on the Phoenix Gold Property, certain fees and expenses associated with the Amalgamation, ongoing administration costs, and for general working capital.

**(c) Acquisition of Phoenix Gold Property**

On July 9, 2013, Phoenix entered into a Letter agreement (the "Letter Agreement") with America's Gold Exploration Inc. ("AGEI") and William Matlack ("Matlack") for the acquisition of certain patented mineral claims in Nevada, USA, comprised of the Plumas Property, Eldorado Property, and the Keenan/Fillipini Property (collectively, the "Phoenix Gold Property").

Plumas Property

On July 9, 2013, Phoenix issued 500,000 common shares (with an issue price of \$0.10 per common share and deemed conversion rate of US \$1 = C \$1) to AGEI to acquire 50% right, title and interest to the Plumas Property.

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

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**3. Pro Forma Assumptions and Adjustments with Respect to the Proposed Transaction (Cont'd)**

**(c) Acquisition of Phoenix Gold Property (Cont'd)**

Plumas Property (Cont'd)

Phoenix has acquired the remaining 50% right, title and interest to the Plumas Property from Matlack by a way of a 20 year renewable lease (the "Plumas Lease") commencing on the closing of the RTO, in consideration for \$36,502 (US \$35,000) to be paid on the closing of the RTO and annual payments of US \$35,000, due on each anniversary date of the initial payment for each year the lease remains in effect. Matlack will have the option to convert the lease payments into a 1% net smelter return royalty (the "Matlack Royalty") on the Plumas Property. Phoenix will have the right to buy back the Matlack Royalty by paying Matlack US \$1,000,000.

As further consideration for the Plumas Lease, on July 9, 2013, Phoenix issued 100,000 common shares (with an issue price of \$0.10 per common share and deemed conversion rate of US \$1 = C \$1) to Matlack.

The pro forma statement of financial position assumes that \$36,502 (US \$35,000) for initial Plumas Lease will be paid upon the completion of the RTO. A conversion rate of \$1.0429 CAD/USD has been assumed based on the Bank of Canada Noon Buying Rate as at October 31, 2013.

Eldorado Property

Phoenix has the option to acquire 50% right, title and interest to the Eldorado Property for a cash consideration of \$96,990 (US \$93,000).

The pro forma statement of financial position assumes that the cash payment of \$96,990 (US \$93,000) will be made upon the completion of the RTO. A conversion rate of \$1.0429 CAD/USD has been assumed based on the Bank of Canada Noon Buying Rate as at October 31, 2013.

Keenan/Filippini Property

Pursuant to the Letter Agreement, Phoenix has acquired the right of first refusal for the acquisition of 50% right, title, and interest to the Keenan/Filippini Property upon making payment of US \$50,000 in common shares of the resulting issuer (with a deemed fair value of \$0.10 per common share and deemed conversion rate of US \$1 = C \$1).

The pro forma statement of financial position assumes that no payment will be made upon closing of the RTO regarding the acquisition of Keenan/Filippini Property.

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

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**3. Pro Forma Assumptions and Adjustments with Respect to the Proposed Transaction (Cont'd)**

**(c) Acquisition of Phoenix Gold Property (Cont'd)**

Additional Payments Under the Letter Agreement

In addition to the other payments noted above for the acquisition of the Properties under the Letter Agreement, the following cash payments totaling \$46,931 (US \$45,000) will also be need to be made upon completion of the Reverse Takeover:

- (i) \$10,429 (US \$10,000) to AGEI for legal expenses; and
- (ii) \$36,502 (US \$35,000) to Matlack as additional consideration.

A conversion rate of \$1.0429 CAD/USD has also been assumed in connection with these payments based on the Bank of Canada Noon Buying Rate as at October 31, 2013.

**(d) Share Capital Continuity**

A continuity of the resulting issuer's share capital and related recorded values after giving effect to the pro forma transactions is described below:

<b>Common Shares</b>	<b># of Shares</b>	<b>Amount (\$)</b>
Common share issued upon incorporation	100	\$ 1
Common shares issued for cash – founders' shares	15,149,900	15
Issued for acquisition of Plumas Property (See note 3(c))	600,000	60,000
Common shares outstanding	15,750,000	\$ 60,016
<b>Pro-forma adjustments:</b>		
Adjustment to record shares of Zuri acquired in transaction (See note 3(a))	4,000,000	\$ 400,000
Proceeds from Concurrent Financing – net of issue costs	20,000,000	1,742,720
Fair value of share purchase warrants attached on Concurrent Financing Units allocated to warrants reserve	-	(467,000)
<b>Balance – pro-forma</b>	<b>39,750,000</b>	<b>\$ 1,735,736</b>

Share issuance costs are comprised of:

	<b>Amount (\$)</b> <b>(Maximum Financing)</b>
Balance	\$ -
<b>Pro-forma adjustments:</b>	
Cash commission on Concurrent Financing	160,000
Fair value of Agent's Options on Concurrent Financing	97,280
<b>Balance – pro-forma</b>	<b>\$ 257,280</b>

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

**3. Pro Forma Assumptions and Adjustments with Respect to the Proposed Transaction (Cont'd)**

**(e) Warrant Reserve Continuity**

	Exercise Price (\$)	Number of Warrants (#)	Valuation (\$)
Balance	\$ -	-	\$ -
<b>Pro-forma Adjustments:</b>			
Adjustment to record agent's warrants of Zuri acquired in transaction (i)	0.10	200,000	5,500
Fair value of share purchase warrants attached on Concurrent Financing Units allocated from share capital (ii)	0.20	10,000,000	467,000
<b>Total</b>		<b>10,200,000</b>	<b>\$ 472,500</b>

The warrants have been valued using the Black-Scholes Option Pricing Model with the following assumptions:

- (i) Expected dividend yield 0%; expected volatility 120%; risk-free interest rate 1.14% and an expected life of 0.34 years;
- (ii) Expected dividend yield 0%; expected volatility 120%; risk-free interest rate 1.14% and an expected life of 2 years.

**(f) Stock Options**

	Number of options (#)	Exercise price (\$)	Estimated fair values (\$)	Expiry date
Balance – Opening	-	\$ -	\$ -	-
<b>Pro-forma Adjustments:</b>				
Fair value of 400,000 Zuri stock options at RTO (i)	400,000	\$ 0.10	\$ 29,320	March 19, 2017
Agent's Options issued on Concurrent Financing (ii)	1,600,000	\$ 0.10	\$ 97,280	2 years from the date of closing of the Concurrent Financing
<b>Total</b>	<b>2,000,000</b>		<b>\$ 126,600</b>	

The options have been valued using the Black-Scholes Option Pricing Model with the following assumptions:

- (i) Expected dividend yield 0%; expected volatility 120%; risk-free interest rate 1.26% and an expected life of 3.34 years;
- (ii) Expected dividend yield 0%; expected volatility 120%; risk-free interest rate 1.14% and an expected life of 2 years.

**Zuri Capital Corp.**  
**Notes to the Pro-Forma Statement of financial position**  
*(unaudited)*  
**As at July 31, 2013**  
*(in Canadian dollars)*

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**3. Pro Forma Assumptions and Adjustments with Respect to the Proposed Transaction (Cont'd)**

**(g) Estimated Transaction Costs**

Transaction costs are estimated to be \$120,000 and the amount is charged to net loss and accumulated deficit on the pro-forma balance sheet.

**4. Pro forma Statutory Income Tax Rate**

The pro forma effective statutory income tax rate of the combined companies is 25%. Both Zuri and Phoenix were incorporated in the province of British Columbia, Canada, under the British Columbia Business Corporations Act.

**5. Escrowed Shares**

Under the terms of the subject escrow agreement, 10% of the escrowed shares will be released on date of the issuance of the final exchange bulletin by the TSX Venture Exchange following the completion of the proposed qualifying transaction, and thereafter on each six months' anniversary of such date, 15% of the escrowed shares will be released.

Upon completion of the proposed qualifying transaction, certain securities of Zuri issued in exchange for like securities of Phoenix will be subject to escrow or other resale restrictions pursuant to the policies of the TSX Venture Exchange, which is described more fully in the Filing Statement.

**SCHEDULE "D"**

**TECHNICAL REPORT ON THE PROPERTIES**



## AL MAYNARD AND ASSOCIATES Pty Ltd

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Australian and International Exploration and Evaluation of Mineral Properties

NI 43-101 TECHNICAL REPORT  
ON THE  
PHOENIX GOLD PROJECT  
LOCATED IN LANDER COUNTY  
BATTLE MOUNTAIN MINING DISTRICT, NEVADA, USA

PREPARED FOR

**Zuri Capital Corp.**

Qualified Person: Allen J. Maynard - BAppSc (Geol), MAIG, MAusIMM

Company: Al Maynard and Associates Pty Ltd

Effective Date: November 25, 2013

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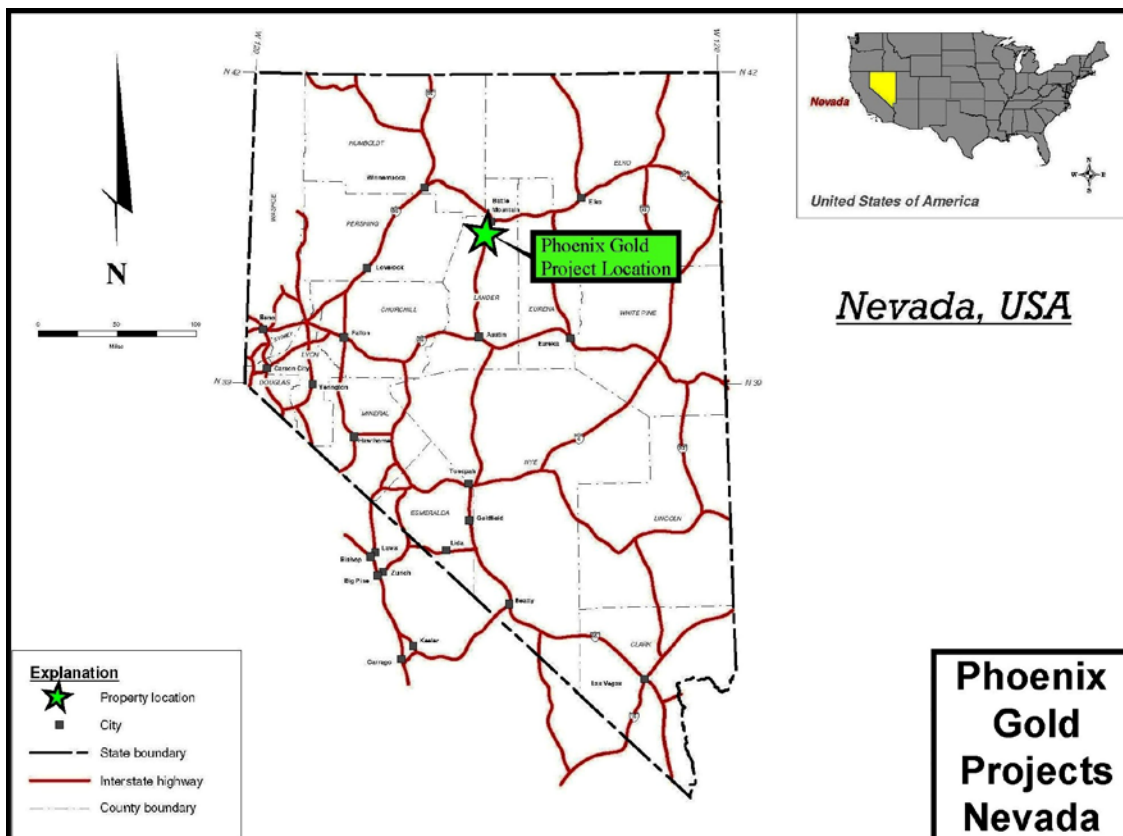
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## 1. EXECUTIVE SUMMARY

### 1.1 Introduction

Phoenix Gold Resources Ltd. (“**Phoenix Gold**” or “**Phoenix**”) was incorporated on March 11, 2013 pursuant to the *Business Corporations Act* (British Columbia). Effective July 9, 2013, Phoenix entered into a property acquisition agreement, as amended on November 13, 2013 (the “**Acquisition Agreement**”) with America's Gold Exploration Inc. (“**AGEI**”) and William Matlack for the acquisition of certain patented mineral claims in Nevada, comprised of the Eldorado Property, the Plumas Property and the Keenan/Filippini Property (also known as the “**Filippini Property**”) (collectively, the “**Phoenix Gold Project**” or the “**Phoenix Gold Properties**”), which is described in greater detail below.

The Phoenix Gold Properties are located in Lander County, Nevada, within the Battle Mountain Mining District, which hosts a series of gold mines (Marigold, Lonetree, Fortitude, Trenton Canyon and is immediately adjacent to Newmont Mining Corporation’s Phoenix Mine, one of the largest operating mines in North America.



[Source: Nevada Department of Transportation as annotated by Phoenix Gold Resources Ltd., 2013]

**Figure 1: Regional Location Map Showing Phoenix Gold Project in North-Central Nevada**

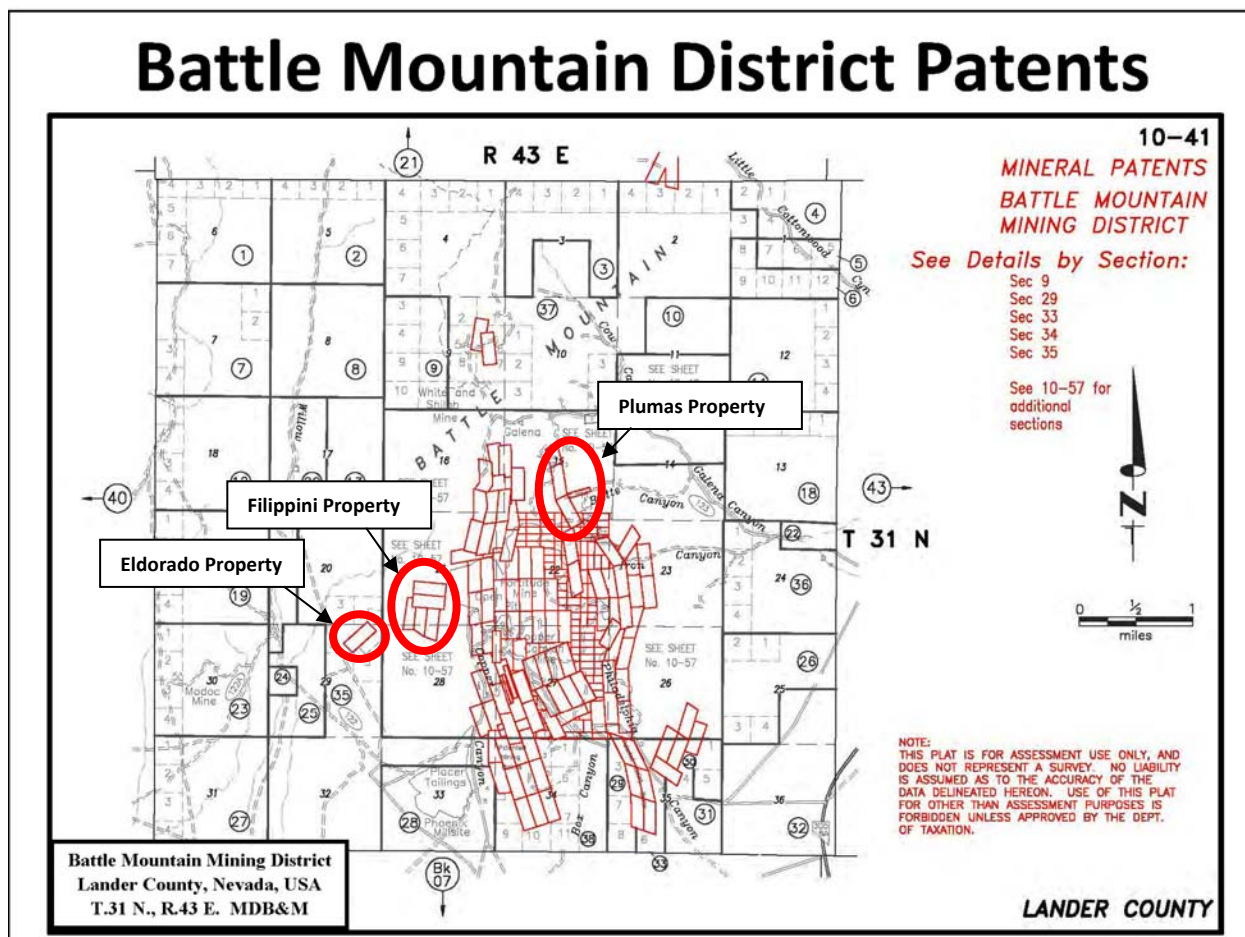
The Phoenix Gold Project covers 60.66 hectares (149.4 acres) and has been subject to exploration since the 1880's thru the 1940's with modern exploration continuing through 2013 with more than \$1,300,000 invested in the completion of an estimated 6,439 metres of drilling by Barrick and Homestake Mining in 1986-1990 and over \$250,000 by AGEI from 2008-2012, including US\$112,390 in land and exploration expenses for the Plumas Property and Eldorado Property during the period since December 2010.

On the basis of Phoenix's newly acquired Phoenix Gold Properties, Phoenix intends to complete a going public transaction by way of a reverse takeover (the "RTO") of Zuri Capital Corp. ("Zuri" or "Zuri Capital"), which is a TSX Venture Exchange ("TSXV") listed capital pool company ("CPC") (collectively, the "Transaction"). The Transaction will be Zuri's Qualifying Transaction, as that term is defined within the policies of the TSXV. Upon completion of the Transaction, Zuri will become the "Resulting Issuer" and will own 100% of Phoenix, which will own the Phoenix Gold Properties pursuant to the Acquisition Agreement.

Independent consulting geologists, Al Maynard and Associates Pty Ltd. ("AM&A") have been retained by Zuri Capital Corp. to compile this Technical Report on the Phoenix Gold Project in respect of the Transaction, in accordance with the requirements of *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("NI 43-101").

## 1.2 Property Description and Ownership

The Phoenix Gold Properties which are the acquisition subject for the Transaction is located in Lander County, Nevada, in the Battle Mountain Mining District adjacent to the Phoenix Mine Project owned by Newmont Mining Corporation ("Newmont") (see Figure 3 below), which is approximately 10 miles south of Battle Mountain, Nevada (see Figure 12, further below). The figure below shows the location of the Phoenix Gold Properties within the Battle Mountain District. Figures 7-9, further below show the properties in greater detail.



[Source: Lander County Recorder's Office, Battle Mountain, Nevada, August 29, 2013]

**Figure 2: Location of Phoenix Gold Properties in the Battle Mountain Mining District**

The Phoenix Gold Project consists of three (3) separate project areas known as the Plumas Property, the Eldorado Property and the Filippini Property consisting of eight (8) patented mining claims and one (1) millsite claim covering an aggregate of approximately 60.66 hectares (149.4 acres) of US Bureau of Land Management administered public lands located in the Battle Mountain Mining District situated in Lander County, Nevada.

MINERAL TENURE SUMMARY							
Property	Claim Name	Mineral Survey	Mineral Patent #	Assessor's Parcel #	District	Property Section of T31N, R43E MDM	Hectares
Plumas	Plumas	47A	6597	098-702-63	Battle Mountain	Section 15	16.39 ha
	Plumas Millsite	47B	6597	098-702-63			
	Goodwin	48	6598	098-702-64			
Eldorado	Eldorado	3523	3523	098-703-40	Battle Mountain	Section 29	8.09 ha
Filippini	Friendly Toad #1	3746	3746	098-701-84	Battle Mountain	Section 21	36.18 ha
	Friendly Toad #3	3746	3746	098-701-85			
	Borealis #1	3746	3746	098-701-86			
	Borealis #2	3746	3746	098-701-87			
	Aurora #1	3746	3746	098-701-88			

**Table 1: Mineral Tenure Summary of the Phoenix Gold Project.**

Under the Acquisition Agreement, Phoenix acquired an option (which it has exercised), exercisable for a period of 5 years, to acquire title and ownership to 50% of the Plumas Property from AGEI in consideration for payment to AGEI of US\$50,000 settled by issuance of shares of Phoenix Gold at a deemed price of \$0.10 per share. Phoenix also acquired a 20 year renewable lease (the "**Plumas Lease**") over the remaining 50% of the Plumas Property from William Matlack by issuing to Mr. Matlack 100,000 common shares of Phoenix Gold at a deemed price of \$0.10 per share. The Plumas Lease requires annual payments of US\$35,000 beginning upon closing of the Transaction. Under the terms of the Plumas Lease, Mr. Matlack has the option to convert the lease payments into a 1% net smelter return ("**NSR**") royalty, which may be purchased for US\$1 million.

Also, under the Acquisition Agreement, AGEI assigned to Phoenix its option (the "**Eldorado Option**") to acquire 50% of the Eldorado Property from Mr. Timothy Scott by payment of an option exercise price of US\$105,000 to Mr. Scott (of which US\$12,000 has already been paid) on or before December 31, 2013, subject to a 2% net smelter return royalty in favour of Mr. Scott. The Eldorado Option and its assignment to Phoenix Gold was confirmed in an Option Extension & Assignment Acknowledgement Agreement among Mr. Scott, Phoenix Gold and AGEI dated October 29, 2013. In addition, Phoenix acquired the right of first refusal (the "**Filippini ROFR**") to acquire from AGEI and/or Mr. Matlack any interest they may acquire in the Filippini Property by equal payment to AGEI and Mr. Matlack in the total aggregate amount of US\$50,000 settled by issuance of shares of the Resulting Issuer at a share price equal to the then applicable market price.

The 50% portion of the Eldorado Property under option by Phoenix is subject to a 2% NSR in favour of Mr. Scott.



The Plumas Property is subject to a 5% NSR in favour of Goodwin Plumas Mines Inc., which can be reduced to a 2% NSR for payment of \$1,500,000. The 50% portion of the Plumas Property which is leased by Phoenix from Mr. Matlack is subject to annual lease payments of US\$35,000 which Mr. Matlack may convert to a 1% NSR that may be purchased for US\$1 million.

Zuri Capital's interests in the Phoenix Gold Properties are derived through an agreement between Zuri Capital and Phoenix Gold dated July 29, 2013 as amended on October 8, 2013 and November 14, 2013 (the "**RTO Agreement**"), wherein it is contemplated that Zuri Capital will acquire 100% ownership of Phoenix Gold and thereby indirectly acquire the Phoenix Gold Properties that Phoenix Gold has acquired. The Transaction contemplated in the RTO Agreement is intended to constitute the Qualifying Transaction of Zuri Capital under the policies of the TSXV, and is summarized as follows:

1. Pursuant to an agreement between Zuri Capital and Phoenix Gold dated July 29, 2013 as amended on October 8, 2013 and November 14, 2013 (the "**RTO Agreement**"), the parties propose to complete the RTO by way of a three-cornered amalgamation. Under the amalgamation, a wholly-owned subsidiary of Zuri Capital will amalgamate with Phoenix Gold and Zuri Capital will acquire all of the issued and outstanding common shares ("**Phoenix Shares**") of Phoenix Gold from the shareholders of Phoenix Gold in exchange for issuing common shares ("**Zuri Shares**") of Zuri Capital to those shareholders on a one-for one basis.
2. Immediately prior to the RTO amalgamation, Phoenix Gold intends to complete a private placement (the "**Private Placement**") to raise gross proceeds of approximately \$2 million through the sale of units (the "**Units**") at a price of \$0.10 per Unit, with each Unit comprised of one Phoenix Share and one-half common share purchase warrant of Phoenix, with each whole warrant (a "**Phoenix Warrant**") entitling the holder to acquire one Phoenix Share at a price of \$0.20 per share for a period of up to 24 months from the date of issue.
3. As a result of the RTO amalgamation, the shareholders of Phoenix Gold will become shareholders of Zuri Capital, the holders of Phoenix Warrants will be entitled to exercise their warrants to acquire Zuri Shares at a price of \$0.20 per share, and Phoenix Gold will become the wholly-owned subsidiary of Zuri Capital, which will become the Resulting Issuer and change its name (the "**Name Change**") to "Phoenix Gold Resources Corp." or such other name as determined by Zuri's directors.
4. The Transaction is comprised of the RTO, the Private Placement, and the Name Change. Based on the contemplated RTO and Private Placement, the investors under the Private Placement are expected to acquire 20,000,000 Zuri Shares (representing approximately 50.3% ownership of the Resulting Issuer) and all other remaining shareholders of Phoenix Gold, including Mr. Matlack and AGEI with their shares acquired under the Acquisition Agreement are expected to acquire an aggregate of 15,750,000 Zuri Shares (representing approximately 39.6% ownership of the Resulting Issuer).
5. As a consequence of the Transaction, Zuri Capital will own 100% of Phoenix Gold, which will have acquired the Phoenix Gold Properties under the Acquisition Agreement.

As of the date hereof and pursuant to the Acquisition Agreement, Phoenix Gold has acquired:

- (a) ownership of 50% of the Plumas Property from AGEI and a lease of the remaining 50% of the Plumas Property from Mr. Matlack under the Plumas Lease;
- (b) the option to acquire 50% ownership of the Eldorado Property under the Eldorado Option, which it intends to exercise upon closing of the RTO; and
- (c) the right of first refusal to acquire ownership of the Filippini Property if acquired and to the extent acquired by AGEI and/or Mr. Matlack under the Filippini ROFR.

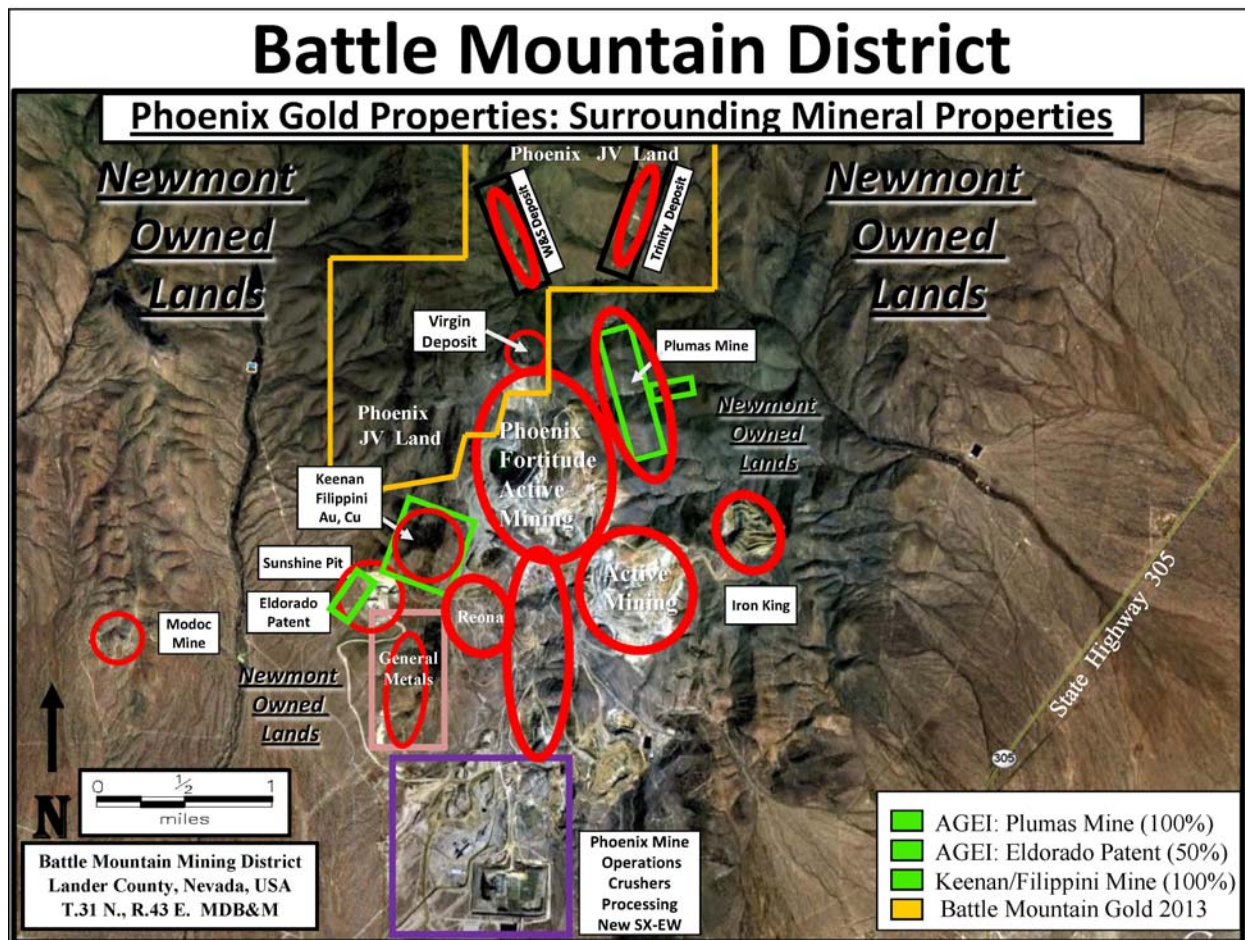
### 1.3 Background and Status of Exploration & Development

Mining in the Battle Mountain mining district dates back to 1863 when silver was discovered in Galena Canyon in the south-central part of the district. Discoveries of copper and silver in the vicinity of Copper Canyon in 1864 led to the formation of the Battle Mountain mining district in 1866. The Central Pacific Railroad was built in 1869 and aided in the development of the area. Several small mills and smelting works were soon in operation at Galena Canyon and thirty small mines were in operation. These early high-grade operations exhausted their near surface oxidized and enriched deposits by 1885, and the district was quiet until 1909 when gold was discovered at Bannock near the present-day access to Copper Canyon (Roberts & Arnold, 1965).

Copper deposits at Copper Canyon and Copper Basin were actively mined by underground methods during both World Wars. Duval Corp. acquired the copper properties in 1961 and began large-scale open-pit operations at both Copper Canyon and Copper Basin in 1967. Copper mining continued until 1981 when depressed prices caused operations to be suspended. Duval Corp. continued mining gold and silver which led to the discovery of precious metal skarns at the Tomboy and Minnie deposits in the mid 1970's. Discoveries of the Upper and Lower Fortitude deposits at Copper Canyon soon followed in 1980.

In 1980, Hart River Mines optioned the Lewis Property located just north of the Eldorado Property and the Filippini Property and just West of the Plumas Property and, during the next five years, conducted drill exploration on a number of historic mineral occurrences including the Virgin, Buena Vista, Hider, White & Shiloh and Trinity showings.

In December of 1984, the Battle Mountain Gold Mining Co. ("**Battle Mountain Gold**") was formed to assume the gold mining operations of Duval Corp., including the newly discovered Fortitude deposit at Copper Canyon. The Lower Fortitude mineral structure produced over 71.5 metric tonnes (2.3 million ounces gold) and 336 metric tonnes (10.8 million ounces silver).



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 3: Battle Mountain District Aerial Image Showing Phoenix Gold Properties and Area Mineral Properties.**

In 1986, Barrick Gold Corporation (“**Barrick**”) optioned the Lewis Property (see Figure 13, further below for location of the Property) and also the Filippini Property. During the next three years they conducted geological mapping, geochemistry, geophysics and drilled a number of historic mineral occurrences (Virgin, Buena Vista, Trinity and Hider) as well as several new exploration targets including the Filippini in the south and southwest and at Antler Peak to the north. In 1988, Homestake Mining Company (“**Homestake**”) entered into a joint venture agreement with Barrick for the Filippini Property and reinterpreted the data and completed 7 deep core drill holes before terminating the joint venture agreement in 1990.

Company	Property	PROSPECT	No. DRILL HOLES	METRES	AVERAGE METRES PER HOLE
Homestake Barrick JV	Phoenix	Filippini	7.5	6,439m	878m

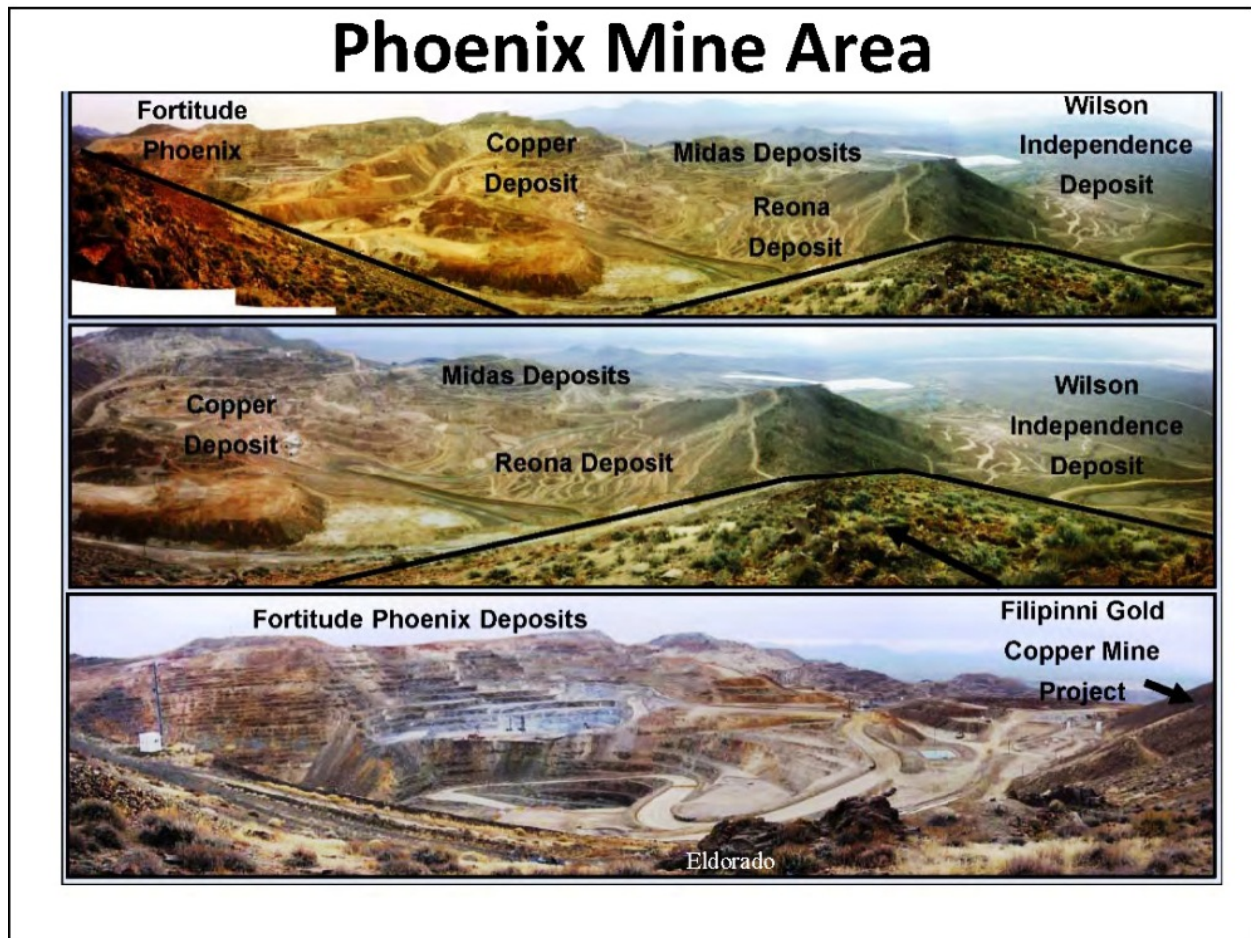
**Table 2: Summary of drilling to date on the Phoenix Gold Project.**

F.W. Lewis Inc. ("**Lewis**") worked the Lewis Property from 1989 until 1994 when it was optioned by Santa Fe Pacific Gold Corp. who conducted drilling at Hider target and at the historic Trinity occurrence. Lewis negotiated a new boundary agreement in 1996 with Battle Mountain Gold. Nighthawk North Exploration and United Tex-Sol optioned the Lewis Property in 1996-97 and completed detailed drilling at the historic Virgin-Blossom occurrence. In 1998, Golden Phoenix Minerals Inc. optioned the property and redrilled three of the earlier Barrick holes.

Battle Mountain Gold merged with Hemlo Gold Mines Inc. in 1996. Battle Mountain Gold was bought by Newmont in 1999 following their earlier acquisition of Santa Fe Pacific Gold Corp. making Newmont the largest land holder and gold producer in the district. Following the amalgamation acquisition, Newmont announced in 2000 a gold reserve at its Phoenix/Fortitude project. Newmont optioned the Lewis Property in 2000 and conducted drilling in the Antler Peak area before terminating the option agreement.

In 2002, Great American Minerals, Inc. ("**GAM**") negotiated a lease/option to purchase agreement with Lewis, which included an earn-in joint venture agreement with Madison Minerals Corporation ("**Madison**"). Since 2005, Madison completed its 60% earn-In by completing 190 drill holes and spending in excess of US\$10 million and still operates the joint venture. In 2008, GAM was sold to Golden Predator Corp. ("**Golden Predator**") and in 2013 the 40% interest in the Lewis joint venture was transferred from Golden Predator to American Bullion Royalty Corporation ("**American Bullion**"). In March of 2013, American Bullion announced the sale of their 40% ownership in the Lewis Property to Battle Mountain Gold.

The Plumas Mine produced intermittently from 1934 through 1942. Production came from several shallow shafts along the outcrop of the mineralized fault zone. Reported historic production completed solely by the Goodwin/Plumas mine owners is estimated at 5,750 tons of mineral product producing 1,150 ounces of gold and 28,750 ounces of silver. From 1942 to 2008 the property remained idle and in September 2008, AGEI completed a lease/option to purchase agreement with Goodwin Plumas, Mines, Inc. original owners of the patented property. AGEI completed geologic mapping and surface geochemical rock chip sampling over the following 3 years on the Plumas Property. Then in November of 2011, AGEI completed the purchase of the Plumas Property and subsequently sold a 50% beneficial interest in the Plumas Property to Matlack.



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 4: Photograph Images of Battle Mountain District Area.**

Early prospecting in the Eldorado area occurred in the late 1880's. In 1930, a project field review was completed by geologist and private mineral report was completed regarding the limited workings, geology and mineralization. The ownership of the Eldorado Property is 50% owned by Newmont and 50% by Mr. Scott. In 2009, Mr. Scott purchased his 50% ownership from then owner Mr. Curtis Taylor. In April of 2012, AGEI entered into an option to purchase agreement (the "**Eldorado Option**") with Mr. Scott and has since completed geologic mapping and rock chip geochemical sampling. On July 9, 2013, AGEI assigned its Eldorado Option to Phoenix.

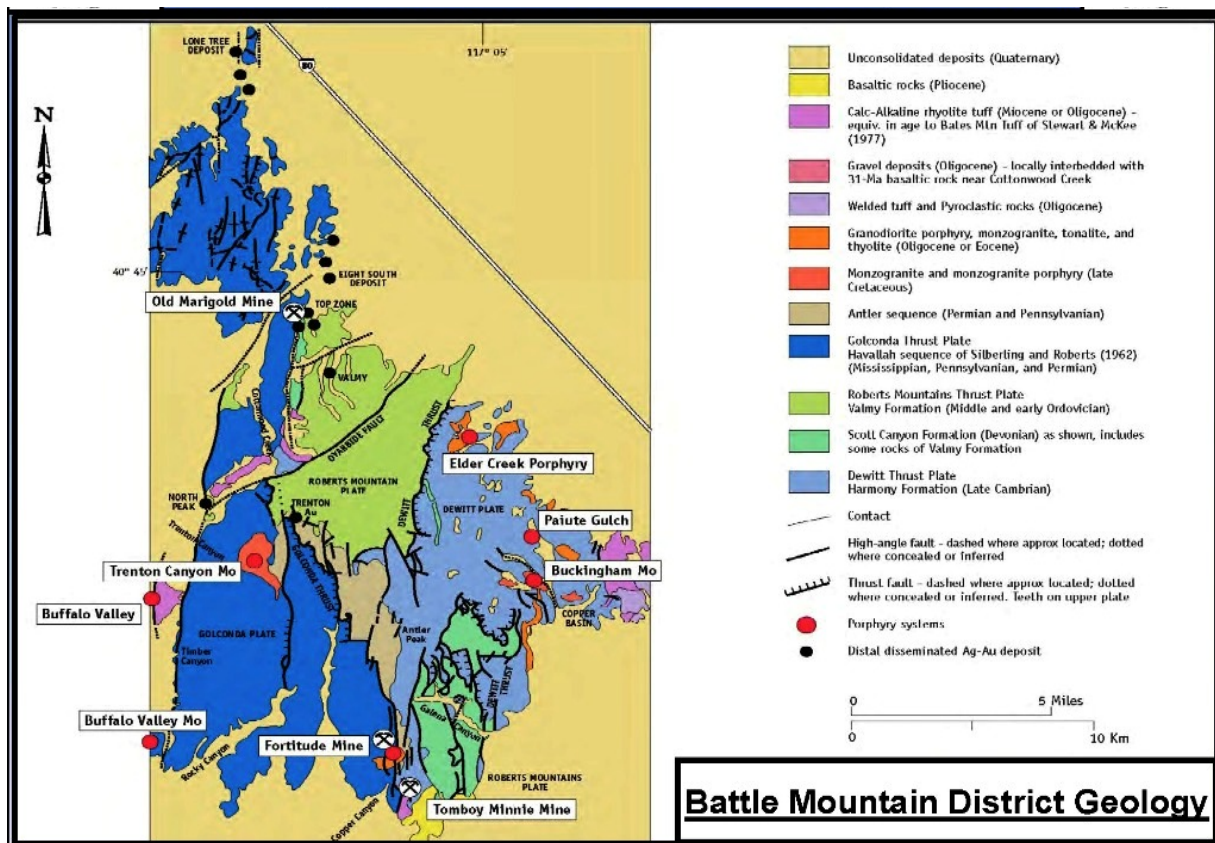
In the spring of 2013, Newmont (50% owner of the Eldorado Property) drilled two exploration holes on the Eldorado Property. AGEI has requested copies of the drill data, but to date Newmont has refused to provide Mr. Scott or AGEI any geologic drill data.

The Filippini project remained idle after Homestake and Barrick terminated their joint venture agreement in 1990, until AGEI leased the property in 2011. AGEI completed additional geologic mapping, surface sampling and data interpretation during 2012 prior to terminating the lease in March 2013. AGEI has since been in discussions and negotiations with both the Keenan family (50% owners) and the Filippini family (50% owners) to try and finalize either a lease or purchase agreement with either or both parties.

## 1.4 Geology and Mineralization

The mineral deposit types being investigated or explored for are high-grade structurally controlled fault/veins and lower grade disseminated precious metals skarns and replacements associated with north-trending structures and tertiary intrusives. Examples of these types of mineralization are documented on the adjacent Copper Canyon-Fortitude-Phoenix project belonging to Newmont and include the Upper and Lower Fortitude, NEX, Tomboy-Minnie and Reona deposits and the West and East deposits.

In all cases, three factors were important in localizing the deposition of mineralization: 1) proximity to an intrusive, 2) fault zones used as a conduit for magma and mineralization fluids, and 3) chemically reactive host rocks. The intersection of regional northwest- and north-trending structural zones may have influenced the location of magmatism and associated hydrothermal activity.



[Source: Geological Society of Nevada, 2000]

**Figure 5: Battle Mountain District Geology.**

In Nevada Bureau of Mines and Geology Bulletin 109, Jeff L. Doebrich (Doebrich, 1995) writes:

*“Late Eocene granodioritic stocks and dikes were emplaced, primarily in north- and northwest-striking structural zones. Some of these, particularly the granodiorite of Copper Canyon and the northwest-trending granodiorite porphyry dikes at the Buffalo Valley mine, were responsible for significant gold, silver and base-metal skarn, replacement and vein deposits. The Copper Canyon area alone has produced about 112 metric tons (3.6 million ounces) of gold and 663 metric tons*

*(21.3 million ounces) of silver (Wotruba et al, 1988). Deposits related to the Copper Canyon porphyry copper mineralizing system exhibit concentric metal zonation away from the intrusive centre of the granodiorite of Copper Canyon (Roberts and Arnold, 1965; Theodore et al, 1990). Copper and copper-gold deposits are proximal to the intrusive centre, gold-silver deposits are present in a zone outward from these, and lead-zinc-silver deposits are present in a distal zone. Gold-silver deposits include the Fortitude skarn deposits (Wotruba et al, 1988; Meyers and Meinert, 1991). Three factors were important in localizing the deposition of [mineralization]: (1) proximity to an intrusive body, (2) faults which served as conduits for magma and hydrothermal fluids, and (3) reactive (calcareous) host rocks.*

*The Fortitude gold-silver skarn deposit is to date the most economically significant producer of the Copper Canyon area, having produced 71.5 metric tons (2.3 million ounces) of gold and 336 metric tonnes (10.8 million ounces) of silver. The deposit included upper and lower zones that formed in place on opposite sides of the north-striking, west-dipping Virgin Fault and the granodiorite porphyry dike that intruded it. The upper zone, located east of and in the footwall of the fault, formed in calcareous siltstone and conglomerate of the Battle Formation.*

*[Mineralization] of the upper zone was largely discontinuous due to strong structural control and selective sulphide replacement of thin calc-silicated pods and lenses aligned along faults and fault intersections (Wotruba et al, 1988). The lower ore zone, which constituted the bulk of the deposit, formed in the Antler Peak Limestone that was located west of and in the hanging wall of the Virgin Fault. The lower zone was stratiform and stratabound and consisted of a prograde clinopyroxene-garnet skarn assemblage overprinted by a retrograde skarn assemblage of actinolite, chlorite and epidote and late-stage calcite.*

*Common sulphides included pyrrhotite, pyrite, marcasite, arsenopyrite, chalcopyrite, sphalerite and bismuthinite. Bi-tellurites (for example, hedleyite) and hessite were present in much lesser amounts. Native gold and electrum were present as inclusions in pyrrhotite and in late-stage calcite cutting garnet, suggesting more than one episode of gold deposition. North- and northeast-trending high-grade zones merged into one zone toward the south end of the deposit. These zones corresponded to mapped faults and zones of garnetiferous clinopyroxene skarn. Garnetiferous zones in the pervasive clinopyroxene skarn are believed to represent higher temperature assemblages that formed proximal to structures that channelled hydrothermal fluids, possibly antithetic to the Virgin Fault.”*

On the Phoenix Gold Properties, the Devonian Scott Canyon Formation and the Early to Middle Ordovician Valmy Formation are exposed to the east below the Dewitt thrust, a major splay or imbricate thrust of the Roberts Mountain sole thrust. The Scott Canyon Formation comprises approximately 1524 metres (5000 feet) of chert, argillite and volcanics with lesser limestone, quartzite and sandstone. The Early to Middle Ordovician Valmy Formation locally has been subdivided into three members. Member 1 is composed of 544 metres (1785 feet) quartzite, chert, black shale and volcanic; Member 2 is composed of 1120 metres (3675 feet) chert, shale, quartzite and volcanic and Member 3 is composed of 914 metres (3000 feet) black shale, green and black chert. The Scott Canyon and Valmy Formations represent a western siliceous and volcanic facies assemblage deposited in deep water adjacent to the Cordilleran platform.

The structurally overlying Late Cambrian Harmony Formation represents a transitional assemblage of quartz-feldspathic sandstone with lesser shale, limestone and volcanic, approximately 914 metres (3000 feet) thick, which crops out in the central portion of the property. These formations were transported eastward along the Roberts Mountain thrust fault. The Roberts Mountain thrust fault is not exposed and is postulated to occur at depth. The Dewitt Thrust separates the Harmony Formation in the hanging wall from foot wall Scott Canyon Formation.

Unconformably overlying the allochthonous Lower Paleozoic siliceous and volcanic and transitional assemblages are autochthonous Upper Paleozoic clastics and carbonates of the Antler sequence comprising three formations. The basal Battle Mountain Formation comprises 222 metres (730 feet) of conglomerate and sandstone with lesser interbedded shale and limestone of Pennsylvanian age. The middle Antler Peak Formation comprises 60 – 518 metres (200 – 1700 feet) of fossiliferous limestone with subordinate sandy and shaley layers of Late Pennsylvanian and Early Permian age. The upper Edna Mountain Formation comprises 30 – 60 metres (100 – 200 feet) of calcareous shale, limestone, sandstone and conglomerate of Permian age. These rocks crop out in the central part of the property along the Virgin Fault and Golconda Thrust

The allochthonous Havallah assemblage of Pennsylvanian to Permian age, the basinal equivalent of the Antler sequence, has been transported from the west along the Golconda sole thrust. The Havallah assemblage, which crops out in the western part of the property, has been divided into the Pumpnickel and Havallah Formations. The Pumpnickel Formation slope facies comprises over 1500 metres (5000 feet) of chert, argillite and minor volcanic separated from the Havallah Formation basinal turbidites by the Willow Creek imbricate thrust a major splay of the Golconda thrust. The Havallah Formation, exposed west of the Willow Creek thrust, has been subdivided into three members. The oldest Jordy member comprises 387 metres (1272 feet) of sandstone, chert, shale and conglomerate; the middle Trenton Canyon member, 300 metres (1000 feet) of varied colour shale and chert; and the upper Mill Canyon member, 727 metres (2385 feet) of quartzite, calcareous sandstone, shale, chert and conglomerate.

Late Cretaceous to Pliocene magmatism affected large parts of the Battle Mountain mining district. The Late Cretaceous plutonic bodies at Trenton Canyon and in the Buckingham area produced porphyry molybdenum type mineralization (Theodore et. al, 1992). Most of the plutonic rocks in the area are late Eocene to early Oligocene in age (Theodore et al, 1973). These include the granodiorites of Copper Canyon and intrusives at Copper Basin and Buffalo Valley all of which were responsible for the formation of significant copper-gold-silver mineralization that has been mined since the 1870's (Theodore et al, 1975,1990).

Early Oligocene welded ash flow tuffs of the Caetano Tuff cap some of the higher ridges. The Caetano Tuff is coeval and comagmatic with the granodiorite intrusions. Pliocene basalts locally cover some areas of lower elevation. Recent alluvium locally fills the valley bottoms.

The complex Paleozoic structural history is further complicated by Mesozoic and Tertiary deformation, indicated by northwest, north, and northeast-trending structures. Northwest-trending structures are commonly granodiorite dykes and broad folds. North-trending normal faults are common throughout the district. Some are pre-Eocene in age, probably reflecting the onset of Basin and Range extensional tectonics. Locally they controlled the emplacement of intrusives and hydrothermal fluids as for example the Virgin Fault at Copper Canyon (Theodore & Blake, 1975).



Other north-trending faults, such as the range fronts, show Quaternary movement. Northeast-trending normal faults may represent the Midas trend in this part of north-central Nevada.

## **1.5 Deposit Types**

Gold deposits on and adjacent to the Phoenix Gold Properties occur as several different types and will be discussed in terms of: (1) Lower Fortitude type, (2) Upper Fortitude type and (3) fault-controlled type.

### **Lower Fortitude Type Mineralization**

The Lower Fortitude gold-silver deposit was 550 x 185 x 27 metres (1800 x 600 x 90 feet) and contained the bulk of mineable reserves in the Fortitude area. Gold-silver mineralization in the Lower Fortitude occurs as a stratabound-stratiform disseminated replacement deposit within calc-silicate hornfels of the Antler Peak Limestone (Wotruba et al, 1986). To a much lesser extent, gold also occurs in the lower part of the overlying Edna Mountain Formation and in the upper part of the underlying Battle Formation.

Economic mineralization here occurs within the hanging wall of the Virgin Fault and is bound to the east by that fault and to the west by the “marble front” recrystallization within the Antler Peak Limestone. To the south, precious metal content merely decreases to subeconomic grades, giving way to higher base metal content closer to the Copper Canyon granodiorite. Average sulphide content of the Lower Fortitude deposit is approximately 10% and approaches 50% in small localized areas.

Gold-silver mineralization within the Lower Fortitude deposit is controlled primarily by contact metasomatism and sulphide replacement of the Antler Peak Limestone.

### **Upper Fortitude Type Mineralization**

The Upper Fortitude deposit is characterized by a higher degree of structural control than in the Lower Fortitude. Mineralization is greatest in the footwall of the Virgin Fault and decreases to the east. However, similar to the Lower Fortitude deposit, the more highly reactive calcareous lithologies, such as within the calcareous siltstones of the middle part of the Battle Formation, contain the greatest amount of gold-silver mineralization.

The Upper Fortitude deposit occurs both as veinlets and disseminations with pyrite. Pyrrhotite is a much less important constituent of this deposit. Sulphide minerals usually amount to between three and five percent of the deposit.

### **Fault-Controlled Type Mineralization**

Many high-angle generally north-trending faults in the district contain precious and base metal deposits within calc-silicated rocks such as portions of the Upper Fortitude deposit, as well as in sedimentary rocks outside of the metamorphic aureole. Examples of the latter type of deposit occur within the Pb-Zn-Ag mineral zone surrounding the Copper Canyon intrusive and include deposits in the Meagher, Buena Vista, Virgin, Hider, White and Shiloh, Eldorado, Plumas and Trinity fault systems.

Veins occupying these faults commonly range in width from less than 30 centimeters (one foot) up to 1.5 metres (five feet). Pyrite, sphalerite, galena, silver and gold are generally found in a quartz-calcite gangue. Mineral product extracted from these deposits has mineral content in the ranges of 2-10% Pb, 5-20% Zn and 60-600 g/t (2-20 oz/tonne) silver. Gold content of some of the extracted mineral product generally averages 3.4 g/t (0.10 oz/tonne) or less.

The possible control of low-angle thrust faulting on deposit deposition is not known. Such deposits are presently not known to occupy either the Dewitt or Golconda thrust faults.

### 1.6 Mineral Resources

There are no current mineral resource estimates for the Phoenix Gold Project that may be disclosed in accordance with NI 43-101.

### 1.7 Conclusions and Recommendations

It is concluded that the Phoenix Gold Project is of merit and has good potential for the discovery of both additional structurally controlled high-grade gold shoots and lower grade disseminated precious metal mineralization. The Phoenix Gold Project warrants additional infill, extension and exploration drilling through a staged multi-phase program with the aim of exploring the known mineralization leading to determining the existence of an initial estimated mineral resource and eventually establishing reserves.

Future geological work in the Plumas area should include:

- Digitize all available geological, geochemical and geophysical data;
- Undertake geological mapping (1 inch = 200 feet) with an emphasis on structural systematics, locating structural intersections and determining zones of plunge-line convergence; and
- Drill at least two fences of easterly-inclined holes (minimum depth of 1000 feet per hole) across the northerly-elongate claim package to test all three target types in the vicinity of the magnetic high; consider drilling other holes to the north of the magnetic high. Reverse circulation drill program is recommended to test the up dip, down dip and along strike portions of the mineralized structural zones. A limited core drilling program is recommended for the deeper portions of the skarn system and as potential follow-up drilling to any high grade mineralization encountered in the reverse circulation drilling.

The estimated cost to complete the first phase of recommended exploration drilling is approximately US\$500,000.

## 2. INTRODUCTION

### 2.1 Overview

Al Maynard & Associates Pty Ltd. (“AM&A”) was contracted by Zuri Capital Corp. to review past and current work, and provide this technical report (the “**Technical Report**”) in accordance with NI 43-101 on the Phoenix Gold Project comprised of the Eldorado Property, the Plumas Property and the Filippini Property, which covers the Phoenix Gold Project in Lander County, Nevada.

All monetary figures are in US\$, and measurements, unless stated otherwise, are metric. Gold and silver grades are expressed in grams of metal per metric tonne (g/t Au/Ag), or parts per billion, unless otherwise stated. Copper and other base metals values are expressed as percentages (%).

## **2.2 Qualifications of AM&A**

The sole author and responsible qualified person for this Technical Report, Allen J. Maynard is a Member of the Australian Institute of Geoscientists (MAIG), a Corporate Member of the Australasian Institute of Mining & Metallurgy (AusIMM) and a geologist with more than 30 years continuous experience in mineral exploration and surface and underground mining for a range of commodities including precious and base metals (Au, PGE, Ni, Cu, Ag-Pb-Zn, Fe, Sn, Ta, Nb, W, U) industrial minerals (phosphate, potash, coal, mineral sands), precious and semi-precious gemstones (diamond, ruby, emerald), project generation and evaluation plus technical valuation of mineral properties in Australia, Africa, North and South America, western and eastern Europe, central & southeast Asia, China and Greenland.

## **2.3 Scope of Work**

The scope of work is to provide a technical report in accordance with NI 43-101 on the Phoenix Gold Project for Zuri Capital Corp. in connection with its intended RTO of Phoenix.

## **2.4 Project Team**

The author for this Technical Report is geologist Allen J. Maynard. In addition, very able on-site support was provided by local exploration consultant Mr. Donald McDowell who has had extensive 'hands-on' experience with the Phoenix Gold Project continuously for the past 15 years.

## **2.5 Basis of the Technical Report**

Information provided is based on both historical and current work. Sources of information used in this Technical Report included available public documents from diverse sources, including those by the previous workers plus other reports made available to the author by AGEI along with personal observations made by an author during property visits. Information as to the ownership and encumbrances applicable to the Phoenix Gold Properties has been provided by Phoenix Gold and its legal counsel, which AM&A believes to be accurate. No other sources of data other than those disclosed in this Technical Report or the "References" have been used to compile this Technical Report.

Interpretation and assessment of the information collected on the Phoenix Gold Properties in this Technical Report is prepared in accordance with NI 43-101 reporting standards with a view to provide an evaluation of the exploration potential with recommendations for further work.

## 2.6 Site Visits

Mr. Maynard visited the Phoenix Gold Properties most recently from March 19<sup>th</sup> to 22<sup>nd</sup>, 2013 during which time he met with personnel from AGEI and Phoenix Gold, to inspect surface and property access conditions, and to inspect project geology, drill locations and other related activities. Mr. Maynard has confirmed by independent inquiry of the Lander County Recorder's Office of the Battle Mountain Mining District in Nevada and additional confirmation from personnel of Phoenix Gold and AGEI that since the site visit there has been no work or activity on the Phoenix Gold Project to alter or change the information, analysis, results and work program outlined in this Technical Report.

## 3. RELIANCE ON OTHER EXPERTS

This Technical Report has been prepared solely by Mr. Allen Maynard of AM&A for Zuri Capital Corp. The author has relied upon correspondence to him dated November 25, 2013 from legal counsel of Phoenix Gold, Boughton Law Corporation, regarding information about ownership of the Phoenix Gold Properties and the Transaction contemplated by Zuri Capital and Phoenix Gold, as described in Sections 1.2, 4.3 and 4.4 of this Technical Report.

## 4. PROPERTY DESCRIPTION AND LOCATION

### 4.1 Land Tenure

The Phoenix Gold Properties which are the subject of the acquisition for the Transaction are located in Lander County, Nevada, in the Battle Mountain Mining District adjacent to Newmont's Phoenix Mine Project, and is approximately fifteen (15) miles south of Battle Mountain, Nevada.

### 4.2 Centroid

The approximate UTM Centroid of the project is 4,488,000N and 490,000E (Datum: NAD 1927, UTM Zone 11).

### 4.3 Mineral Rights

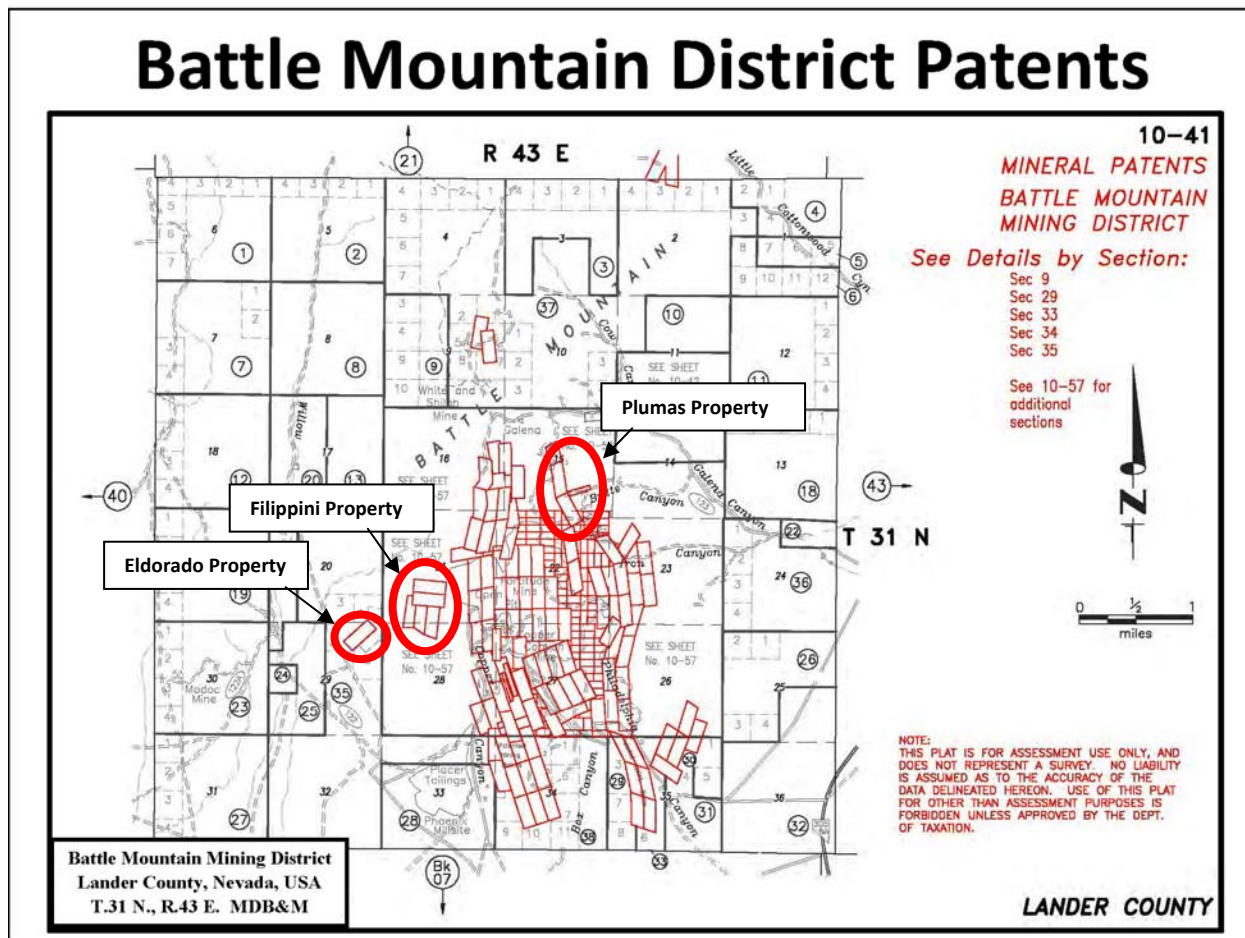
Phoenix Gold was incorporated on March 11, 2013 pursuant to the *Business Corporations Act* (British Columbia). Effective July 9, 2013, Phoenix entered into the Acquisition Agreement with AGEI and Mr. Matlack for the acquisition of certain patented mineral claims in Nevada, comprised of the Phoenix Gold Properties, which are described in greater detail below.

MINERAL TENURE SUMMARY							
Property	Claim Name	Mineral Survey	Mineral Patent #	Assessor's Parcel #	District	Property Section of T31N, R43E MDM	Hectares
Plumas	Plumas	47A	6597	098-702-63	Battle Mountain	Section 15	16.39 ha
	Plumas Millsite	47B	6597	098-702-63			
	Goodwin	48	6598	098-702-64			
Eldorado	Eldorado	3523	3523	098-703-40	Battle Mountain	Section 29	8.09 ha
Filippini	Friendly Toad #1	3746	3746	098-701-84	Battle Mountain	Section 21	36.18 ha
	Friendly Toad #3	3746	3746	098-701-85			
	Borealis #1	3746	3746	098-701-86			
	Borealis #2	3746	3746	098-701-87			
	Aurora #1	3746	3746	098-701-88			

**Table 3: Mineral Tenure Summary of the Phoenix Gold Project.**

The Phoenix Gold Project consists of eight (8) patented mining claims and 1 patented millsite claim covering an aggregate of approximately 60.66 hectares (149.4 acres) of US Bureau of Land management administered public lands situated in Battle Mountain, Lander County, Nevada, USA in Section 15 (Plumas Property), Section 29 (Eldorado Property) and Section 21 (Filippini Property) of T. 31 N., R. 43 E., MDM.

The map below shows the locations of Battle Mountain District patents relative to the property section locations within T. 31 N., R. 43 E., MDM, which contain the patents comprising the Phoenix Gold Project.



[Source: Lander County Recorder's Office, Battle Mountain, Nevada, August 29, 2013]

**Figure 6: Location of Phoenix Gold Properties in the Battle Mountain Mining District**

#### 4.3.1 Plumas Property Acquisitions

A 100% interest in the Plumas Property has been acquired by Phoenix Gold pursuant to the Acquisition Agreement by:

- (1) acquiring 50% ownership of the Plumas Property from AGEI by issuing to AGEI an aggregate of US\$50,000 of shares of Phoenix Gold at a deemed share price of US\$0.10 per share; and
- (2) acquiring the remaining 50% from Mr. Matlack by way of a 20 year renewable lease for by issuing 100,000 common shares of Phoenix Gold at a deemed share price of US\$0.10 per share, which requires payment of US\$35,000 upon closing of the Transaction and annual payments of US\$35,000 per year beginning on the anniversary date of the closing of the Transaction. Under the Plumas Lease, Matlack will have the right to convert the lease payments into a 1% NSR, which may be purchased by Phoenix Gold for US\$1 million.

#### 4.3.2 Plumas Property Descriptions and Locations

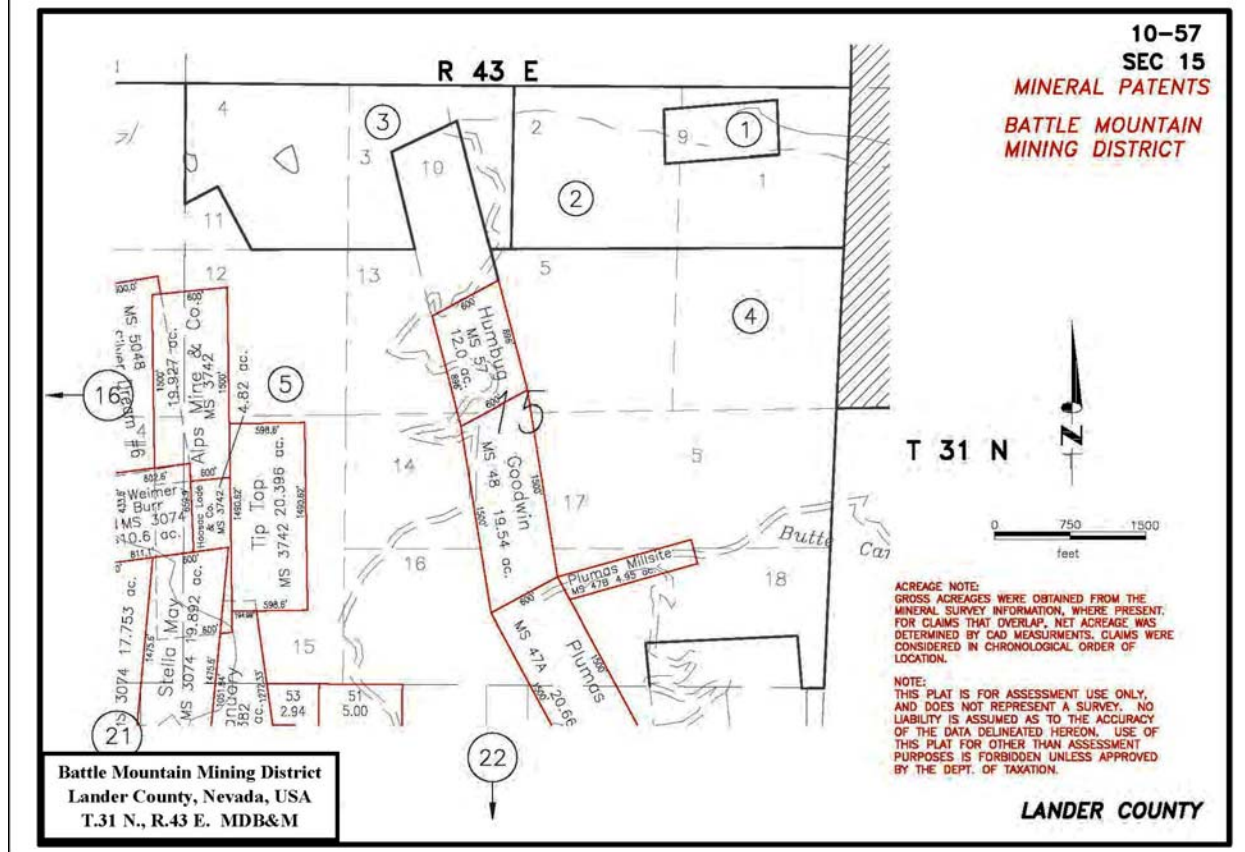
The Plumas Property consists of two patented lode mining claims with extralateral rights (40 acres) and one patented millsite claim (4.95 acres) situated in Battle Mountain, Lander County, Nevada in Section 15 of T. 31 N., R. 43 E., MDM together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the revision and reversions, remainder and remainders, rents issues and profits thereof, together with all minerals and all veins and lodes of mineral-bearing rock therein and all dips, spurs and angles thereof:

Claim Name	Mineral Survey No.	Acres	Mineral Patent No.
Plumas	47A	20.66	6597
Plumas Millsite	47B	4.95	6597
Goodwin	48	19.54	6598

**Table 4: Plumas Property Description.**

The Plumas Property is subject to a 5% NSR in favour of Goodwin Plumas Mines Inc., which can be reduced to a 2% NSR for payment of US\$1,500,000. In addition, the 50% leased portion of the Plumas Property is subject to the right of Matlack to convert his lease payments into a 1% NSR, which may be purchased for US\$1 million. Newmont has an easement (the “**Plumas Easement**”) 20 feet in width across the Plumas Property for an underground water pipeline, including the right to constrict, operate, maintain and access the pipeline, subject to relocation at Newmont’s expense if the pipeline interferes with use of the property. The Easement is for a two year term beginning January 1, 2012 with a right to renew. Under the Plumas Lease, the lessor shall pay the lessee 50% of any payment received from Newmont in respect of the easement and any decision to renew the easement is assigned to the lessee, which is the sole discretion of the lessee so as to prevent any interference with operations of the lessee.

# Plumas-Goodwin Patents



[Source: Lander County Recorder's Office, Battle Mountain, Nevada, August 29, 2013]

**Figure 7: Tenement Map, Plumas Patents.**

### 4.3.3 Eldorado Property Acquisitions:

50% of the Eldorado Property was acquired pursuant to the Acquisition Agreement through the assignment of the Eldorado Option from AGEI to Phoenix which may be exercised by paying US\$105,000 (of which US\$12,000 was already paid) to the optionor, Mr. Scott, upon closing of the Transaction. The Eldorado Option and its assignment to Phoenix Gold was confirmed in an Option Extension & Assignment Acknowledgement Agreement among Mr. Scott, Phoenix Gold and AGEI dated October 29, 2013. Newmont owns the other 50% of the Eldorado Property. The optioned 50% of the Eldorado Property is subject to a 2% NSR in favour of Mr. Scott.

### 4.3.4 Eldorado Property Descriptions:

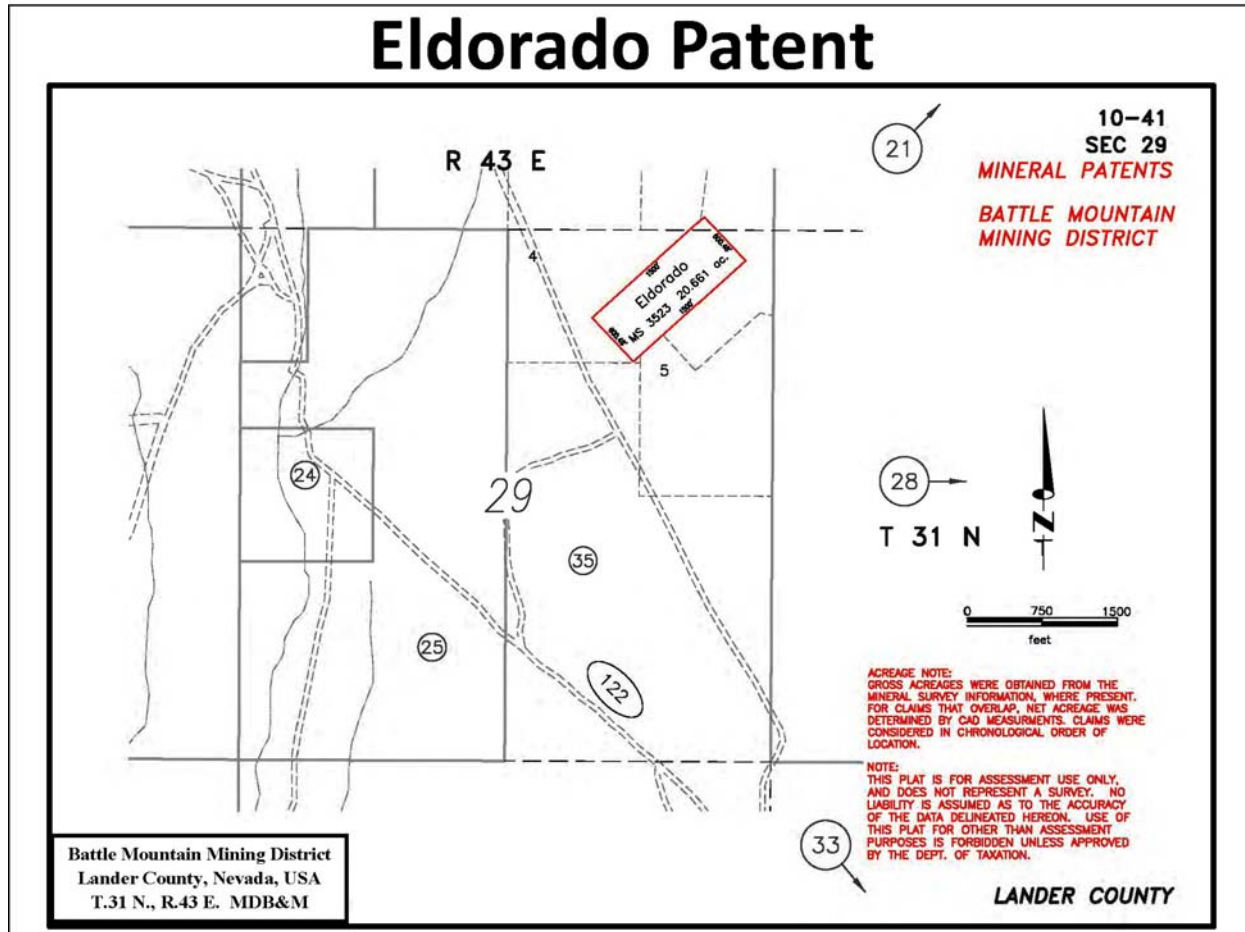
The Eldorado Property consists of one patented lode mining claim (20 acres) situated in Battle Mountain, Lander County, Nevada in North East ¼ Section 29, T. 31 N., R. 43 E., MDM together with all ores, minerals, surface and mineral rights, and the right to explore for, mine, and remove the same, and all water rights and improvements, easements, licenses, rights-of-way and other interests appurtenant thereto:



Claim Name	Mineral Survey No.	Acres	Assessor's Parcel No.
Eldorado	3523	20.661	098-703-40

**Table 5: Eldorado Property Description.**

The 50% portion of the Eldorado Property being acquired by Phoenix is subject to a 2% NSR in favour of Mr. Scott.



[Source: Lander County Recorder's Office, Battle Mountain, Nevada, August 29, 2013]

**Figure 8: Tenement Map, Eldorado Patent.**

#### 4.3.5 Filippini Property Acquisition:

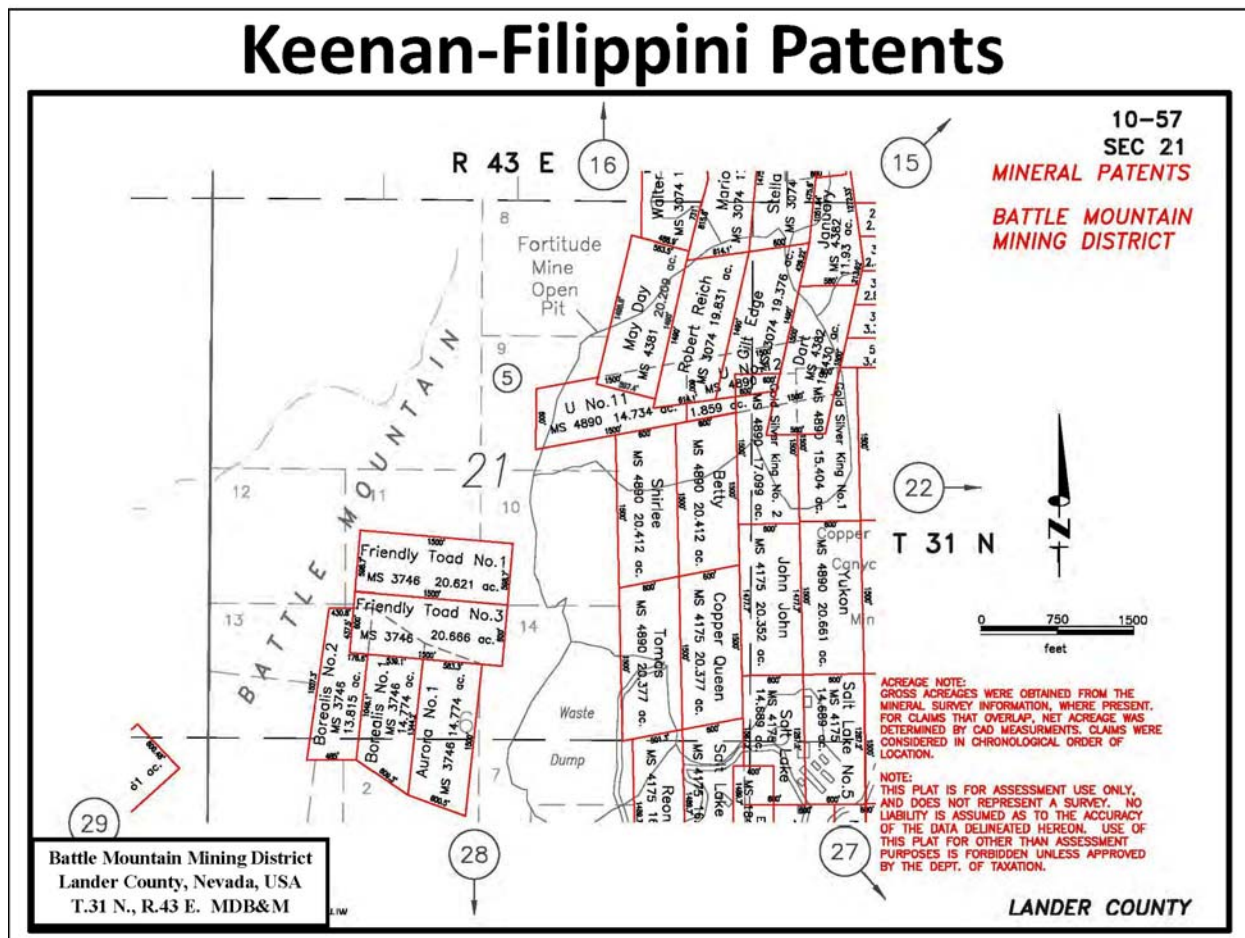
Matlack and AGEI are in negotiations with the owners of the Filippini Property for acquisition of at least 50% of the property and have granted Phoenix the Filippini ROFR right of first refusal for the acquisition of the Filippini Property upon payment of US\$50,000 of common shares of the Resulting Issuer (at the then applicable market price per share) equally to Matlack and AGEI.

**4.3.6 Filippini Property Description:**

The Filippini Property consists of five patented lode mining claims situated in Lander County, Nevada in Section 21, T.31 N., R. 43 E., MDM together with all ores, minerals, surface and mineral rights, and the right to explore for, mine, and remove the same, and all water rights and improvements, easements, licenses, rights-of-way and other interests appurtenant thereto:

<b>Claim Name</b>	<b>Mineral Survey No.</b>	<b>Acres</b>	<b>Assessor's Parcel No.</b>
Friendly Toad No. 1	3746	20.621	098-701-84
Friendly Toad No. 3	3746	20.666	098-701-85
Borealis No. 1	3746	14.774	098-701-86
Borealis No. 2	3746	13.815	098-701-87
Aurora No. 1	3746	14.774	098-701-88

**Table 6: Filippini Property Description.**



[Source: Lander County Recorder's Office, Battle Mountain, Nevada, August 29, 2013]

**Figure 9: Tenement Map, Keenan-Filippini Patents.**

#### 4.4 Zuri's Interests in the Phoenix Gold Properties

Zuri Capital's interests in the Phoenix Gold Properties are derived through the RTO Agreement, wherein it is contemplated that Zuri Capital will acquire 100% ownership of Phoenix Gold and thereby indirectly acquire the Phoenix Gold Properties that Phoenix Gold has acquired. The Transaction involving the RTO is intended to constitute the Qualifying Transaction of Zuri Capital under the policies of the TSXV, and is summarized as follows:

1. Pursuant to the RTO Agreement between Zuri Capital and Phoenix Gold dated July 29, 2013 as amended on October 8, 2013 and November 14, 2013, the parties propose to complete the RTO by way of a three-cornered amalgamation. Under the amalgamation, a wholly-owned subsidiary of Zuri Capital will amalgamate with Phoenix Gold and Zuri Capital will acquire all of the issued and outstanding Phoenix Shares from the shareholders of Phoenix Gold in exchange for issuing Zuri Shares to those shareholders on a one-for-one basis.

2. Immediately prior to the RTO amalgamation, Phoenix Gold intends to complete a Private Placement to raise gross proceeds of approximately \$2 million through the sale of Units at a price of \$0.10 per Unit, with each Unit comprised of one Phoenix Share and one-half Phoenix Warrant, with each whole Phoenix Warrant entitling the holder to acquire one Phoenix Share at a price of \$0.20 per share for a period of up to 24 months from the date of issue.
3. As a result of the RTO amalgamation, the shareholders of Phoenix Gold will become shareholders of Zuri Capital, the holders of Phoenix Warrants will be entitled to exercise their warrants to acquire Zuri Shares at a price of \$0.20 per share, and Phoenix Gold will become the wholly-owned subsidiary of Zuri Capital, which will become the Resulting Issuer and change its name to "Phoenix Gold Resources Corp." or such other name as determined by Zuri's directors.
4. The Transaction is comprised of the RTO, the Private Placement, and the Name Change. Based on the contemplated RTO and Private Placement, the investors under the Private Placement are expected to acquire 20,000,000 Zuri Shares (representing approximately 50.3% ownership of the Resulting Issuer) and all other remaining shareholders of Phoenix Gold, including Mr. Matlack and AGEI with their shares acquired under the Acquisition Agreement are expected to acquire an aggregate of 15,750,000 Zuri Shares (representing approximately 39.6% ownership of the Resulting Issuer).
5. As a consequence of the Transaction, Zuri Capital will own 100% of Phoenix Gold, which will have acquired the Phoenix Gold Properties under the Acquisition Agreement.

As of the date hereof and pursuant to the Acquisition Agreement, Phoenix Gold has acquired:

- (a) ownership of 50% of the Plumas Property from AGEI and a lease of the remaining 50% of the Plumas Property from Mr. Matlack under the Plumas Lease;
- (b) the option to acquire 50% ownership of the Eldorado Property under the Eldorado Option, which is intended to be exercised upon closing of the RTO; and
- (c) the right of first refusal to acquire ownership of the Filippini Property if acquired and to the extent acquired by AGEI and/or Mr. Matlack under the Filippini ROFR.

#### **4.5 Permitting & Environmental Considerations**

The only permit required to conduct the work proposed for the Phoenix Gold Project is a Notice of Intent from the US Bureau of Land Management, required to conduct exploration drilling. This permit can typically be obtained within two months.

There are no known environmental concerns or issues associated with the Phoenix Gold Properties. All environmental matters are managed by the Nevada Department of Environmental Protections (NDEP) located in Carson City, Nevada.

#### **4.6 Other Significant Factors or Risks**

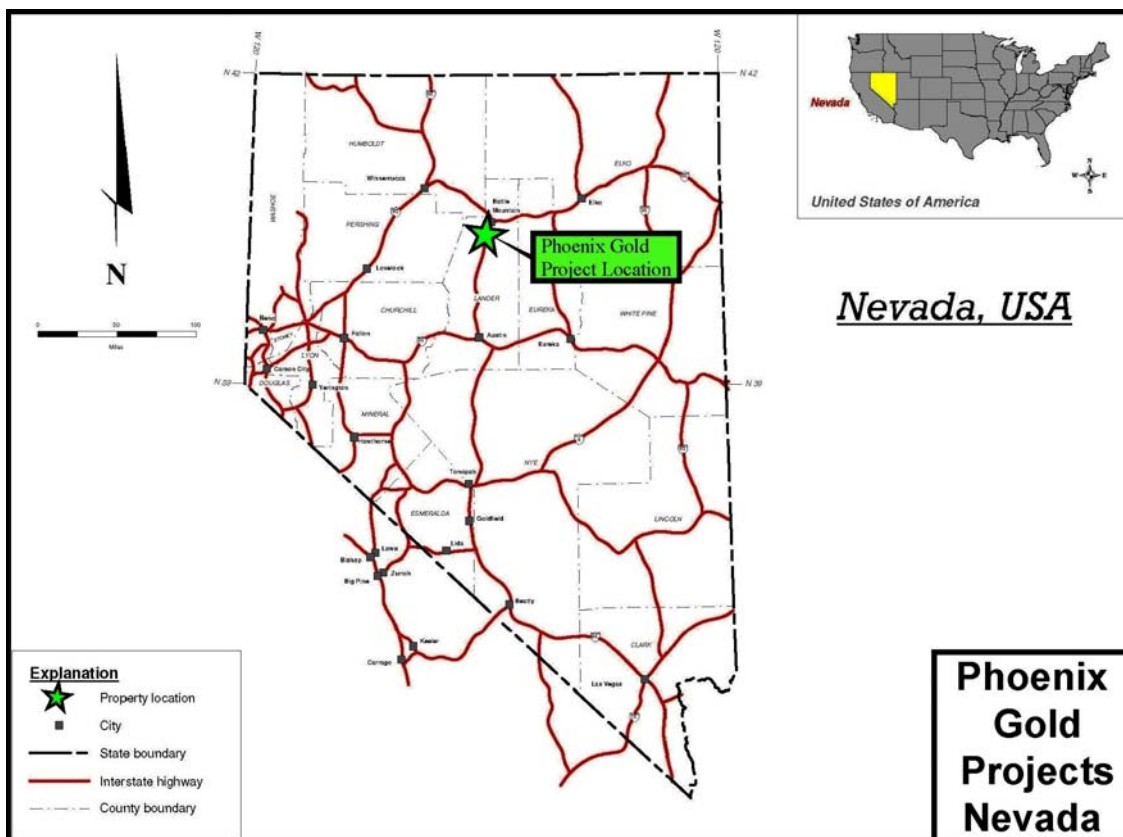
To the knowledge of the author, there are no other significant risks or factors that may affect access, title or right to perform work on the Phoenix Gold Properties that are not disclosed elsewhere in this Technical Report.

## 5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

### 5.1 Location and Access

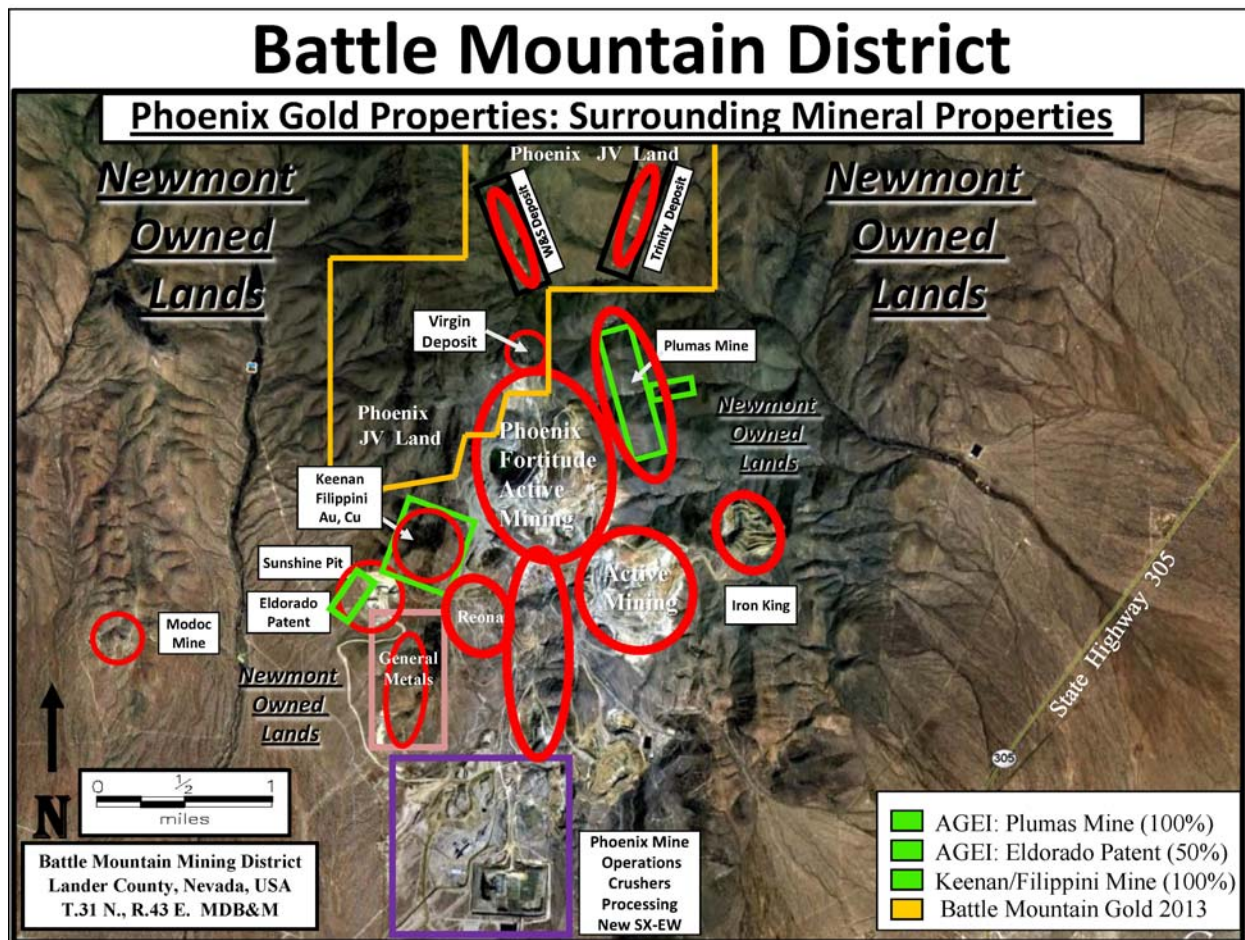
The Phoenix Gold Project is located in Lander County, Nevada, in the Battle Mountain Mining District adjacent to Newmont's Phoenix Mine Project, which is approximately fifteen (15) miles south of Battle Mountain, Nevada. The Battle Mountain district is serviced by air from Reno (about 4 hours drive from the Phoenix Gold Properties) and Elko (about 2 hours drive from the Phoenix Gold Properties) via Interstate 80 to the town of Battle Mountain, Nevada.

The Phoenix Gold Properties are locally accessed via all-weather paved and gravel roads from the town of Battle Mountain, Nevada. To access the Phoenix Gold Properties, travel south from Battle Mountain on State Highway 305 approximately 13 miles to the turnoff of the Buffalo Valley road, then south on the Buffalo Valley Road 4 miles to the Willow Creek Reservoir Road, then northerly on the Willow Creek Reservoir Road approximately 3 miles past Newmont's Phoenix Mine Project.



[Source: Nevada Department of Transportation as annotated by Phoenix Gold Resources Ltd., 2013]

**Figure 10: Regional Location Map of the Phoenix Gold Project in North-Central Nevada**



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 11: Aerial Image of Location and State Highway Access.**

## 5.2 Climate

The climate at the Phoenix Gold Project is typical of the high deserts found in the northern Great Basin, with cool, mild winters and warm dry summers. Maximum summer temperatures occur in July and August rarely exceeding 95 degrees Fahrenheit and with winter lows usually occurring during the months of December and January. Freezing conditions sufficient to result in operational problems may occur from late November through mid-February. The region is sunny enjoying more than 265 day of sun per year.

Precipitation is light with total average annual precipitation of 7.5 inches. Precipitation occurs mostly as snow during the winter and spring months from December through June. Heaviest precipitation occurs during April, May and June, with the lightest precipitation falling in July and August. The region has an annual evaporative deficit exceeding 200 inches per year. The evaporative potential exceeds two inches per day during the warm dry months of July and August and may be aggravated by windy conditions during this time. The following data is from the World Climate web site at [www.worldclimate.com](http://www.worldclimate.com).

## Average Max. Temperature, Battle Mountain, Nevada

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
°C	5.1	8.9	12.6	17.3	22.7	28.4	34	32.7	27.2	20.4	11.2	5.4	18.8
°F	41.2	48	54.7	63.1	72.9	83.1	93.2	90.9	81	68.7	52.2	41.7	65.8

## Average Min. Temperature, Battle Mountain Nevada

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
°C	-8.8	-5.6	-3.5	-1.1	3.4	7.6	10.7	9.3	4.2	-1	-4.7	-8.8	0.1
°F	16.2	21.9	25.7	30	38.1	45.7	51.3	48.7	39.6	30.2	23.5	16.2	32.2

## Average Monthly Precipitation, Battle Mountain Nevada

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Mm	16	14.1	16.5	19.8	23.6	19.5	8.3	7.4	13.2	16.5	17.1	18.1	191.2
Inches	0.6	0.6	0.6	0.8	0.9	0.8	0.3	0.3	0.5	0.6	0.7	0.7	7.5

**Table 7: Climate data from the Battle Mountain district.**

The operating season is year round and is generally unaffected or only slightly affected by extremes in temperature. Precipitation generally does not affect operating conditions.

**5.3 Topography, Elevation and Vegetation**

The Phoenix Gold Properties lie in an area of gently rolling hills and subdued topography on the west side of Pumpernickel Ridge. Elevations on the Phoenix Gold Properties range from 5,100 to 6,000 feet above mean sea level.

Vegetation is composed of low, sparse desert shrubs, forbs and bunch grasses.

The surface of the patented mining claims which comprise the mineral estate of the Phoenix Gold Properties is public domain land administered by the U.S. Bureau of Land Management (“BLM”). Other private and public lands may be available from Newmont, which surround the properties with a mix of publicly administered lands and private fee lands.

There is generally adequate property to construct and operate a mine, and process facilities within the limits of the properties. If mineralization continues to expand significantly beyond that presently identified, it may become necessary to acquire additional lands for expanded operations and waste disposal.

Mining and ranching are the principal economic activities in the region. An adequate work force of skilled, often experienced personnel is available in the Winnemucca, Battle Mountain and Elko area.

**5.4 Local Resources and Infrastructure**

The nearest population center is the town of Battle Mountain, Nevada with a population of approximately 6,000 located approximately 15 miles north of the property along Interstate 80 and provides unskilled to skilled labour and basic equipment supplies. The Phoenix Gold Properties are easily accessed by car over all-weather county maintained roads from Battle Mountain.

Other larger population centers accessible by car from the properties are Elko and Winnemucca, Nevada, with populations of approximately 18,500 and 7,600 respectively. Elko is located 70 miles east of the properties on Interstate 80 and Winnemucca is located 55 miles west of the properties on Interstate 80. Reno, Nevada, the largest population center in northern Nevada is situated approximately 218 miles southwest of the Phoenix Gold Properties along Interstate 80.

A small regional airport provides air access via private or chartered flights. There is no commercial air service to Battle Mountain.

Commercial power currently services the adjacent Phoenix Mine operated by Newmont. It is believed that the commercial power could be extended to the Phoenix Gold Properties with little difficulty.

There is sufficient available water for current operations on and around the Phoenix Gold Project area.

### **5.5 Other Local Issues**

The property interests of Phoenix in the Phoenix Gold Project include sufficient surface rights necessary to carry out Phoenix's intended exploration and development of the Phoenix Gold Project.

In addition, while the area has been classified as a zone 4 seismic risk by the US Corp. of Engineers there are no other local issues of which the author is aware.

## **6. HISTORY**

### **6.1 Background, Chronology, Exploration and Production History**

Mining in the Battle Mountain Mining District dates back to 1863 when silver was discovered in Galena Canyon in the south-central part of the district. Discoveries of copper and silver in the vicinity of Copper Canyon in 1864 led to the formation of the Battle Mountain mining district in 1866. The Central Pacific Railroad was built in 1869 and aided in the development of the area. Several small mills and smelting works were soon in operation at Galena Canyon and thirty small mines were in operation. These early high-grade operations exhausted their near surface oxidized and enriched mineral bodies by 1885, and the district was quiet until 1909 when gold was discovered at Bannock near the present-day access to Copper Canyon (Roberts & Arnold, 1965).

Copper deposits at Copper Canyon and Copper Basin were actively mined by underground methods during both World Wars. Duval Corp. acquired the copper properties in 1961 and began large-scale open-pit operations at both Copper Canyon and Copper Basin in 1967. Copper mining continued until 1981 when depressed prices caused operations to be suspended. Duval Corp. continued mining gold and silver which led to the discovery of precious metal skarns at the Tomboy and Minnie deposits in the mid 1970's. Discoveries of the Upper and Lower Fortitude deposits at Copper Canyon soon followed in 1980.

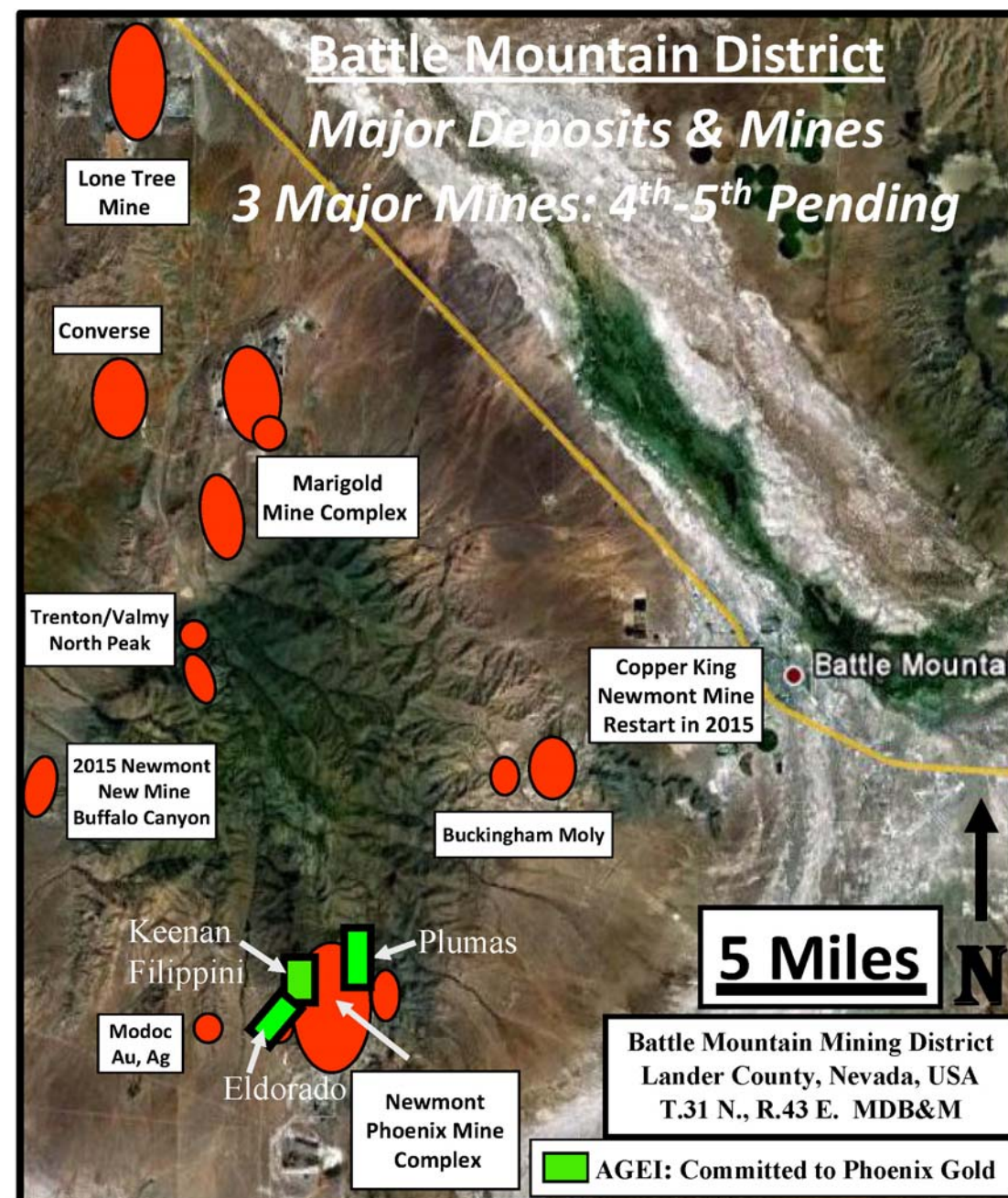


In 1980, Hart River Mines optioned the Lewis property located just north of the Eldorado Property and the Filippini Property and just west of the Plumas Property and, during the next five years, conducted drilling exploration on a number of historic mineral occurrences including the Virgin, Buena Vista, Hider, White & Shiloh and Trinity showings.

In December of 1984, the Battle Mountain Gold was formed to assume the gold mining operations of Duval Corp., including the newly discovered Fortitude deposit at Copper Canyon. The Lower Fortitude deposit produced over 71.5 metric tonnes (2.3 million ounces gold) and 336 metric tonnes (10.8 million ounces silver) (Doebrich, 1995).

In 1986, Barrick optioned the Lewis Property and the Filippini Property. During the next three years they conducted geological mapping, geochemistry, geophysics and drilled a number of historic mineral occurrences (Virgin, Buena Vista, Trinity and Hider) as well as several new exploration targets, including the Filippini Property, in the south and southwest and at Antler Peak to the north. In 1988, Homestake entered into a joint venture agreement with Barrick for the Filippini Property and reinterpreted the data and completed 7 deep core drill holes before terminating the joint venture agreement in 1990.

Lewis worked the Lewis Property from 1989 until 1994 when it was optioned by Santa Fe Pacific Gold Corp. which conducted drilling at the Hider target and at the historic Trinity occurrence. Lewis negotiated a new boundary agreement in 1996 with Battle Mountain Gold. Nighthawk North Exploration and United Tex-Sol optioned the Lewis property in 1996-97 and completed detailed drilling at the historic Virgin-Blossom occurrence. In 1998, Golden Phoenix Minerals Inc. optioned the Filippini Property and redrilled three of the earlier Barrick holes.

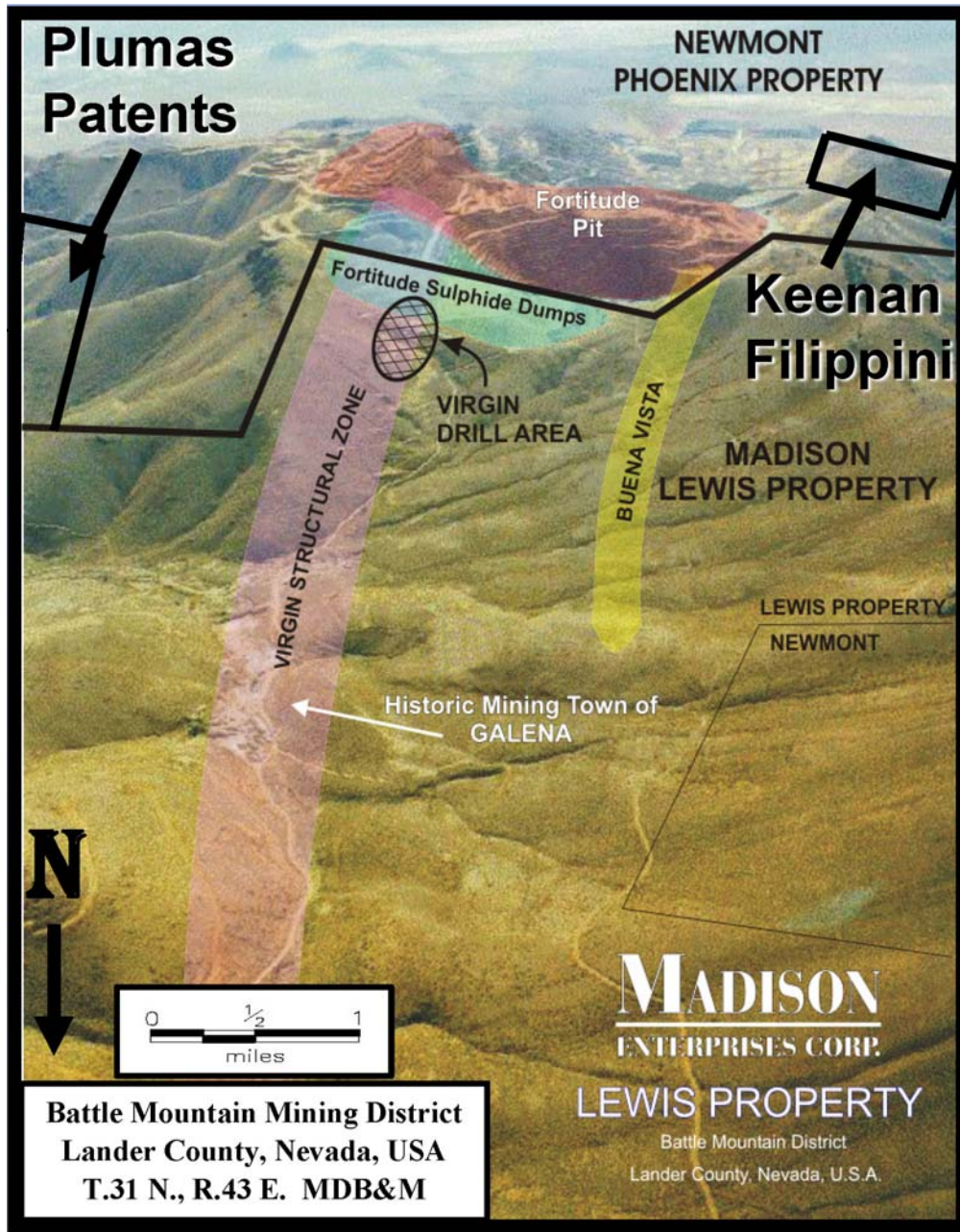


[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 12: Aerial Image Showing Phoenix Gold Project in Battle Mountain District**

Battle Mountain Gold merged with Hemlo in 1996 and then announced the new proposed Phoenix project in 1999. The merged company was bought by Newmont in 1999 following their earlier acquisition of Santa Fe Pacific Gold Corp. making Newmont the largest land holder and gold producer in the district. Following the amalgamation acquisition, Newmont announced in 2000 a new gold reserve at the Phoenix/Fortitude project. Newmont optioned the Lewis

Property in 2000 and conducted drilling in the Antler Peak area before terminating the option agreement.



[Source: Madison Enterprises Corp, 2013]

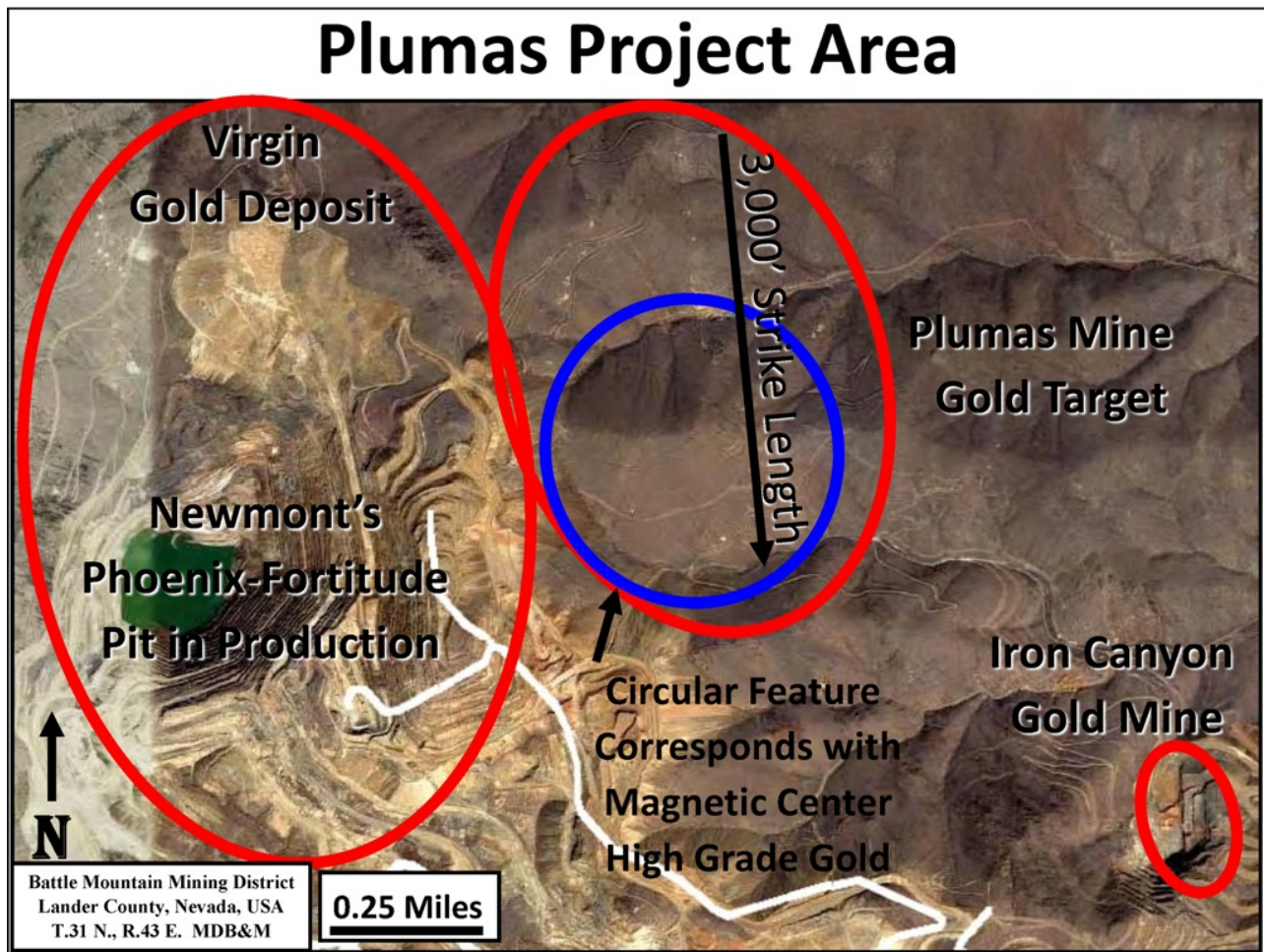
**Figure 13: Phoenix JV Aerial Image.**

In 2002, Great American Minerals, Inc. (“**GAM**”) negotiated a lease/option to purchase agreement with Lewis, which included an earn-in joint venture agreement with Madison Minerals Corporation (“**Madison**”). Since 2005, Madison completed its 60% earn-In by completing 190 drill holes and spending in excess of US\$10 million and still operates the joint venture. In 2008, GAM was sold to Golden Predator Corp. (“**Golden Predator**”) and in 2013 the 40% interest in the Lewis joint venture was transferred from Golden Predator to American Bullion Royalty

Corporation (“**American Bullion**”). In March of 2013, American Bullion announced the sale of their 40% ownership in the Lewis Property to Battle Mountain Gold.

Plumas Mine produced intermittently from 1934 through 1942. Production came from several shallow shafts along the outcrop of the mineralized fault zone. Reported historic production completed solely by the Goodwin/Plumas mine owners is unknown.

From 1942 to 2008, the Plumas Property remained idle and in September 2008, AGEI completed a lease/option to purchase agreement with Goodwin Plumas Mines, Inc., the original owners of the patented Plumas Property. AGEI completed geologic mapping and surface geochemical rock chip sampling over the following 3 years. Then in November of 2011, AGEI completed the purchase of the Plumas Property and subsequently sold a 50% beneficial interest in the Plumas Property to Matlack.



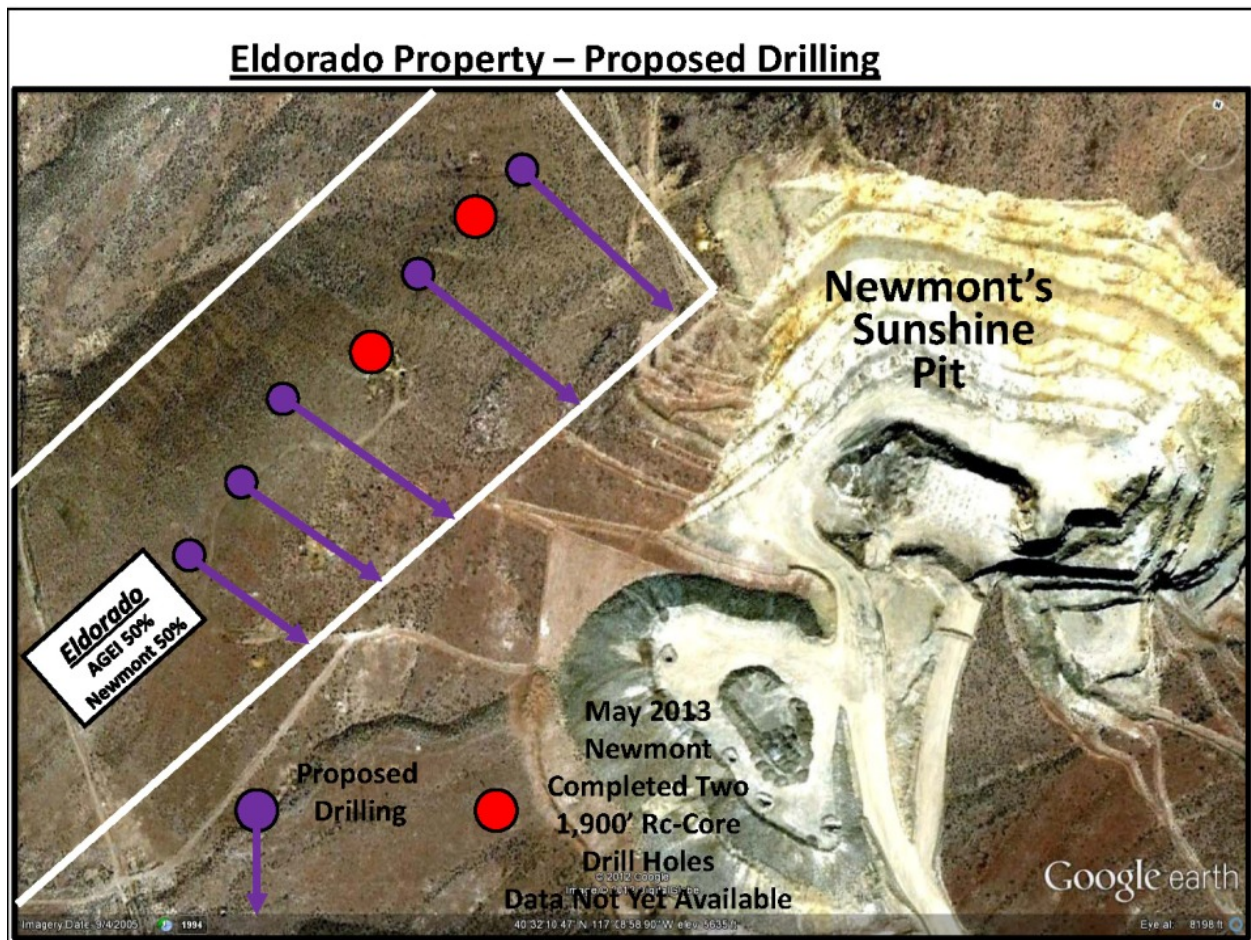
[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 14: Plumas Property Aerial Image.**

Early prospecting in the Eldorado area occurred in the late 1880's. In 1930, a project field review was completed by geologist and a private mineral report was completed regarding the limited workings, geology and mineralization. The ownership of the Eldorado Property is 50% owned by Newmont and 50% by Mr. Scott. In 2009, Mr. Scott purchased his 50% ownership of the Eldorado Property from then owner Mr. Curtis Taylor. In April of 2012,

AGEI entered into an option to purchase agreement (the “**Eldorado Option**”) with Mr. Scott and has since completed geologic mapping and rock chip geochemical sampling. On July 9, 2013, AGEI assigned its Eldorado Option to Phoenix.

In the spring of 2013, Newmont (50% owner of the Eldorado Property) drilled two exploration holes on the Eldorado Property. AGEI has requested copies of the drill data, but to date Newmont has refused to provide either Mr. Scott or AGEI any geologic drill data.

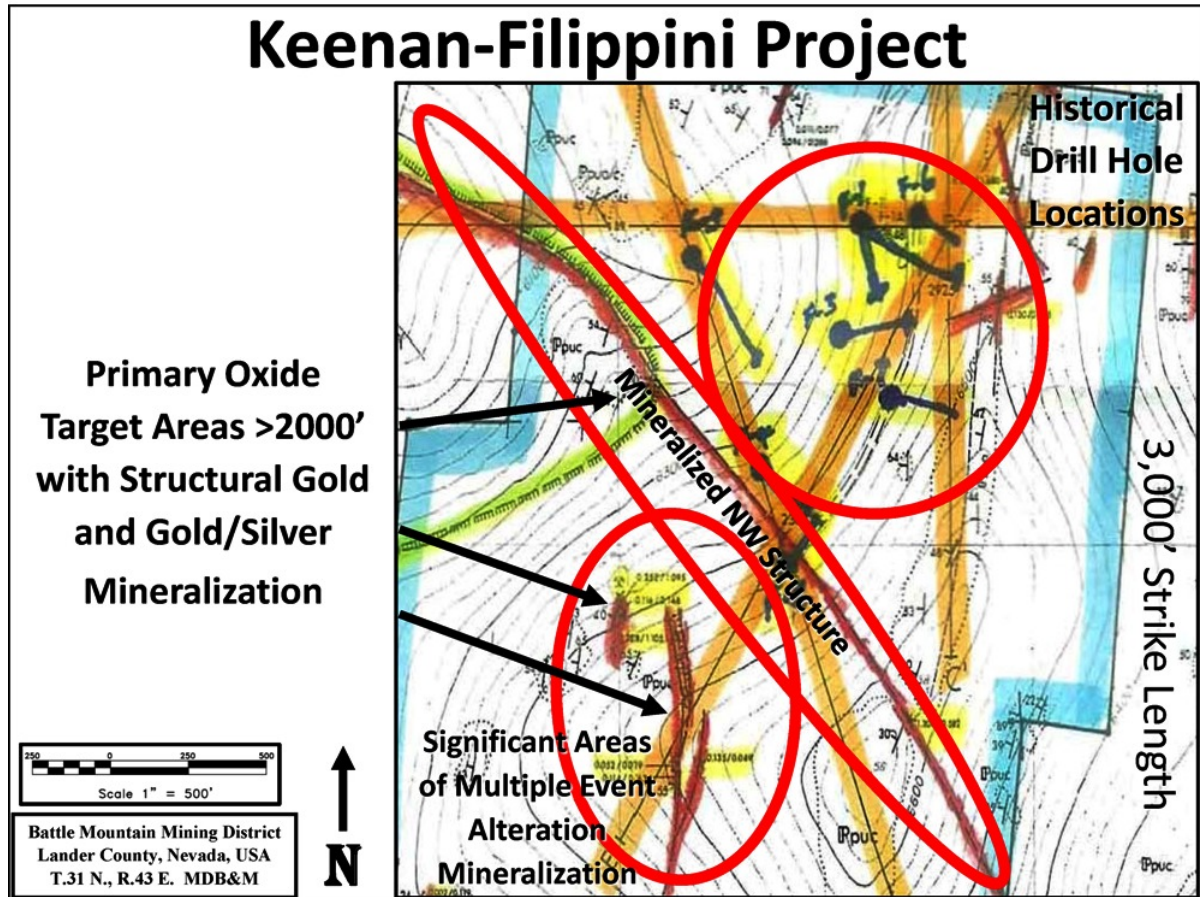


[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 15: Eldorado Property Aerial Image.**

The Filippini Property remained idle after Homestake and Barrick terminated their joint venture agreement in 1990, until AGEI leased the property in 2011. AGEI completed additional geologic mapping, surface sampling and data interpretation during 2012 prior to terminating the lease in March 2013. AGEI has since been in discussions and negotiations with both the Keenan family (50% owners) and the Filippini family (50% owners) to try and finalize either a lease or purchase agreement with either or both parties.

Historical activities by Barrick and Homestake included: (1) a close-spaced ground magnetic survey; (2) remapping the surface at 1" 200' for additional structural, lithological, alteration and mineralization details; (3) metallurgical testing of selected intervals from the earlier core drilling; (4) road construction; and, (5) rotary and core drilling.



[Source: Baker, 1990]

**Figure 16: Filippini Target Overview and Historical Drill Holes.**

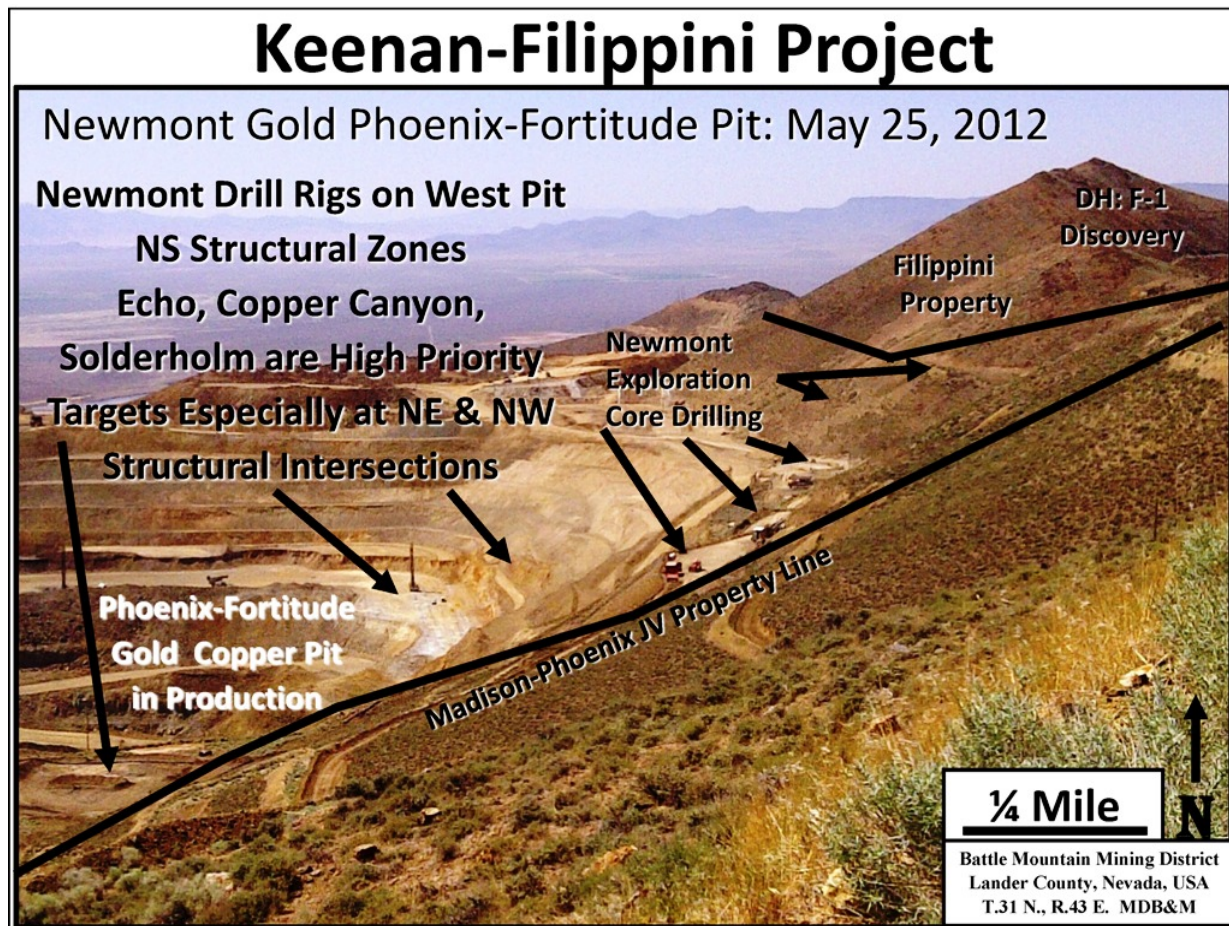
Historically, a total of seven (7) holes were drilled by Barrick and Homestake from 1987-1990, as indicated in Figure 16 above and Figure 18 below. All drilling was a combination of reverse circulation drilling from the collars to moderate depths and completed by diamond core drilling with HQ or NQ diameter rods. All historical drilling collars have been located and verified accurate as per the reports referenced. In addition, all the drill holes were surveyed down-hole and those surveys are included in the referenced reports.

The following is a summary of selected mineralized historical drill cores representative of the copper and gold enriched skarn zones drilled by Barrick and Homestake, as indicated in the figure above. Detailed drill logs and assays are available in the historical reports referenced.

**F-1** The target Antler Peak Limestone was intersected between 2,584.4 feet and 2,738 feet. This entire 154' interval was characterized by intense calc-silicate alteration. Alteration lithologies included garnetite, diopside skarn (+/-garnet), actinolite-diopside skarn, and actinolite-bearing marble. Garnet was found to be more abundant in the upper part of the

Antler Peak whereas actinolite was the dominant alteration mineral at the lower part of the unit. Gold values in F-1 are very encouraging. The upper 95.6 feet of the calc-silicate-altered Antler Peak contains an average of 0.170 oz/tonne Au. The interval is barren of silver and contains subeconomic, but anomalous copper (400 ppm). Some intervals within this zone contain significant grade gold values.

The significant grade interval in F-1, (2,645 - 2,670 feet) occurs at an interface between alteration types. Above this zone, diopside and garnet are the dominant minerals whereas actinolite is dominant below. The interval is characterized by an apparent retrograde alteration of the diopside skarn. It has a punky texture and is weakly silicified. Sulfide content averages 10% in this zone with pyrite Sulfide content is skarn above this zone. Below the intersected 66 feet sandstones of this slightly more abundant than pyrrhotite. Higher (6-20%) in the diopside and garnet and lower in the actinolite zone below the Antler Peak Limestone and hosted in the Battle formation. The Battle conglomerates contain anomalous, gold values (up to 0.024 oz/tonne) and higher copper values (averaging 0.20%). The unit is truncated at the base by a major fault, probably the Copper Canyon fault, which bounds the west side of the Fortitude deposit. Displacement along the fault is estimated at 1,500 feet. The drill hole was terminated in the Harmony Formation.



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 17: Photograph showing Filippini Property and Fortitude Pit.**

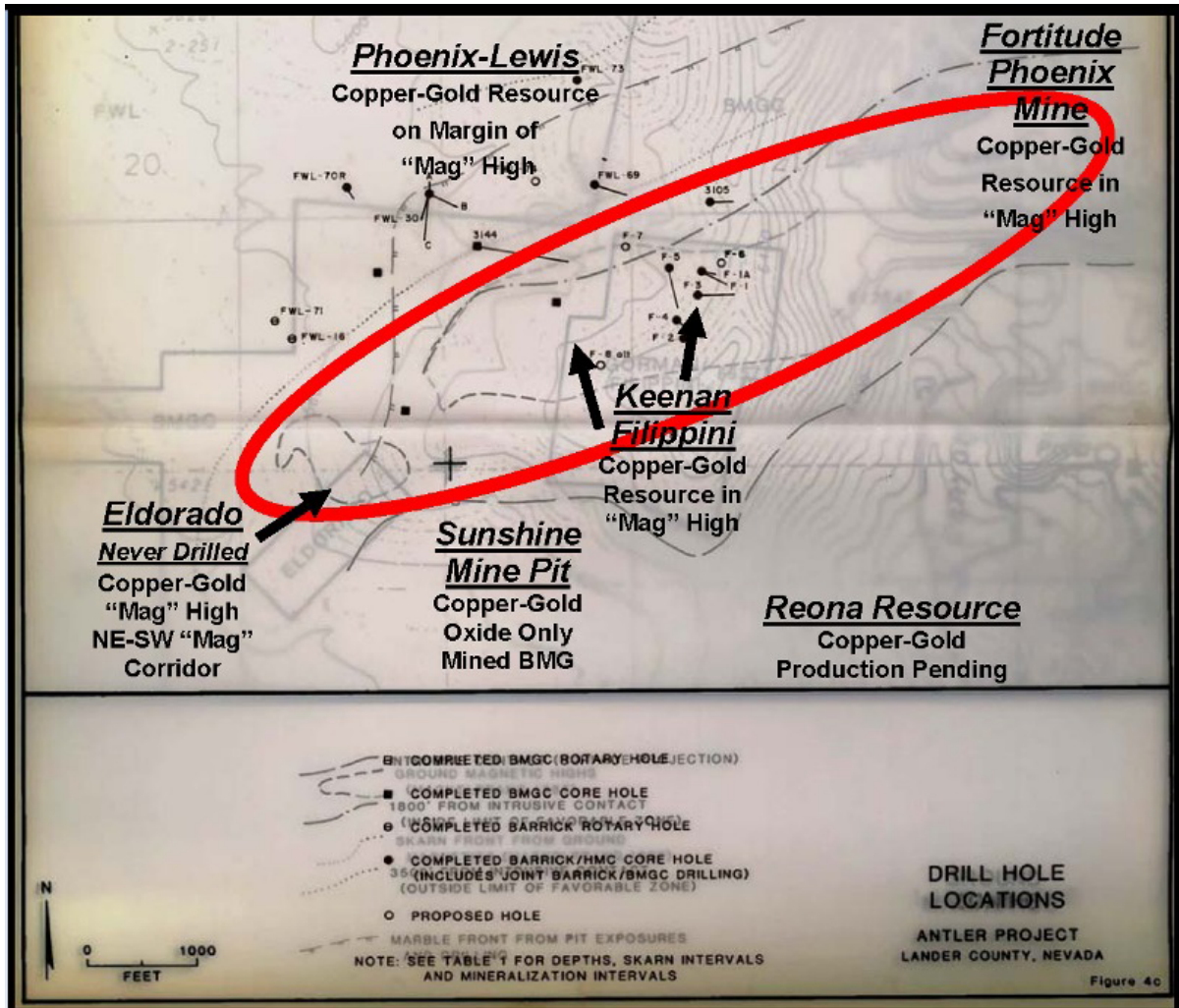
**F-1A** The target Antler Peak Limestone was intersected between 2,626.6 and 2,771 feet. The entire 144 feet thick intercept was characterized by intense calc-silicate alteration consisting of alternating intervals of diopside skarn, garnet-diopside skarn and garnetite. The retrograde alteration and actinolite dominant alteration observed in F-1 were absent in F-1A. Sulfide content was 4% to 22% throughout this interval. Pyrrhotite is more abundant than pyrite which is opposite of the relation observed in F-1. Trace amounts of chalcopyrite were common throughout the interval. Gold values in F-1A are significantly lower than those in F-1. A 40 feet interval (2,710 - 2,750 feet) averages 0.094 oz/tonne Au. Silver is absent and copper averages 0.075%. Within this interval is a 15 feet zone (2,725 -2,740 feet) that averages 0.158 oz/tonne Au and 0.073% Cu. The remainder of the Antler Peak skarn contains anomalous gold values ranging from 0.003 to 0.084 oz/tonne.

The high gold values in F-1A do not correlate stratigraphically with the high-grade zone of the nearby intercept in F-1. Comparison of the two holes suggests that higher gold values are associated with retrograde alteration and/or a high pyrite: pyrrhotite ratio. Below the Antler Peak Limestone, the drill intersected Battle Formation calc-silicate-altered conglomerates and sandstones. Sulfide mineralogy includes 4% pyrite with trace amounts of pyrrhotite and chalcopyrite. Gold values range from below detection to 0.053 oz/tonne and includes significant copper mineralization.

**F-2** All of these formations are altered to hornfels. Sulfide mineralization in veins is in trace amounts to 10%. Pyrite is dominant with trace amounts of pyrrhotite and chalcopyrite. No significant gold or silver values were encountered, with the exception of the Pumpnickel Formation. It was determined that the hole had deflected too far from vertical (8 degrees) and there was concern before drilling return the core that the hole might intersect the Copper Canyon fault the target Antler Peak Limestone.

Therefore, navigation was used between 2,038 and 2,172 feet to attempt to turn the hole to vertical. This effort was successful and drilling was resumed to a total depth of 2,589 feet. The drill intersected the target Antler Peak Limestone between 2,355 and 2,508 feet. This 153 feet thick intercept is characterized by intense calc-silicate alteration and sulphide mineralization. It consists predominantly of actinolite diopside skarn with trace amounts of 10% to 20% pyrrhotite with trace chalcopyrite.





[Source: Baker, 1990]

**Figure 18: Filippini and Area Drill Hole Locations.**

**DH 3501** was drilled 620 feet north of F-1 on Newmont's claims as part of the joint drilling (see Figure 18, above). It was intended to test metallization more distal from the Copper Canyon-Independence intrusives. The hole intersected what is believed to be the Solderholm fault and intersected a copper-rich vein system. This 10 feet interval (1,628-1,638 feet) assayed 1.66% Cu, 0.034 oz/tonne Au and 0.73 oz/tonne Ag.

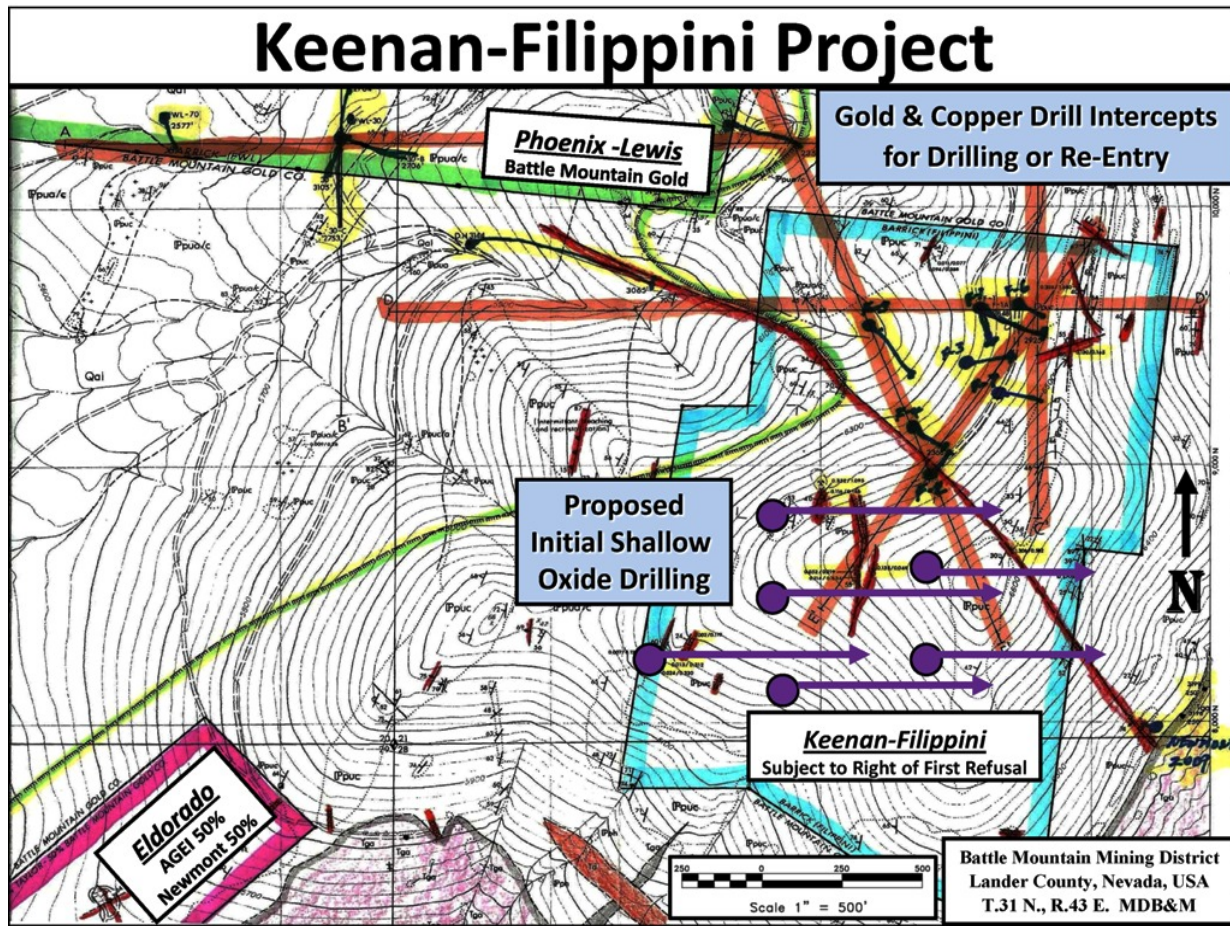
The skarn in 3501, while visually impressive, is barren of gold mineralization, but carries significant copper mineralization. The highest gold value in the skarn is 0.006 oz/tonne. Silver values are below detection and combined Pb and Zn values are usually less than 50 ppm. Copper values are relatively high, averaging 0.12% in the overall skarn zone intercepted. As in F-1A, it may be reasonable to correlate the low gold values with the low pyrite: pyrrhotite ratio and/or the absence of the retrograde alteration.

**F-3** From 2629 – 2746 feet the rock was a sequence of skarns developed in the Antler Peak Limestone and consisting of the assemblages diopside-pyrrhotite, actinolite tremolite-chlorite, garnetite, and massive to semi-massive pyrrhotite. Resinous pyrobitumen locally coats

fractures. The above interval contained a 35-foot zone (2,635 - 2,670 feet) averaging .155 oz/tonne Au, but silver values were consistently very low. From 2,746 - 2,900 feet the hole was in Battle Formation hornfels and hydrous skarn-altered conglomerate, but sample results indicate that the Battle Formation in this hole is nearly devoid of gold mineralization, but does carry significant copper mineralization. A 65-foot thick, copper-rich zone which averaged 0.24% copper occurred from 2,680 - 2,745 feet, coinciding with the high sulphide portions of the skarn. From 2,900 - 2,926 feet the hole remained in Harmony Formation hornfels that was also devoid of gold mineralization.

**F-4** Interestingly, in two of the best intercepts (2,737.5 - 2,742 feet and 2,768 - 2,772 feet), gold occurs in magnetite-rich skarn. Conspicuous throughout the skarn was chalcopyrite, and copper values averaged nearly 0.44% for the entire zone. Again, as in F3, the high copper values were clearly associated with high sulphide zones.

**F-5** The entire 109.3-foot skarn interval is anomalous in gold, silver and copper with average values of 0.033 oz/tonne Au, 0.357 oz/tonne Ag, and 0.561% Cu. Within this interval is a 19-foot zone (2,521 - 2,540 feet) which averages 0.090 oz/tonne Au, 1.20 oz/tonne Ag, and 1.92% Cu, and it includes a 5-foot zone (2,530 - 2,535 feet) which averages 0.222 oz/tonne Au, 2.26 oz/tonne Ag and 3.45% Cu.



[Source: Baker, 1990]

Figure 19: Filippini Proposed Drill Targets.

**F-6** The Edna Mountain-Antler Peak Formations are characterized as formerly calcareous siltstone and mudstone, and minor, thin limestone beds. Alteration and mineralization have transformed this unit into skarn-assemblage, pyrite-pyrrhotite-bearing rocks, locally containing significant gold values. The siltstone and mudstone are typically pale green to white diopside hornfels with generally low sulfide contents. Former limestone beds are now nearly massive sulfide. Gold values are surprisingly correlated with the diopside hornfels in F-6, with the best interval containing 35 feet of 0.28 ounces per tonne gold (2,640 -2,675 feet). Mineralization in this portion of the stratigraphy is characterized by sporadic, but potentially economic gold concentrations, and 'local copper-rich areas'. The interesting gold intercept in F-6 correlates with mineralization previously defined by Barrick in F-1 and F-1A

At 2,686 feet the Antler sequence is cut-off by the Copper Canyon Fault, a major district-scale, north-south-trending normal fault. The interval 2,686 to 2,740 feet is fault gouge and breccia, with fragments of massive sulphide and quartz-pyrite veined rock. The gouge is locally cut by late pyrite veins -suggesting the structure may be syn-or late-mineral rather than totally post mineral in age. Copper values are significantly elevated in the Copper Canyon Fault zone; however these values may result from mineralized fragments within the fault zone.

**F-7** At 2658 feet, the Golconda Thrust serves as the contact between overlying Pumpnickel Formation rocks and the underlying Antler sequence. The Edna Mountain-Antler Peak Formations normally mixed calcareous siltstone and limestone, and conglomerate, are strongly altered to calc-silicate assemblages (skarn) and have not been separated or distinguished in the drill log for F-7. Garnet-rich skarn assemblages are most prevalent with sulfide contents (pyrrhotite-pyrite) generally low to moderate (2% - 7% by volume) compared to the near-massive sulfide mineralization in other nearby drill holes. Higher sulfide skarn is observed between 2,770 and 2,783 feet, and may represent the change from overlying Edna Mountain Formation to the Antler Peak Formation.

A fault between 2,783 and 2,790 feet may truncate a normally thicker sequence of Antler Peak Formation. Below this fault is a sequence of brown hornfelsed sandstone (2,790 to 2,821 feet) and angular chert pebble conglomerate sandstone calcareous sandstone/siltstone (2,821 to 2,892 feet) typical of the Battle Formation. Typically, the conglomerate and some sandstone/siltstone beds contain a calcareous component now converted to actinolitic skarn assemblages with generally minor pyrrhotite and pyrite.

Faults at 2,892 to 2,903 feet and 2,923 to 2,933 feet truncate the Battle Formation. Rocks between 2,903 and 2,923 feet could be interpreted as either Battle Formation brown hornfelsed sandstone (locally conglomeratic) or Harmony Formation. These two faults are interpreted as main components of the Copper Canyon Fault system, with definite Harmony Formation lithologies below 2,923 feet to the bottom of the drill hole at 2,955 feet.

## 6.2 Historic Exploration Drilling

No exploration drill holes have been drilled at the Phoenix Gold Project since 1990 (as described above) with the exception of two (2) drill holes completed sometime in the spring of 2013 by Newmont on the Eldorado Property, of which Newmont owns 50%. AGEI has requested copies of the drill data, but to date Newmont has refused to provide any geologic drill data.

The known historical holes drilled prior to 1990 are summarized below.

Company	Property	Prospect	No. Drill Holes	Meters	Average Meters Per Hole
Homestake Barrick JV	Phoenix	Filippini	7.5	6,439m	878m

**Table 8: Known Historical Drilling.**

All the drill holes were surveyed down-hole to total depth. All the holes were drilled with a combination of Reverse Circulation from surface and completed with Core Drilling using HQ-NQ diameter rods.

## 6.3 Historic Resource and Reserve Estimates

There are no historical resources or reserves referenced in this report

## 6.4 Historical Production

Minerals were extracted from the Plumas Property intermittently from 1934 through 1942. Production came from several shallow shafts along the outcrop of the mineralized fault zone. Reported historic production was completed solely by the Goodwin/Plumas mine owners and the amounts of production are unknown.

## 7. GEOLOGICAL SETTING AND MINERALIZATION

### 7.1 Regional Geology and Lithology

The regional geology of north central Nevada is defined by episodic tensional deformation rifting, sedimentation and erosion, followed by wide spread thrusting resulting from compressional deformation. Episodic tensional events followed by compressional events.

Roberts Mountain allochthon emplaced during the Antler Orogeny, erosion and sedimentation followed depositing the overlap sequence (Antler Sequence of Roberts, 1964) in angular unconformity. The Antler sequence hosts the Golconda allochthon which was emplaced during the Sonoma Orogeny and contains the Havallah Sequence of Mississippian to Permian age rocks, including the Pumpnickel Formation, host for near surface mineralization at Independence.

The Roberts Mountain allochthon contains Late Cambrian Harmony Formation, Ordovician Valmy Formation, and Devonian Scott Canyon Formation and was emplaced during the Antler Orogeny. This allochthon is overlain in angular unconformity by the overlap assemblage (Antler sequence of Roberts, 1964) containing the Middle Pennsylvanian Battle

Formation, Pennsylvanian and Permian Antler Peak Limestone, and Permian Edna Mountain Formation. Rocks of the Roberts Mountain allochthon, host the adjacent Fortitude deposit and are the principle host for the contiguous Phoenix deposit and both the Eldorado, Filippini and Independence Deep Skarn Targets. These rocks are structurally overlain by the Mississippian, Pennsylvanian, and Permian Havallah sequence of the Golconda allochthon, the base of which is the regionally extensive Late Permian to Early Triassic Golconda thrust, which was active during the Sonoma Orogeny (Doebrich and Theodore, 1996).

The Late Cambrian Harmony Formation crops out over a large area in the eastern part of the Battle Mountain Mining District and structurally overlies the Ordovician Valmy Formation and Devonian Scott Canyon Formation along the Dewitt thrust. The Dewitt thrust is considered a major imbricate thrust or splay of the Roberts Mountains thrust known locally as the Dewitt allochthon. The Harmony Formation consists of locally calcareous, feldspathic to micaceous sandstone and lesser amounts of calcareous shale and limestone (Doebrich and Theodore, 1996).

Calcareous units of the Harmony Formation were converted to biotite hornfels in the Copper Canyon, Copper Basin, Filippini, Eldorado and Independence areas near intrusions. Locally, the more calcareous units were converted to garnet-pyroxene skarn. In the Copper Basin area, the Harmony Formation was host to supergene-enriched porphyry copper mineralization at the Contention, Carissa, Copper Queen, Sweet Marie, and Widow deposits, and to gold-silver skarn and distal disseminated silver-gold deposits at the Labrador, Surprise, Northern Lights, and Empire deposits. The Harmony Formation also was host for half of the one billion tons of mineralized rock at the Buckingham molybdenum deposit. At the East Deposit in the Copper Canyon area and just south of the Independence Property, rocks of the Harmony Formation were hosts for porphyry copper mineralization associated with potassic alteration assemblages along the east side of the granodiorite of Copper Canyon (Doebrich and Theodore, 1996).

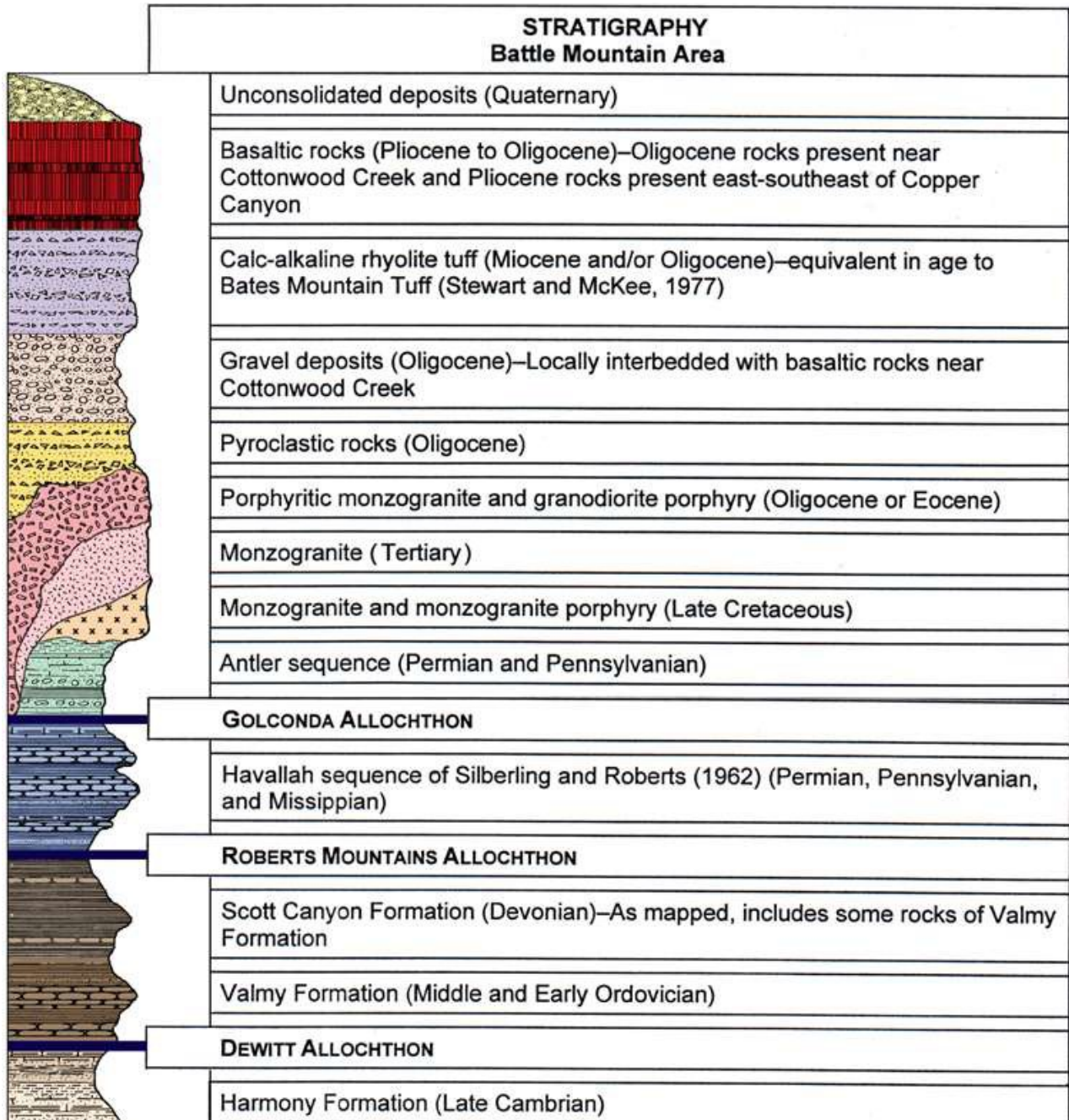
Early and Middle Ordovician rocks of the Valmy Formation underlie a large area in the northern part of the mining district and are found as small fault-bounded slivers structurally intercalated with Late Devonian Scott Canyon Formation in the Galena Canyon area. The Valmy Formation, particularly quartz arenite units, are hosts to distal disseminated silver-gold mineralization at the Top Zone deposit at the Marigold Mine and at the Valmy-Trout Creek and Trenton Canyon gold deposits of Santa Fe Pacific Gold's, now Newmont's Trenton Canyon project (Doebrich and Theodore, 1996).

Devonian Scott Canyon Formation is exposed in the southeast part of the district. North and south of Galena Canyon it is structurally overlain by the Late Cambrian Harmony Formation along the Dewitt thrust. The Scott Canyon Formation is host for distal disseminated silver-gold mineralization at the Iron Canyon Mine, where mineralization is closely associated with an Oligocene granodiorite porphyry dike (Doebrich and Theodore, 1996).

Rocks of the Roberts Mountains allochthon were transported eastward, on the Roberts Mountains thrust, during the late Devonian to Early Mississippian Antler Orogeny. The Roberts Mountains thrust is not exposed at the surface in the Battle Mountain District.

Deep drilling indicates that it probably underlies the district at depths greater than 1,300 m. A Paleozoic structural fabric, primarily consisting of fold axes, was imparted on rocks of the Roberts Mountains allochthon during the Antler Orogeny and generally strikes N 10° W to N 20° E (Doebrich and Theodore, 1996).

The Pennsylvanian and Permian Antler sequence, the overlap assemblage, is exposed at several localities in the district and constitutes the only Paleozoic autochthonous rocks in the district. The sequence consists of the Middle Pennsylvanian Battle Formation, Pennsylvanian and Permian Antler Peak Limestone, and Permian Edna Mountain Formation. Thicknesses of formations are extremely variable throughout the district, and individual formations may be absent from local stratigraphic sections. Rocks of the Antler sequence, the most favorable host for hydrothermal mineral deposits in the Battle Mountain Mining District, lie unconformably on rocks of the Roberts Mountains allochthon.



(Adapted from Doebrich and Theodore, 1996)

**Figure 20: Regional Stratigraphy.**

The Middle Pennsylvanian Battle Formation is at the base of the Antler sequence and locally lies unconformably on the Late Cambrian Harmony Formation and Ordovician Valmy Formation. The Battle Formation was deposited in a high energy environment and generally consists of deeply channelled, immature thick-bedded conglomerate and sandstone, along with lesser amounts of siltstone, shale, and limestone. Siliciclastic units are variably calcareous, and clastic components were derived from rocks of the Roberts Mountains

allochthon during erosion of the Antler highland. The Battle Mountain formation is the primary host for mineralization in the Independence skarn mineralization and was the primary host for porphyry copper mineralization in the East Deposit, for gold-silver skarn mineralization in the Tomboy- Minnie deposits, for gold-silver deposits in the Upper Fortitude deposit, and for the gold-silver skarn deposits currently being mined from the Midas pit. In the Copper Basin area, the Battle Mountain formation hosted gold-silver skarn mineralization at the Labrador and Surprise deposits and hosted distal disseminated silver-gold mineralization at the Lone Tree deposit and at the East Hill and Red Rock deposits at the Marigold Mine (Doebrich and Theodore, 1996).

The Pennsylvanian and Permian Antler Peak Limestone is the middle formation of the Antler sequence. It consists mostly of medium to thick-bedded fossiliferous limestone, locally containing quartz sand, with lesser amounts of shale and pebbly conglomerate. The Antler Peak Limestone also hosts part of the mineralization in the Independence Skarn, and was the primary host for gold-silver skarn mineralization in the Lower Fortitude zone, which yielded most of the historically mined mineralization from Fortitude Mine, and the primary host for gold-silver skarn mineralization in the Phoenix deposit, a southern extension of the Fortitude deposit (Doebrich and Theodore, 1996).

The Permian Edna Mountain Formation is the uppermost unit of the Antler sequence and is usually found directly below the trace of the Golconda thrust. Its lower contact with the Antler Peak Limestone is depositional and unconformable. The formation consists of calcareous siltstone, sandstone, pebble conglomerate, and limestone. Conglomerate and sandstone are texturally more mature than those in the Battle Formation. Near its base, the Edna Mountain Formation contains a regionally extensive unit of debris flow conglomerates with intercalated siltstone, which is the primary host for distal disseminated silver-gold mineralization at the 8 South, 8 North, and 5 North deposits at the Marigold Mine. Siltstone and sandstone of the Edna Mountain hosts distal disseminated silver-gold mineralization at the Lone Tree deposit. The Edna Mountain Formation hosts minor amounts of mineralization in the Independence skarn, and likewise hosted minor amounts of gold-silver skarn mineralization in the Lower Fortitude deposit and also hosts gold-silver skarn mineralization in the Phoenix deposit (Doebrich and Theodore, 1996).

The Havallah sequence, which constitutes the upper plate of the Golconda thrust, is a Mississippian, Pennsylvanian, and Permian allochthon consisting of an assemblage of chert, argillite, shale, siltstone, sandstone, conglomerate, limestone, and metavolcanic rocks exposed over a large area throughout the western part of the Battle Mountain District. The base of the Havallah sequence is the regionally extensive Golconda thrust, which places the Havallah sequence structurally over the Antler sequence. This structural relationship (the Havallah sequence over the Antler sequence along the Golconda thrust) represents the most important tectonostratigraphic control on the distribution of deposits in the Battle Mountain Mining District (Doebrich and Theodore, 1996).



### 7.1.1 Mesozoic and Cenozoic Tectonics and Magmatism

Mesozoic structural and magmatic events in the Battle Mountain Mining District are characterized by the development of a northwest-striking structural fabric, including faults, broad open folds and emplacement of Late Cretaceous granodioritic to monzogranitic stocks. Low-fluorine porphyry molybdenum systems developed with the Late Cretaceous stocks in the mining district (Doebrich and Theodore, 1996), porphyry copper deposits developed in the copper zone surrounding the central molybdenum zone related to these Late Cretaceous intrusive events.

Tectonics and magmatism during the Cenozoic in the Battle Mountain Mining District changed from one of largely compression to one of extension. The composition of the plutons generally became more intermediate and the plutons were emplaced at higher levels, forming a number of copper, molybdenum–copper and copper–gold porphyry systems with distal related deposits of silver–gold and mixed base and precious metals.

Cenozoic structural and magmatic events in the Battle Mountain district include development of north-striking normal fault zones, emplacement of late Eocene to early Oligocene granodioritic stocks and dikes throughout the region, and eruption of volcanic and volcanoclastic rock, ranging in age from early Oligocene to Pliocene. Periodic change in extension directions during the Cenozoic resulted in several generations of normal fault sets with variable orientations (Doebrich and Theodore, 1996).

### 7.1.2 Structure

Northwest-striking Mesozoic age structural zones are manifested by granodiorite porphyry dikes and larger elongate intrusive bodies, aeromagnetic lineaments, and regional alignment of mineralized areas related to the emplacement of the Cenozoic intrusive bodies. They form subtle features that trend N 30° to 40° W and are generally not as obvious as the younger north-striking fault zones. Related northwest striking structures are an important mineralization control in the Phoenix Gold Project, localizing solutions and controlling some of the highest grade gold and silver mineralization known in the historic mine workings.

North-striking (roughly N 20° W to N 20° E) normal faults in the Battle Mountain Mining District are abundant. They generally predate late Eocene to early Oligocene dikes and stocks emplaced within them. Renewed movement is clearly indicated in a number of areas including the Independence deposit where such north striking structures are mineralized and cut the intrusive.

### 7.1.3 Tertiary-Intrusive and Volcanic Rocks and Mineral Deposits

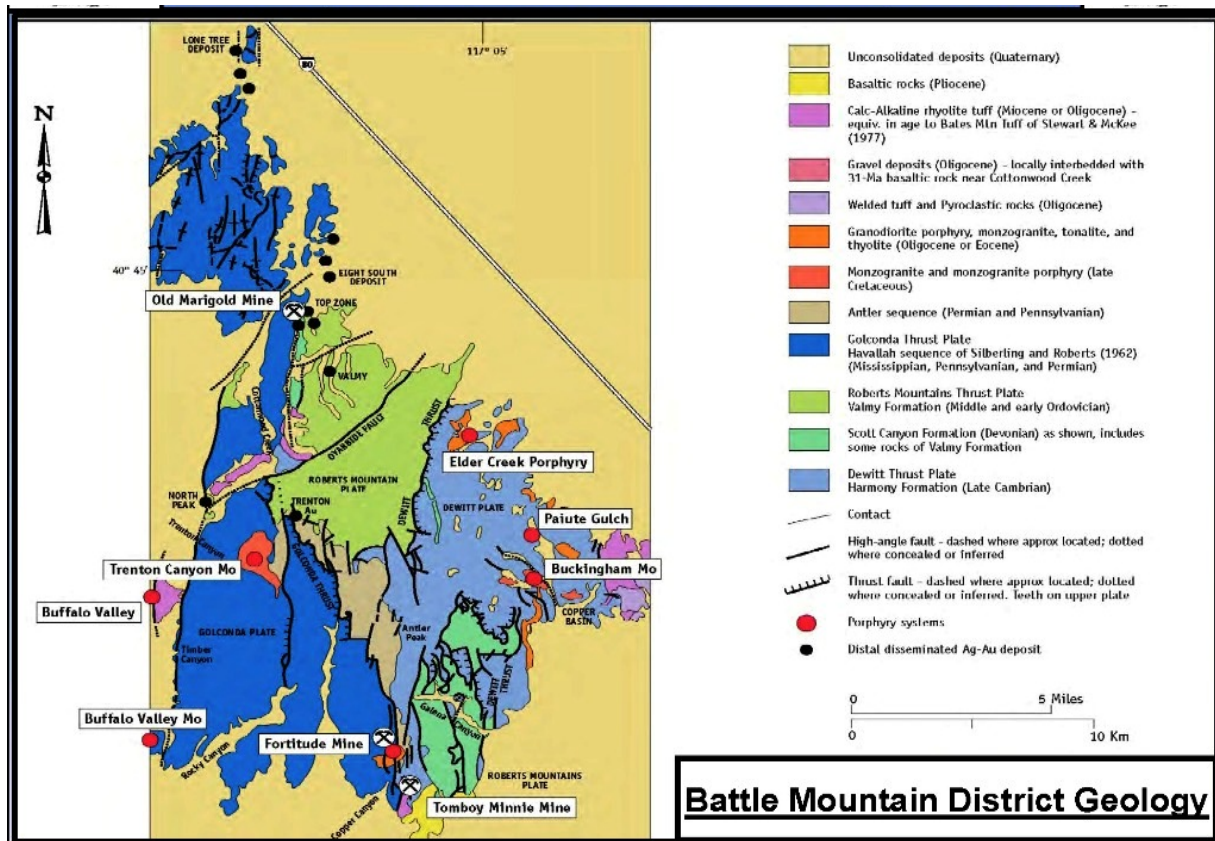
All dated Tertiary intrusive rocks in the Battle Mountain Mining District are late Eocene to early Oligocene in age (41 to 31 Ma) and mostly monzogranitic to granodioritic in composition. Although Tertiary intrusive rocks are scattered throughout the mining district as small stocks and dikes, the main exposed Tertiary intrusive centers are at the Plumas Mine and in the Copper Canyon, Copper Basin, Elder Creek and Buffalo Valley gold mine areas. Associated with each of these intrusive centers are porphyry-style (Cu-Au and/or Mo-Cu) alteration assemblages, mineralized zones, and related base and precious metal deposits (Doebrich and Theodore, 1996).

The Copper Basin area has produced considerable amounts of copper, gold, and silver from supergene-enriched porphyry copper, skarn, replacement, and distal disseminated deposits, all of which are hosted in calcareous rocks of the Late Cambrian Harmony Formation and/or Middle Pennsylvanian Battle Formation.

The proximity of the Late Cretaceous Buckingham stockwork molybdenum system, the early Oligocene Paiute Canyon Mo-Cu porphyry system, and other tertiary dikes and stocks in the area makes it difficult to establish with certainty a direct relationship between deposits and mineral systems from which they were derived. Gold skarn mineralization at the Surprise Mine and distal disseminated silver-gold mineralization associated with silica-pyrite alteration at the Empire Mine may be related genetically to the Late Cretaceous Buckingham stockwork molybdenum system. (Doeblich and Theodore, 1996).

The Early Oligocene Caetano Tuff is a rhyolitic ash-flow tuff exposed as a ridge-capping and cliff-forming unit in the southwest and extreme eastern parts of the district (Doeblich and Theodore, 1996). Oligocene olivine-augite basaltic andesite occurs as thin flows in the northwest part of the mining district (Doeblich and Theodore, 1996).

## 7.2 Local and District Geology



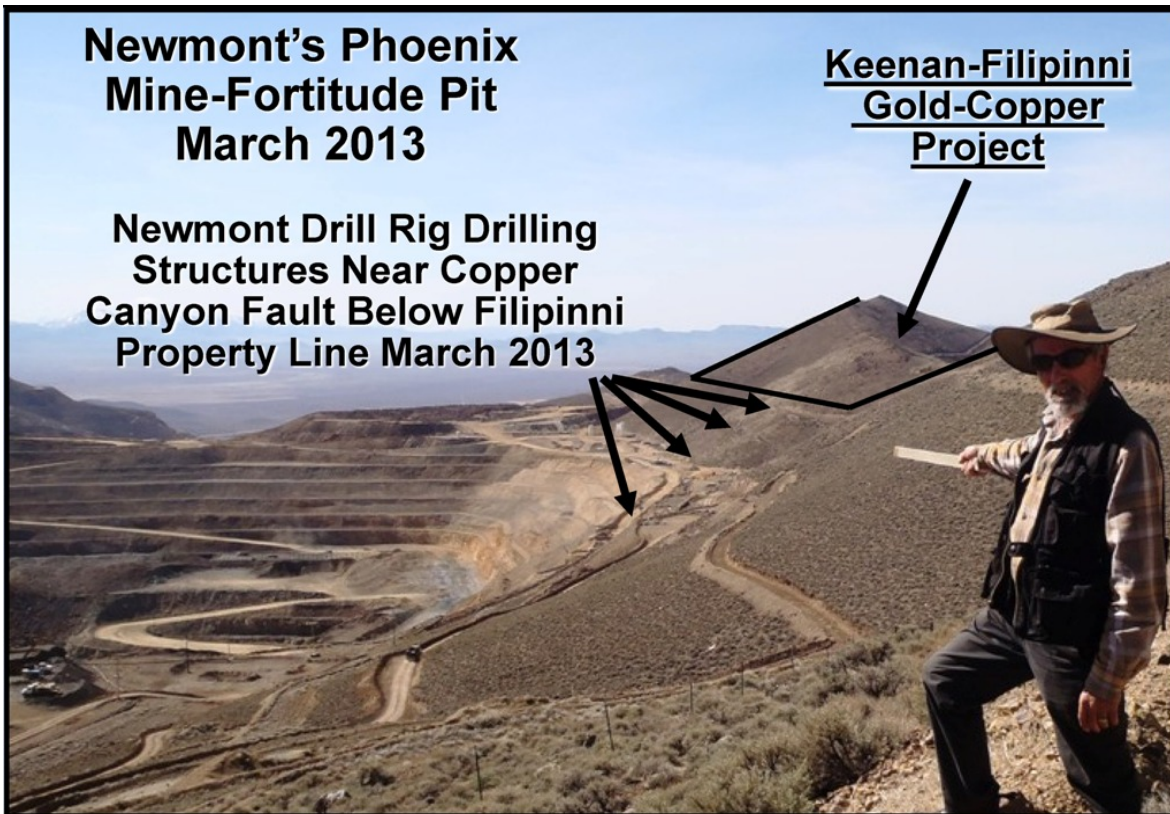
[Source: Geological Society of Nevada, 2000]

Figure 21: Battle Mountain District Geology.

The mineral deposit types being investigated or explored for are high-grade structurally controlled fault/veins and lower grade disseminated precious metals skarns and replacements associated with north-trending structures and tertiary intrusives. Examples of these types of mineralization are documented on the adjacent Copper Canyon-Fortitude-Phoenix project belonging to Newmont and include the Upper and Lower Fortitude, NEX, Tomboy-Minnie and Reona deposits and the west and east deposits.

In all cases, three factors were important in localizing the deposition of mineralization: 1) proximity to an intrusive, 2) fault zones used as a conduit for magma and mineralization fluids, and 3) chemically reactive host rocks. The intersection of regional northwest- and north-trending structural zones may have influenced the location of magmatism and associated hydrothermal activity.

*“Late Eocene granodioritic stocks and dikes were emplaced, primarily in north- and northwest-striking structural zones. Some of these, particularly the granodiorite of Copper Canyon and the northwest-trending granodiorite porphyry dikes at the Buffalo Valley mine, were responsible for significant gold, silver and base-metal skarn, replacement and vein deposits. The Copper Canyon area alone has produced about 112 metric tons (3.6 million ounces) of gold and 663 metric tons (21.3 million ounces) of silver (Wotruba et al, 1988). Deposits related to the Copper Canyon porphyry copper mineralizing system exhibit concentric metal zonation away from the intrusive centre of the granodiorite of Copper Canyon (Roberts and Arnold, 1965; Theodore et al, 1990). Copper and copper-gold deposits are proximal to the intrusive centre, gold-silver deposits are present in a zone outward from these, and lead-zinc-silver deposits are present in a distal zone. Gold-silver deposits include the Fortitude skarn deposits (Wotruba et al, 1988; Meyers and Meinert, 1991). Three factors were important in localizing the deposition of [mineralization]: (1) proximity to an intrusive body, (2) faults which served as conduits for magma and hydrothermal fluids, and (3) reactive (calcareous) host rocks.” (Doebrich, 1995).*



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 22: Photographic location of Newmont's Fortitude Pit in relation to the Filipinni Property.**

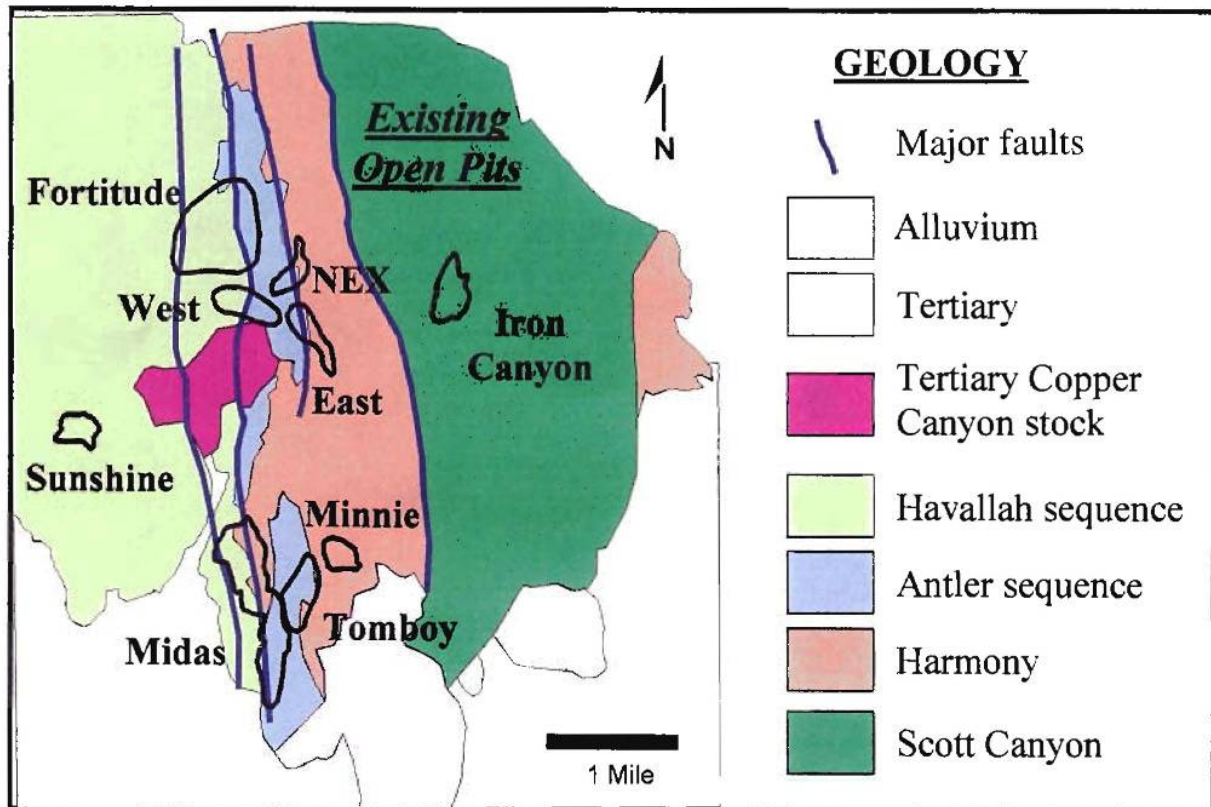
In Nevada Bureau of Mines and Geology Bulletin 109, Jeff L. Doebrich writes (Doebrich, 1995):

*"The Fortitude gold-silver skarn deposit is to date the most economically significant producer of the Copper Canyon area, having produced 71.5 metric tons (2.3 million ounces) of gold and 336 metric tonnes (10.8 million ounces) of silver. The deposit included upper and lower zones that formed in place on opposite sides of the north-striking, west-dipping Virgin Fault and the granodiorite porphyry dike that intruded it. The upper ore zone, located east of and in the footwall of the fault, formed in calcareous siltstone and conglomerate of the Battle Formation.*

*[Mineralization] of the upper zone was largely discontinuous due to strong structural control and selective sulphide replacement of thin calc-silicated pods and lenses aligned along faults and fault intersections (Wotruba et al, 1988). The lower zone, which constituted the bulk of the deposit, formed in the Antler Peak Limestone that was located west of and in the hanging wall of the Virgin Fault. The lower zone was stratiform and stratabound and consisted of a prograde clinopyroxene-garnet skarn assemblage overprinted by a retrograde skarn assemblage of actinolite, chlorite and epidote and late-stage calcite.*

*Common sulphides included pyrrhotite, pyrite, marcasite, arsenopyrite, chalcopyrite, sphalerite and bismuthinite. Bi-tellurites (for example, hedleyite) and hessite were present in much lesser amounts. Native gold and electrum were present as inclusions in pyrrhotite and in late-stage calcite cutting garnet, suggesting more than one episode of gold deposition. North- and*

*northeast-trending high-grade zones merged into one zone toward the south end of the deposit. These zones corresponded to mapped faults and zones of garnetiferous clinopyroxene skarn. Garnetiferous zones in the pervasive clinopyroxene skarn are believed to represent higher temperature assemblages that formed proximal to structures that channelled hydrothermal fluids, possibly antithetic to the Virgin Fault.”*

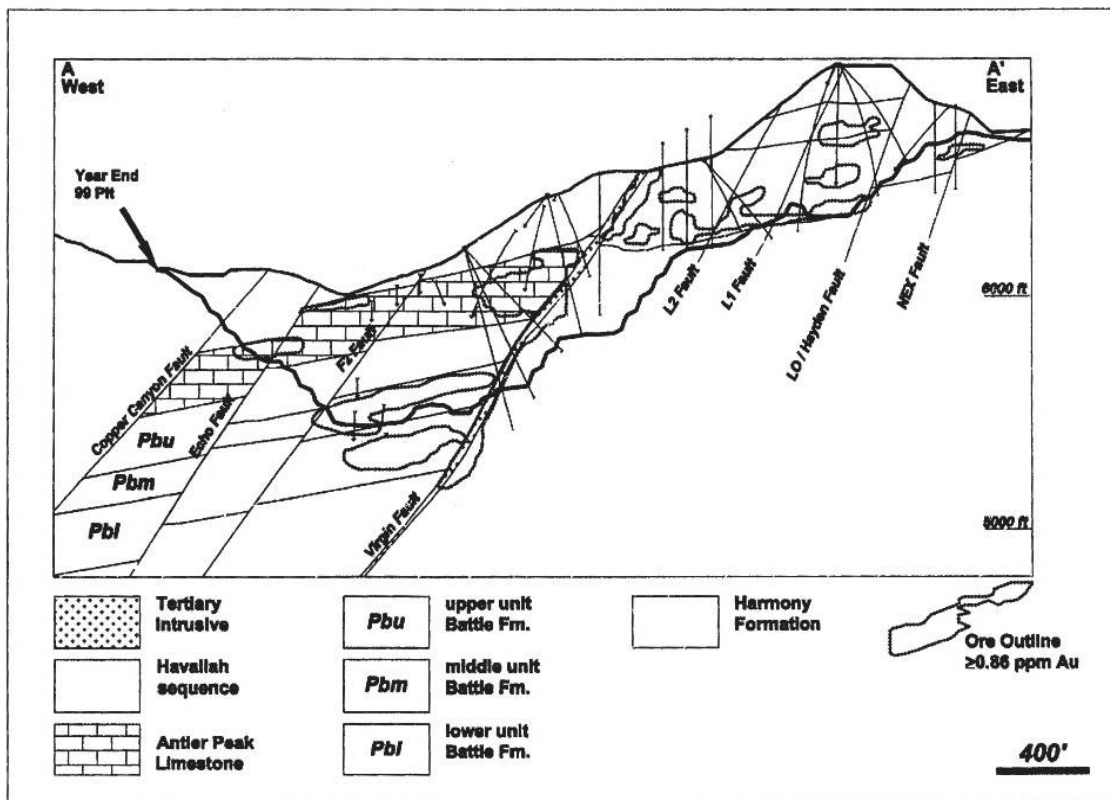


[Source: Theodore & Blake, 1975]

**Figure 23: Geology of the Copper Canyon Property.**

On the Phoenix Gold Properties, the Devonian Scott Canyon Formation and the Early to Middle Ordovician Valmy Formation are exposed to the east below the Dewitt thrust, a major splay or imbricate thrust of the Roberts Mountain sole thrust. The Scott Canyon Formation comprises approximately 1,524 metres (5,000 feet) of chert, argillite and volcanics with lesser limestone, quartzite and sandstone. The Early to Middle Ordovician Valmy Formation locally has been subdivided into three members. Member 1 is composed of 544 metres (1,785 feet) quartzite, chert, black shale and volcanic; Member 2 is composed of 1,120 metres (3,675 feet) chert, shale, quartzite and volcanic and Member 3 is composed of 914 metres (3,000 feet) black shale, green and black chert. The Scott Canyon and Valmy Formations represent a western siliceous and volcanic facies assemblage deposited in deep water adjacent to the Cordilleran platform.

## GEOLOGIC CROSS SECTION THROUGH THE PHOENIX PIT



[Source: Geological Society of Nevada, 2000]

**Figure 24: Geological Cross-Section through Newmont's Phoenix Pit.**

The structurally overlying Late Cambrian Harmony Formation represents a transitional assemblage of quartz-feldspathic sandstone with lesser shale, limestone and volcanic, approximately 914 metres (3,000 feet) thick, which crops out in the central portion of the property. These formations were transported eastward along the Roberts Mountain thrust fault. The Roberts Mountain thrust fault is not exposed and is postulated to occur at depth. The Dewitt Thrust separates the Harmony Formation in the hanging wall from foot wall Scott Canyon Formation.

Unconformably overlying the allochthonous Lower Paleozoic siliceous and volcanic and transitional assemblages are autochthonous Upper Paleozoic clastics and carbonates of the Antler sequence comprising three formations.

The basal Battle Formation comprises 222 metres (730 feet) of conglomerate and sandstone with lesser interbedded shale and limestone of Pennsylvanian age. The middle Antler Peak Formation comprises 60 – 518 metres (200 – 1,700 feet) of fossiliferous limestone with subordinate sandy and shaley layers of Late Pennsylvanian and Early Permian age. The upper Edna Mountain Formation comprises 30 – 60 metres (100 – 200 feet) of calcareous shale, limestone, sandstone and conglomerate of Permian age. These rocks crop out in the central part of the property along the Virgin Fault and Golconda Thrust.

The allocthonous Havallah assemblage of Pennsylvanian to Permian age, the basinal equivalent of the Antler sequence, has been transported from the west along the Golconda sole thrust. The Havallah assemblage, which crops out in the western part of the property, has been divided into the Pumpernickel and Havallah Formations. The Pumpernickel Formation slope facies comprises over 1,500 metres (5,000 feet) of chert, argillite and minor volcanic separated from the Havallah Formation basinal turbidites by the Willow Creek imbricate thrust a major splay of the Golconda thrust.

The Havallah Formation, exposed west of the Willow Creek thrust, has been subdivided into three members. The oldest Jordy member comprises 387 metres (1,272 feet) of sandstone, chert, shale and conglomerate; the middle Trenton Canyon member, 300 metres (1,000 feet) of varied colour shale and chert; and the upper Mill Canyon member, 727 metres (2,385 feet) of quartzite, calcareous sandstone, shale, chert and conglomerate.

Late Cretaceous to Pliocene magmatism affected large parts of the Battle Mountain Mining District. The Late Cretaceous plutonic bodies at Trenton Canyon and in the Buckingham area produced porphyry molybdenum type mineralization (Theodore et al, 1992). Most of the plutonic rocks in the area are late Eocene to early Oligocene in age (Theodore et al, 1973). These include the granodiorites of Copper Canyon and intrusives at Copper Basin and Buffalo Valley all of which were responsible for the formation of significant copper-gold-silver mineralization that has been mined since the 1870's (Theodore et al, 1975,1990).

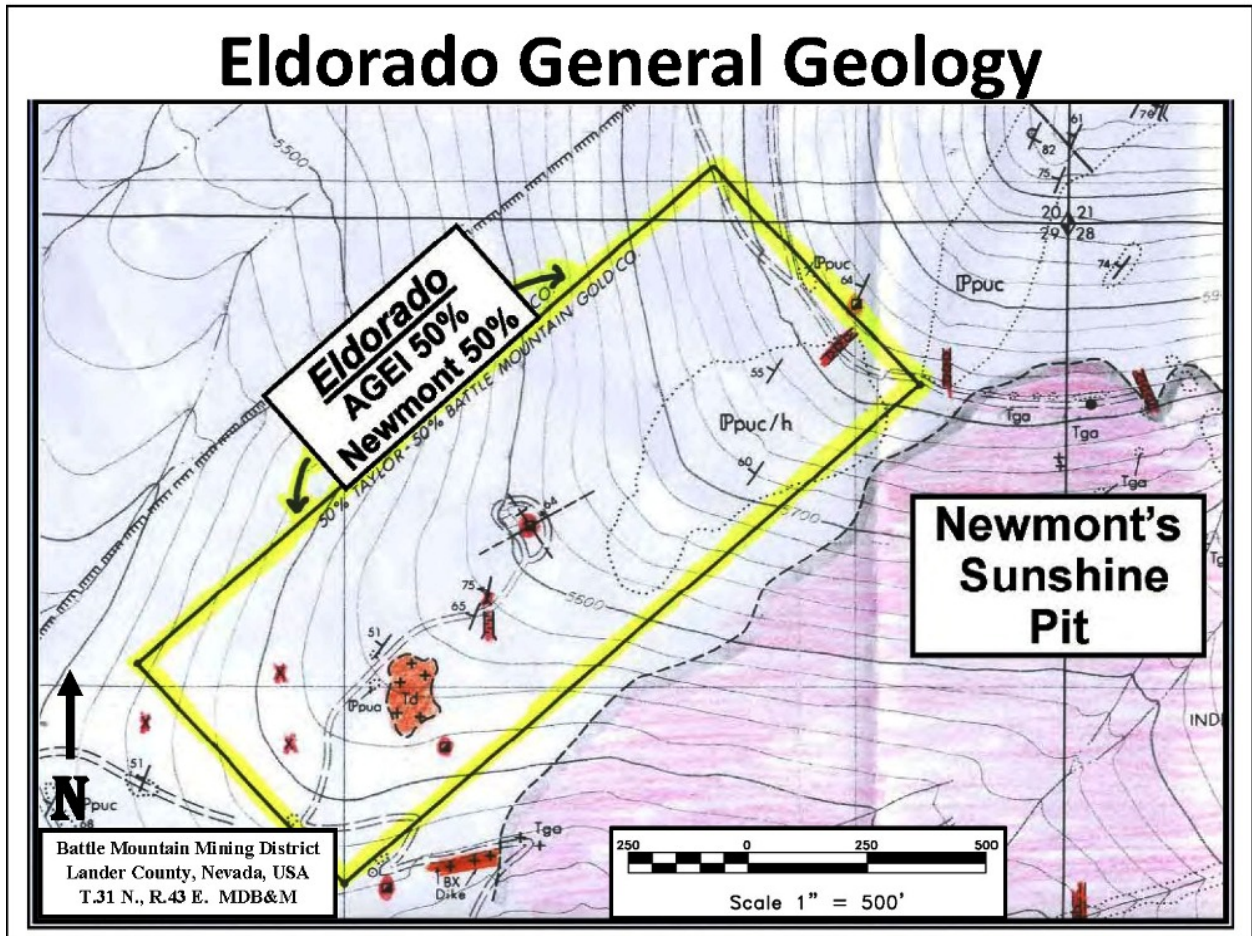
Early Oligocene welded ash flow tuffs of the Caetano Tuff cap some of the higher ridges. The Caetano Tuff is coeval and comagmatic with the granodiorite intrusions. Pliocene basalts locally cover some areas of lower elevation. Recent alluvium locally fills the valley bottoms.

The complex Paleozoic structural history is further complicated by Mesozoic and Tertiary deformation, indicated by northwest, north, and northeast-trending structures. Northwest-trending structures are commonly granodiorite dykes and broad folds. North-trending normal faults are common throughout the district. Some are pre-Eocene in age, probably reflecting the onset of Basin and Range extensional tectonics. Locally they controlled the emplacement of intrusives and hydrothermal fluids as for example the Virgin Fault at Copper Canyon (Theodore & Blake, 1975). Other north-trending faults, such as the range fronts, show Quaternary movement. Northeast-trending normal faults may represent the Midas trend in this part of north-central Nevada.

### **7.3 Property Structure**

The two main structural features on the Eldorado and Filippini portions of the Phoenix Gold Properties are the Wilson Independence fault zones, a series of sub-parallel faults and shear zones striking approximately N5W and dipping steeply to the west. Offsets on individual members vary from several hundred feet of normal (west side down) offset to no apparent offset and rarely reverse offset. The combined width of fracturing in the Independence fault system is at least 400 feet. This structural zone can be traced for more than 5,000 feet north and 10,000 feet south from the West edge of the Phoenix-Fortitude open-pit gold mine just north of the Filippini Property to the south where the fault zone strikes under gravels of Copper Canyon and Newmont's Phoenix Mine dumps. The second is a series of N35E

structures, fractures and shears and dipping steeply to the northwest. Offsets on individual members vary from several hundred feet of normal (west side down) offset to no apparent offset and rarely reverse offset. The combined width of fracturing in this fault system is at least 300 feet.



[Source: Baker, 1990]

**Figure 25: Geology and Location of Eldorado Property.**

The main structural feature on the Plumas portions of the Phoenix Gold Properties is the Plumas fault zone, a series of sub-parallel faults and shear zones striking approximately N5W and dipping steeply to the west. Offsets on individual members vary from several hundred feet of normal (west side down) offset to no apparent offset and rarely reverse offset. The combined width of fracturing in this fault system is at least 500 feet. This structural zone can be traced for more than 5,000 feet north and 5,000 feet south from the Trinity prospect on the Lewis property to the Iron Canyon open-pit gold mine owned by Newmont to the south where the fault zone strikes under tertiary basalts and gravels East of Newmont's Phoenix Mine dumps.



## 7.4 Mineralization

Sulphide mineralization is vertically and concentrically zoned about the intrusions and along northerly-trending structural conduits as veins, replacements and disseminations. The mineral zones roughly correspond to the silicate mineral alteration zones, with an inner copper-gold, a middle gold-silver, an outer lead-zinc-silver-gold and possible distal arsenic-antimony zonation. Sulphide minerals on the Lewis Property include pyrite, galena, sphalerite, chalcopyrite, bornite, stibnite, arsenopyrite, pyrrhotite and tetrahedrite, which occur with a calcite-quartz gangue. Known mineralization is confined to the sedimentary wallrocks and structural conduits and is controlled by the reactive (calcareous) lithology, structure and proximity to intrusions.

## 8. DEPOSIT TYPES

### 8.1 Deposit Types

Gold deposits on and adjacent to the Phoenix Gold Properties occur as several different types and will be discussed in terms of: (1) Lower Fortitude type, (2) Upper Fortitude type and (3) fault-controlled type.

#### Lower Fortitude Type Mineralization

The Lower Fortitude gold-silver deposit was 550 x 185 x 27 metres (1,800 x 600 x 90 feet) and contained the bulk of mineable reserves in the Fortitude deposit. Gold-silver mineralization in the Lower Fortitude occurs as a stratabound-stratiform disseminated replacement deposit within calc-silicate hornfels of the Antler Peak Limestone (Wotruba et al, 1986). To a much lesser extent, gold also occurs in the lower part of the overlying Edna Mountain Formation and in the upper part of the underlying Battle Formation.

Mineralization here occurs within the hanging wall of the Virgin Fault and is bound to the east by that fault and to the west by the "marble front" recrystallization within the Antler Peak Limestone. To the south, precious metal content merely decreases to subeconomic grades, giving way to higher base metal content closer to the Copper Canyon granodiorite. Average sulphide content of the Lower Fortitude mineralization is approximately 10% and approaches 50% in small localized areas.

Gold-silver mineralization within the Lower Fortitude deposit is controlled primarily by contact metasomatism and sulphide replacement of the Antler Peak Limestone.

#### Upper Fortitude Type Mineralization

The Upper Fortitude deposit is characterized by a higher degree of structural control than in the Lower Fortitude. Mineralization is greatest in the footwall of the Virgin Fault and decreases to the east. However, similar to the Lower Fortitude deposit, the more highly reactive calcareous lithologies, such as within the calcareous siltstones of the middle part of the Battle Formation, contain the greatest amount of gold-silver mineralization.

Upper Fortitude deposits occurs both as veinlets and disseminations with pyrite. Pyrrhotite is a much less important constituent of this mineralization. Sulphide minerals usually amount to between three and five percent of the deposit.

## **Fault-Controlled Type Mineralization**

Many high-angle generally north-trending faults in the district contain precious and base metal deposits within calc-silicated rocks such as portions of the Upper Fortitude deposit, as well as in sedimentary rocks outside of the metamorphic aureole. Examples of the latter type of deposit occur within the Pb-Zn-Ag mineral zone surrounding the Copper Canyon intrusive and include deposits in the Meagher, Buena Vista, Virgin, Hider, White and Shiloh, Eldorado, Plumas and Trinity fault systems. Veins occupying these faults commonly range in width from less than 30 centimeters (one foot) up to 1.5 metres (five feet). Pyrite, sphalerite, galena, silver and gold are generally found in a quartz-calcite gangue. The possible control of low-angle thrust faulting on deposit deposition is not known. Such deposits are presently not known to occupy either the Dewitt or Golconda thrust faults.

Historical exploration (see also Section 6—History) in light of the mineralization described above suggests three primary target areas referred to as the Plumas, Eldorado and Filippini target areas for future described below.

### **8.2 Plumas Target Area**

Three target types are envisioned for the Plumas property, which cover 3,300 feet (north-south) by 600 feet (east-west). Extralateral rights contained in the two patented lode mining claims allow for exploration and mining down dip, even onto adjacent lands owned by Newmont.

In the first target type, a structurally controlled High-Grade Gold target is created by the intersection of steeply dipping northeast-trending fracture zones with the Plumas Fault zone. The target size of the higher grade within the claim approximates 2,000 feet long by 30 feet wide and with over 100 feet wide mineralized gold zone. Selective sampling of the Plumas mine workings return up to 1.10 oz/tonne gold for quartz-goethite-hematite material and 0.03 to 0.24 oz/tonne gold for siliceous veinlets hosted along the fault contact between Cambrian Harmony sandstone / argillite (hanging wall) & Devonian Scott Canyon chert / argillite (footwall).

The second target type is characterized by the intersection of the Plumas Fault with potentially reactive units in the footwall to the Dewitt Thrust, which places Harmony Formation on top of Scott Canyon Formation. In this model, the Plumas mine workings represent leakage from a concealed and much larger Gold target at moderate depths.

A third target style consists of a deep coincident magnetic and IP-chargeability high that lies beneath the Plumas mine area. This geophysical anomaly could be related to a gold-bismuth-arsenic carapace to a Porphyry and Skarn system at depth.

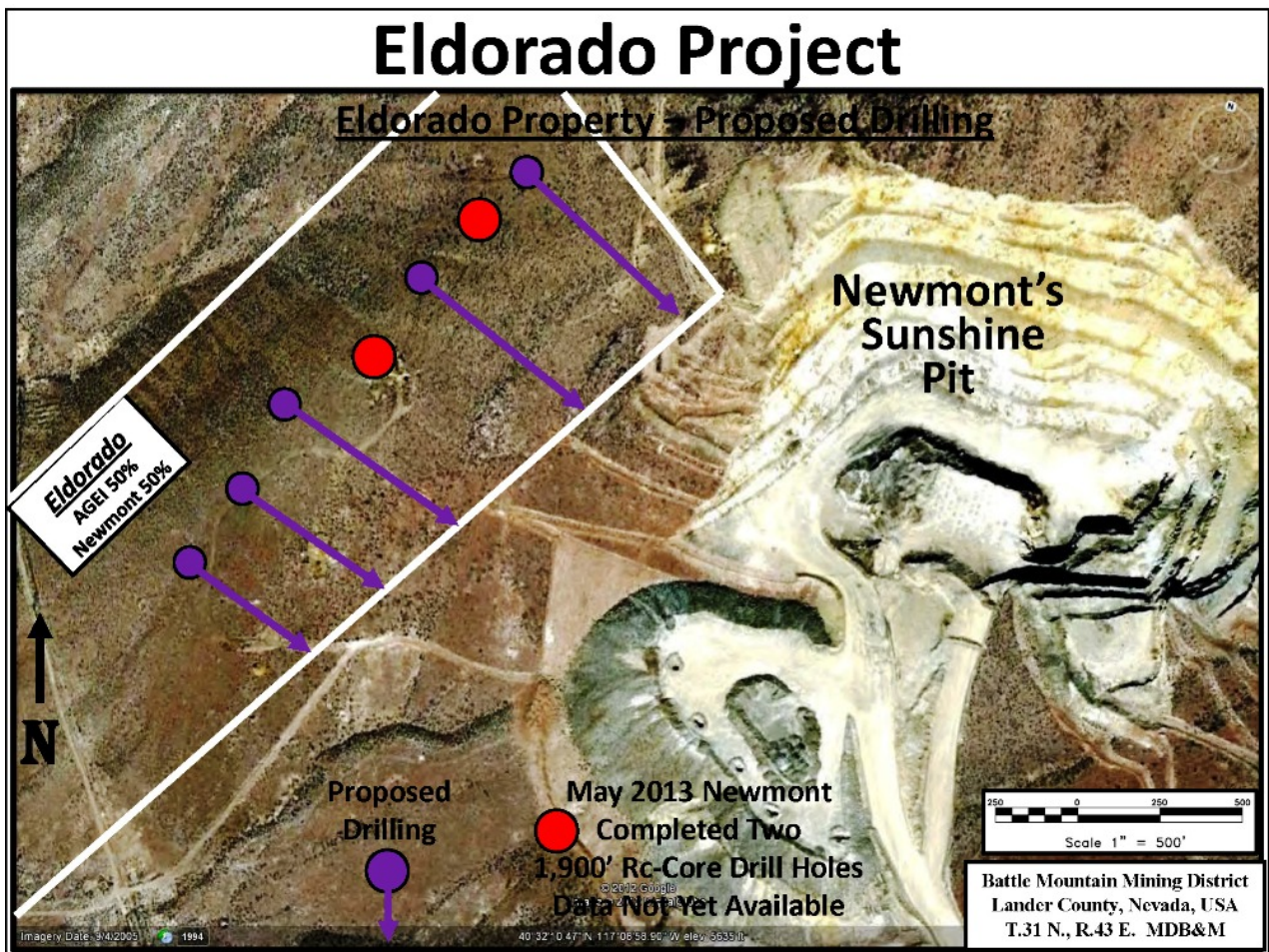
Future geological work in the Plumas area should include:

- Digitize all available geological, geochemical and geophysical data;
- Undertake geological mapping (1 inch = 200 feet) with an emphasis on structural systematics, locating structural intersections and determining zones of plunge-line convergence; and

- Drill at least two fences of easterly-inclined holes (minimum depth of 1000 feet per hole) across the northerly-elongate claim package to test all three target types in the vicinity of the magnetic high; consider drilling other holes to the north of the magnetic high.

### 8.3 Eldorado Target Area

The Eldorado Property shows potential for near-surface gold and deeper gold-copper skarn target types. The land position is critical to the expansion and development of additional mining of the deposits with potential for additional business agreements with Newmont for mining or co-mingling of mineral product for processing. Extralateral rights contained in the Eldorado Property allow for exploration and mining down dip, even onto adjacent lands owned by Newmont.



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 26: Aerial Image of Eldorado Property Proposed Drilling.**

In the first target type, structurally controlled High-Grade Gold target is created by the steeply dipping northeast-trending structure and fracture zones with this extensive fault zone. The target size of the high grade within the claim approximates 1,500 feet long by 100 feet wide and with over 300 feet wide mineralized gold zone. Selective sampling of the Eldorado Property returns up to 0.51 oz/tonne Au for quartz-gossan material and 0.03 to 0.24 oz/tonne Au for siliceous veinlets hosted along the mineralized fault and shear contacts between near vertically bedded beds of the Pumpnickel formation.

The deeper skarn target consists of a gold-rich zone hosted by the gently south-dipping Permian Antler Peak Limestone, which in the vicinity of the claims ranges from 40 to 150 feet thick. One of the best drill intercepts to date yields 96 feet at 0.17 oz/tonne Au, which includes 40 feet at 0.30 oz/tonne Au in drill-hole F1 located just northeast of the Eldorado Property on the Filippini Property. A Copper-rich zone lies beneath the Gold-zone in the claim area. This copper zone is hosted by the Permian Battle Conglomerate and characterized by thicknesses in excess of 100 feet at 0.24% Cu. Intercepts in the Antler Peak, also contain high grade copper locally, including 20 feet at 1.83% Cu. This large mineralized skarn target remains “open” in all directions.



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

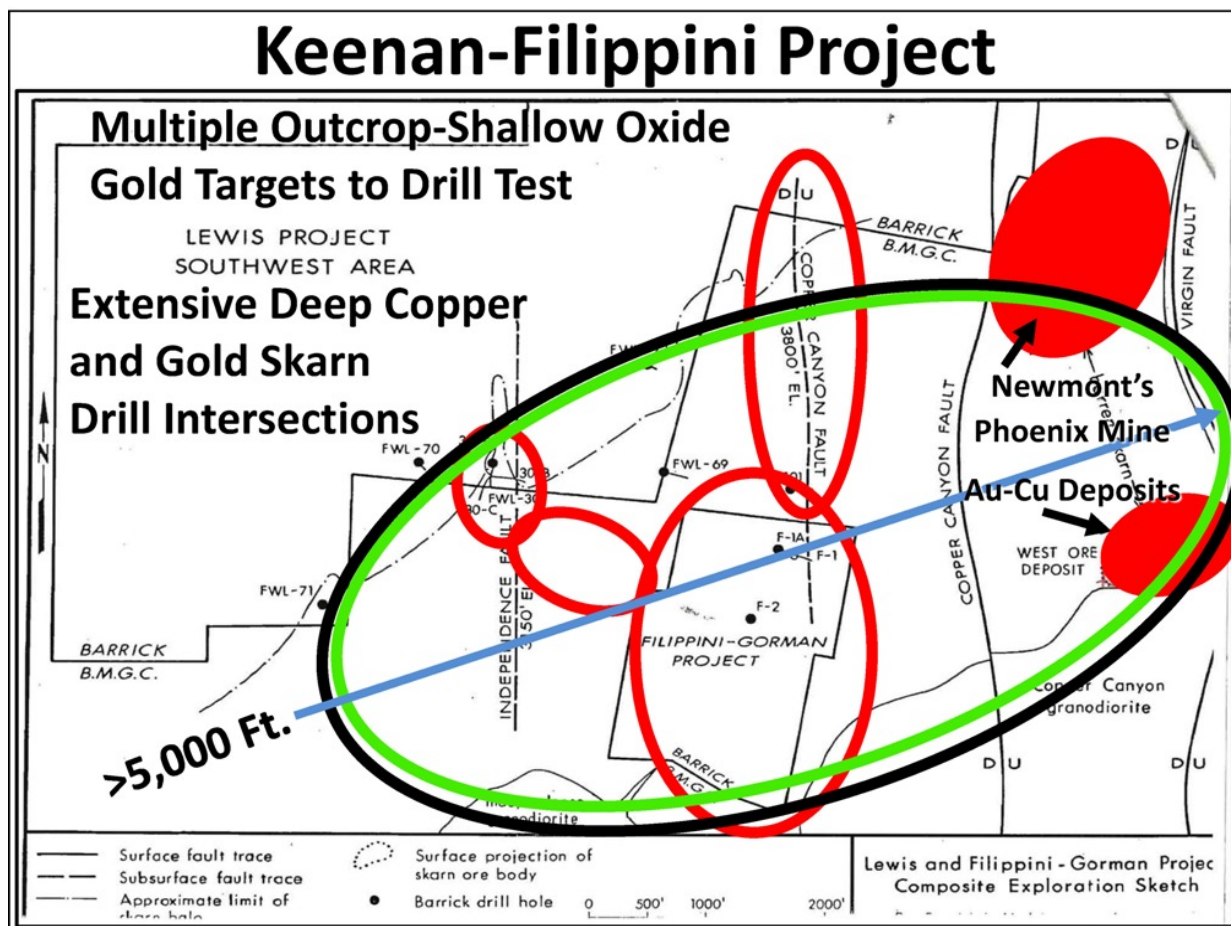
**Figure 27: Photo of Eldorado Mineralization.**

Future geological work in the Eldorado Property should include:

- 3D data compilation, including the data from the Wilson-Independence Mine to the south and available geochemical and geophysical data;
- Geological mapping (1" = 200 feet) with a focus on structural systematics, including fracture and veinlet-abundance, geometry, mineralogy and the location and concentration of Au-Cu;
- Development of a skarn mineral zoning model to integrate and create drill targets; and
- Additional holes for the Eldorado Property, and both shallow and deep core drilling is warranted.

#### 8.4 Filippini Target Area

The Filippini Property hosts both shallow/outcropping oxide gold potential and a deep copper and gold bearing mineralized skarn hosted in both the Antler Peak limestone and Battle Mountain Conglomerate similar to that exploited in the nearby Lower Phoenix-Fortitude deposit.

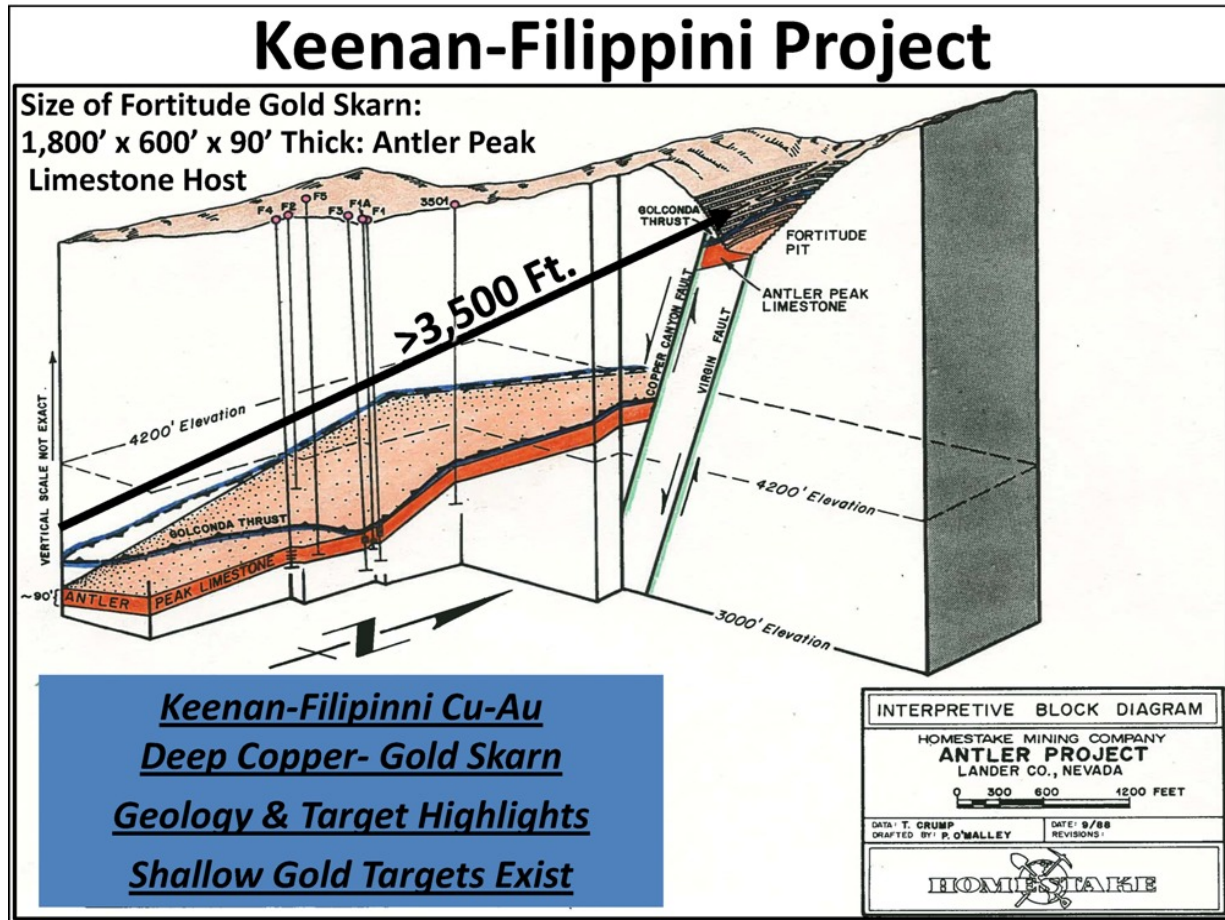


[Source: Phoenix Gold Resources Ltd., August 30, 2013]

Figure 28: Filippini Target Area.

It should be noted that the size of the Filippini property is such that Newmont's original Fortitude gold deposit could "fit" into one-half of the Filippini boundary. In addition, extralateral rights contained in the claims allow for exploration and mining down dip, even onto adjacent lands, including those owned by Newmont.

The deep copper and gold-bearing skarn unit was intersected in all seven of the holes drilled by Homestake and Barrick on the Filippini Property. The results of the drilling intersected significant widths of both low and gold and copper in both the Antler Peak limestone and battle Mountain conglomerate lithologies.



[Source: Baker, 1990]

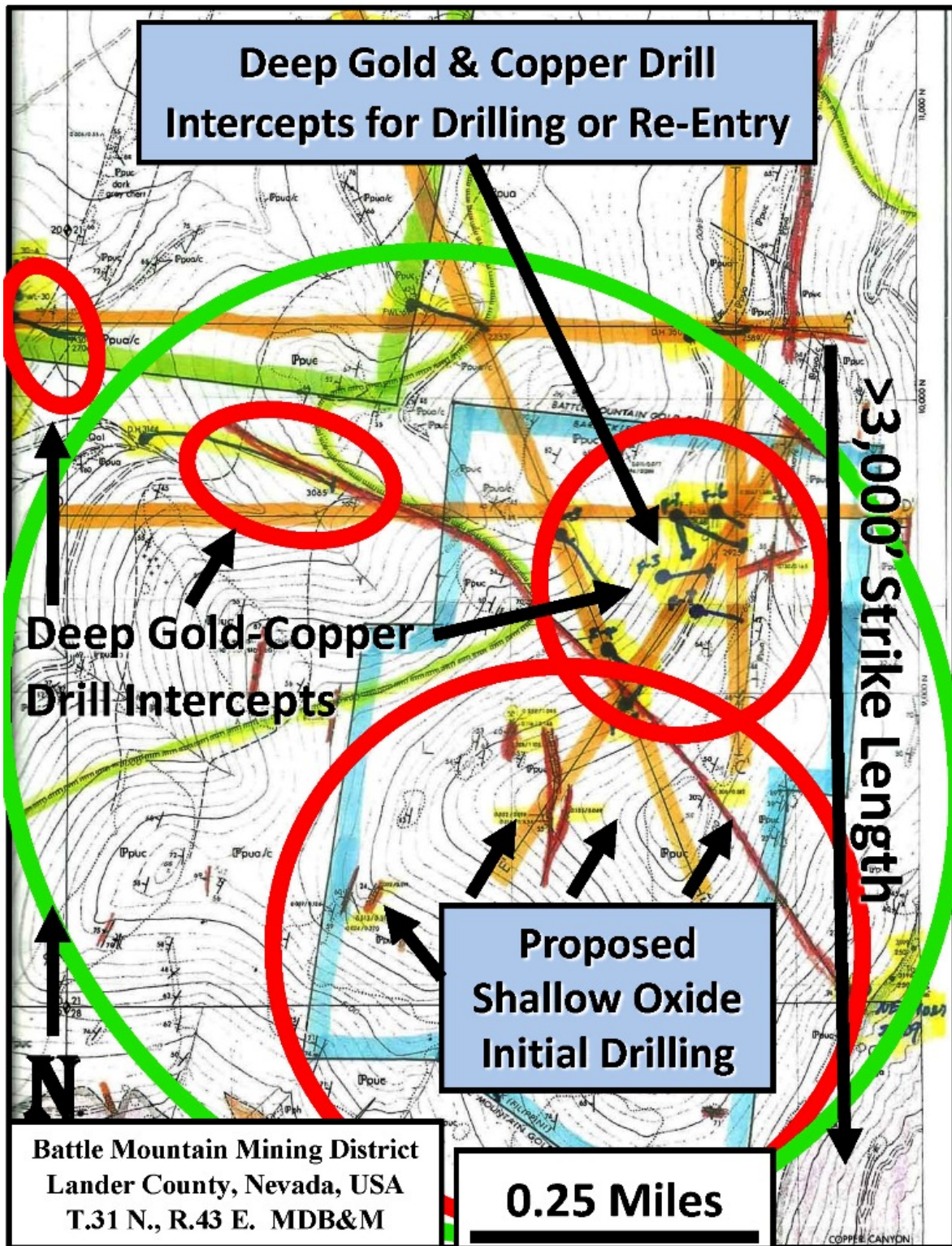
**Figure 29: Filippini Target Geology.**

Similar to the Eldorado Property, the Filippini Property also shows potential for near-surface gold and deeper gold-copper skarn target types. The near-surface oxide gold target lies in a 1,000 foot wide, northerly-trending and steeply west-dipping shear and fracture zone that runs through the central and eastern portions of the Filippini claims. The depth of oxidation exceeds 300 feet. The outcropping oxide gold target is hosted by highly fractured chert and siltstones of the Permian Havallah Formation. In the vicinity of the claims, this zone extends more than 5,000 feet and coincides with the northerly strike-extension of the Wilson-Independence deposit.

The second target type consists of a deep gold-copper skarn that is of a similar style to that originally mined in the original Fortitude Pit mined by Battle Mountain Gold and continues to be mined by Newmont in the Phoenix open-pit on the East edge of the claims. Similar high grade gold-copper skarn has been intersected in drill-holes collared within the property, and to the west of, the Filippini Property. Drilled mineralization remains “open” in all directions.

The district geology and generalized model descriptions have been provided earlier in this document and in referenced Barrick and Homestake reports. The reader is referred to these reports (see also Section 6—History).





[Source: Baker, 1990]

Figure 30: Filippini Area Drill Intercepts.

Surface geology of the five patented claims was remapped on 1" = 200' aerial photo enlargements, and the data transferred to a 1" = 200' topographic base. The remapping was undertaken to provide supplemental structural, lithological, alteration, and mineralization data. Specifically, the outcrop mapping (1) discriminated bedding attitudes and fracture sets; (2) showed the occurrences and extent of "pebble dikes"; (3) outlined alteration suites; and (4) estimated original sulphide contents.

It is apparent that most of the rocks in the area underwent considerable alteration and mineralization. The alteration consists of bleaching and recrystallization plus silicification, local argillization, sericitization, and introduction of sulphides. In general, the cherts and argillites have been bleached from dark gray and black to light gray-tan, recrystallized, and silicified. The cherts, especially near contacts with the Copper Canyon/Independence Stock, have been recrystallized to fine-grained, sugary-textured quartzites. These rocks are bleached, well-brecciated, and silicified. In addition, microscopic examination of drill cuttings indicates that virtually all fractures are coated with sericite.

Sulfide content in surface rocks is fairly uniform at about  $\pm 1/2\%$  original pyrite. This pyrite occurred both as very fine-grained, disseminated mineralization in the matrix of the rock and as fine grained, clotty masses and grains along fractures. Locally along fractures, original and now oxidized pyrite content approached 5% and was in the  $\pm 2\%$  range over large areas in the southern third of the Filippini Property.

## 9. EXPLORATION

There has been no exploration on the Phoenix Gold Project by Phoenix Gold or Zuri Capital Corp.

## 10. DRILLING

There has been no exploration on the Phoenix Gold Project by Phoenix Gold or Zuri Capital Corp.

## **11. SAMPLE PREPARATION, ANALYSES AND SECURITY**

### **11.1 Sampling Bias**

Based on the Barrick and Homestake reports referenced and reviewed by the author, indications are that the core recovery over the mineralised intervals was well over 90% in most holes and the core generally intact as long “sticks” when drilled. Splitting the core would have been straight forward and not liable to bias and so producing representative samples.

### **11.2 Phoenix Sampling Methods**

Most of the reports referenced herein contain some information on sampling and, from what the author could ascertain, the sampling was done to industry standards. Most companies have reported assay intervals by 1.5 metre (5 feet) or greater intervals and reported widths are assumed to be apparent thickness. Reverse circulation drill chips were collected by company geologists and split on site prior to being shipped to a local commercial lab for analysis (Rocky Mountain Lab or Chemex in Reno, NV).

### **11.3 Factors Impacting the Accuracy of Results**

No factors impacting on the fair collection of samples is apparent from the data available within the Phoenix Gold Project area.

### **11.4 Sample composites and true widths**

Typically, vein widths are quoted as either drill intercepts, true widths or horizontal widths. Horizontal widths were calculated from drill intersections using the dip of the holes and interpreted intercept angle on the cross sections.

### **11.5 Drill Core Sampling and Security**

In the author's opinion, after reading the reports previously described in this document, the quality of historical sampling provides a reasonable basis to plan further exploration programs. The author understands that trained Barrick and Homestake staff carried out all the historical sampling and sample handling.

### **11.6 Quality Assurance**

In the author's opinion, after reading the reports previously described in this document, that the quality of historical sampling provides a reasonable basis to plan further exploration programs.

### **11.7 Laboratory Sample Preparation, Analysis and Security**

Historical reports reviewed indicates that companies used accredited commercial labs for their sample preparation, analysis and check sampling.

## **12. DATA VERIFICATION**

### **12.1 Quality Assurance and Quality Control Programs**

Information herein was obtained largely during the property visits by the author, to the Phoenix Gold Properties, and during discussions with Phoenix Gold personnel. Sampling and assay data are fragmented and the author was unable to verify all the data referred to, or relied upon, but it is assumed to be correct and reasonable. No resampling for check assays could be performed by the author as drill core and chips from reverse circulation drilling are not available. Numerous drill sites and access roads are evident on the property and correlate well with company maps and locations.

### **12.2 Assays**

Verification of previous analysis results largely relies on checks by past companies, from Barrick and Homestake reports together with those of the previous authors of the corresponding technical reports referenced. Quality control measures utilized by previous operators included duplicate check analysis on many of the high results, often at a second commercial lab. It is unknown whether duplicate samples or blanks were used. However, most commercial labs have protocol for internal checking.

### **12.3 Specify Gravity Data.**

There has been no specific gravity work completed on the Phoenix Gold Project.

### **12.4 QA/QC Summary**

In the author's opinion, after reading the reports previously described in this document, the quality of historical sampling provides a reasonable basis to plan further exploration programs.

## **13. MINERAL PROCESSING AND METALLURGICAL TESTING**

No known metallurgical tests have been completed on the Phoenix Gold Properties.

## **14. MINERAL RESOURCE ESTIMATES**

There are no current mineral resource estimates for the Phoenix Gold Project that may be disclosed in accordance with NI 43-101.

## **15. ADJACENT PROPERTIES**

No proprietary information from adjacent properties belonging to other owners was used in this Technical Report. The author has been unable to verify any relative referenced information from adjacent properties and thus such information is not necessarily indicative of the mineralization on the Phoenix Gold Project properties which are the subject of this Technical Report.

Although the author has been unable to use or verify proprietary information on adjacent properties, it is worthwhile to point out to the reader some of the more significant adjacent mineral properties, some of which are producing mines. As noted several times elsewhere in this Technical Report the major adjacent mineral properties are as follows:

Plumas Property:

- Newmont's Phoenix-Fortitude Pit

Eldorado Property:

- Newmont's Sunshine Pit
- Wilson-Independence Project

Filippini Property:

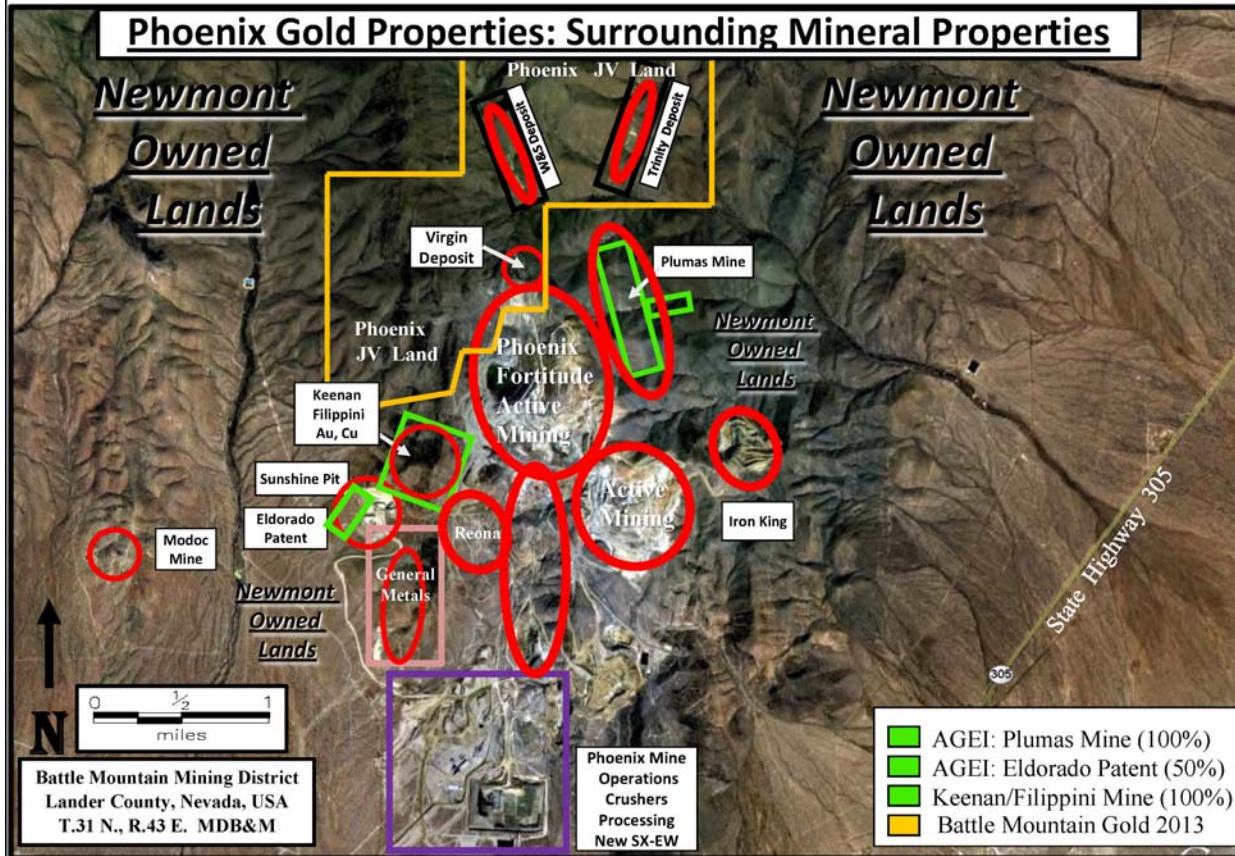
- Newmont's Phoenix-Fortitude Pit
- Newmont's Sunshine Pit

**Table 9: Major Adjacent Mineral Properties.**

Figures 31 and 32 shown below illustrate the relative positions of the adjacent properties noted above. In addition, Figure 33 further below and earlier Figures 22, 25 and 26, further above, also serve to illustrate the relative positions of the adjacent properties.

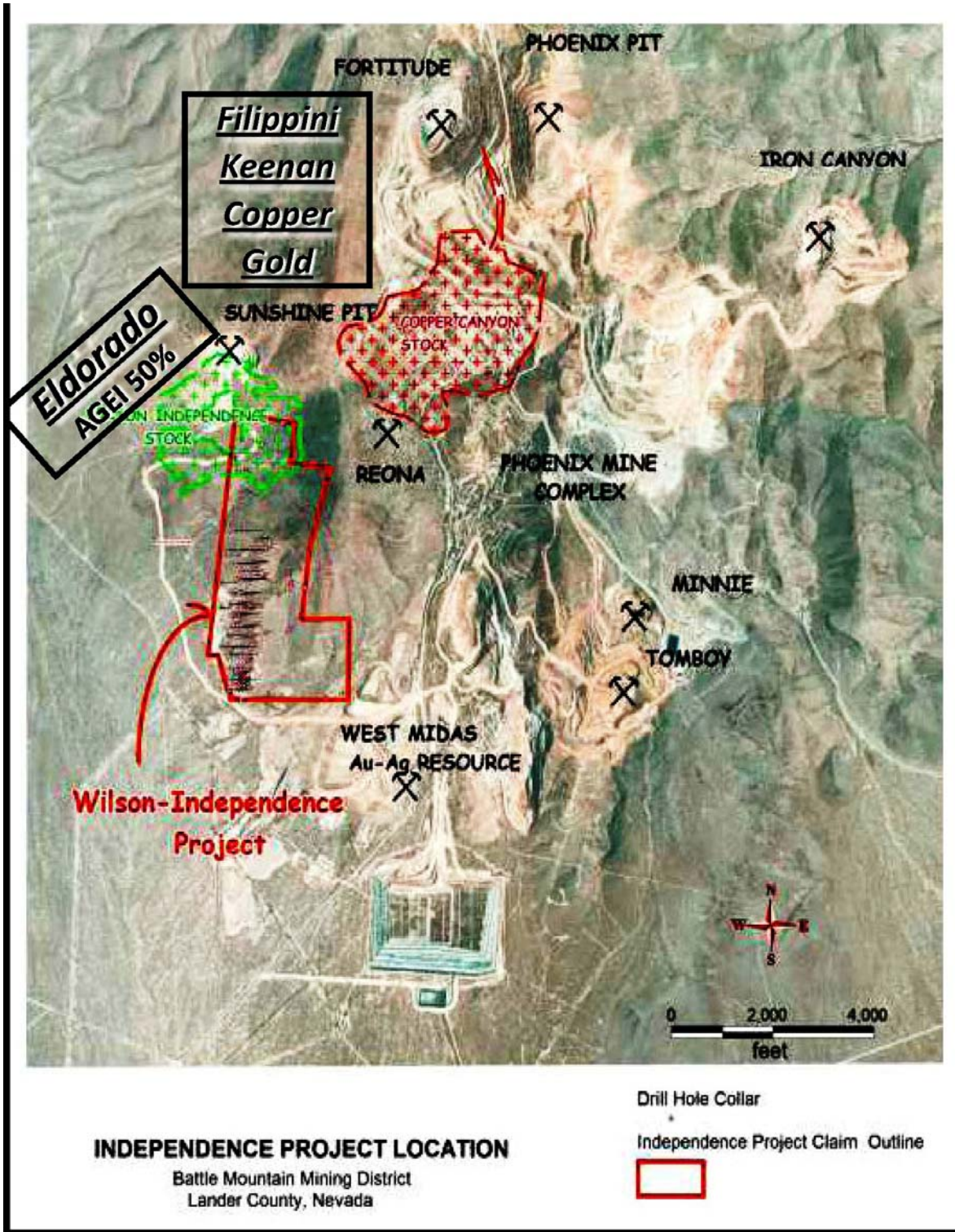
Clearly, the most significant adjacent properties include Newmont's Phoenix-Fortitude Pit and its Sunshine Pit, as well as the Wilson-Independence Project. These adjacent properties have been described and referenced in the appropriate sections, including Section 6—History, Section 7—Geological Setting and Mineralization, Section 8—Deposit Types, and Section 9—Exploration.

# Battle Mountain District



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

Figure 31: Aerial Image Map of Adjacent Mineral Properties.



[Source: Ashton, 2011]

Figure 32: Wilson-Independence Project Location relative to the Phoenix Gold Properties.

## 16. OTHER RELEVANT DATA AND INFORMATION

No other relevant data or information was used in this Technical Report.

## 17. INTERPRETATION AND CONCLUSIONS

### 17.1 Interpretations and Conclusions of Qualified Person

It is concluded from reasonable interpretation of the data, and other relevant information, that the Phoenix Gold Project is of merit and has good potential for the discovery of both additional high-grade gold shoots and lower grade disseminated precious metal mineralization.



[Source: Phoenix Gold Resources Ltd., August 30, 2013]

**Figure 33: Photo of Phoenix Gold Properties relative to Newmont's Phoenix Mine.**

The Phoenix Gold Properties are well located in the Battle Mountain mineral trend on the east and west north boundaries of Newmont's Phoenix-Fortitude project, a significant past and mining operations are ongoing with an estimated additional 25 years of mine life. Newmont recently began expansions with the additional of an SX-EW copper oxide production and has announced publically it intends a major expansion of its sulphide crushing and milling capacity together with ongoing and planned pit expansion at the Midas and Fortitude pits.

In addition to the numerous existing exploration targets that warrant additional exploration discussed in this report, a number of additional geophysical, geochemical, stratigraphic and structural targets occur on this property, many of which remain to be fully tested. Geophysical IP and structural information should continue to be compiled and interpreted to act as ongoing screening tools to assist in defining future drill targets. Where more detailed data is necessary, additional field surveys may be required locally to further define drill targets.



Furthermore, additional interpretation of previous exploration data, as well as geological mapping, geochemical sampling and geophysical surveys will aid in the definition of new areas of economic interest. Magnetotellurics/magnetics (Mag) and induced polarization (IP) surveys have also proven to be successful exploration tools in locating areas of alteration and mineralization.

It is the author's opinion that the Phoenix Gold Project includes a number of highly prospective exploration targets including epithermal veins that are typical of this highly prospective region that includes a number of very significant multi-million ounce gold and silver projects and mining operations in what is interpreted to be very similar geological environments.

The Phoenix Gold Project has had its prospectivity confirmed by either one or a combination of surface mapping, sampling, and area geology. It is therefore the author's opinion that the recommended exploration program outlined in the "Recommendations" section below is entirely warranted.

## **17.2 Risks**

### Exploration Information

The reliability or confidence in the exploration information and mineral resources estimates contained in this Technical Report may be affected by variances in sub-surface mineralization, ground conditions and sampling QA/QC procedures and protocols.

Occasionally, projects yield higher than actual results regarding the grades of precious metal minerals when exploring and assessing sub-surface mineralization such as the mineralization in the Phoenix Gold Project. Likewise, there can be no assurance that the exploration results will continue to exhibit good results due to natural variation of ground conditions where sometimes there is much less mineralization than expected and at other times there is more.

In addition, the bulk of the information about the Phoenix Gold Project is based upon historical information from third party sources. If such information is not completely accurate or complete, then it could lead to incorrect analysis and conclusions about the Phoenix Gold Project.

In particular, the Phoenix Gold Project's potential economic viability would be overstated if the variances in sub-surface mineralization, ground conditions and/or sampling led to conclusions of a higher quality than representative mineralization. However, it is the authors' firm opinion that the variances are in the acceptable range for the determination of potential economic viability, which warrants our recommendations of further exploration as described below in the "Recommendations" section.

In addition to the foregoing, additional more general risks are also discussed below.

### Exploration and Mining Risks

The business of exploring for minerals and mining involves a high degree of risk due in some cases to factors that cannot be foreseen. Only a small proportion of the properties that are explored worldwide are ultimately developed into producing mines.

At the present, the Phoenix Gold Project does not have proven or probable reserves and the proposed programs are an exploratory search for proven or probable reserves. Substantial expenditures are required to establish reserves through further drilling and surveys of the existing underground mining areas.

No assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis.

The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of mineralization mined, fluctuations in the price of minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to environmental protection. In addition, the grade of mineralization ultimately mined may differ from that estimated by drilling results and such differences could be material.

### Financing Risks

Further exploration and development of one of Phoenix Gold Project will be dependent upon Phoenix's ability to obtain financing through joint venturing, equity or debt financing or other means through itself or Zuri Capital Corp. There can be no assurance that the Zuri Capital Corp., or Phoenix will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable.

### Mineral Prices

Metal and mineral prices have fluctuated widely, particularly in recent years. The feasible development of such properties is highly dependent upon the price of metals. A sustained and substantial decline in these commodity prices could result in the termination of exploration work or loss of its interests in identified resource properties.

### Environment and Other Regulatory Requirements

Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations, and permits.

There can be no assurance that all permits which Phoenix may require in the future for exploration and development of its properties will be obtainable or on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that Phoenix may undertake.

Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

## 18. RECOMMENDATIONS

It is recommended that all three of the primary target areas, being the Plumas Property, the Eldorado Property and, if acquired, the Filippini Property be explored initially. The primary focus will be to explore on the surface and drill high grade gold veins, structural zones, and structural intersections. In addition, significant mid to lower grade gold mineralization exists as disseminated or fracture controlled mineralization which can also be drilled for expanding current known gold zones. Also, significant and potentially economic mineralization does exist at depth and appropriate drill depths should be determined for properly drill testing these targets.

The geology, alteration, and structural controls at the Phoenix Gold Project have evolved over time with significant advances recently achieved in the understanding thereof. Thus, it is also recommended to include comprehensive surface geology, alteration and structural mapping and extensive geochemical sampling and detailed re-logging of earlier drill holes to improve the understanding of the geological controls of the mineralization.

Additional geological exploration and drilling is likely to increase the current known outcropping and drilled mineralized gold and copper zones. It is therefore recommended that the proposed mapping and drill exploration program be initiated and carried out over a 12 month period.

A general budget is proposed totalling US\$500,000, to include geologic, alteration and structural mapping detailed re-logging of earlier drill holes taking into consideration the latest district geological interpretations of the structures, rock-types and controls on the mineralization. This will require an estimated 800m of new drilling to both expand and delineate gold resources.

<b>Management &amp; Project Overhead (for 12 months)</b>	<b>US\$</b>
Consultants & Other	20,000
Communications and IT	2,000
Expenses and Supplies	10,000
<b>Geology &amp; Exploration</b>	
Field Program – Prospecting, Mapping and General Expenses	8,000
Reverse circulation drilling	250,000
Core drilling	100,000
Assay analysis and geochemical work	25,000
Field truck - 1 vehicle @\$2000/vehicle per month	24,000
Computer and field supplies	41,000
Contractor Mob / Demob - one lump sum	10,000
<b>Phoenix Camp</b>	
Camp operational expenses for 12 months exploration	6,000
<b>Environmental &amp; Permitting</b>	
Environmental and permitting for exploration program	4,000
<b>TOTAL:</b>	<b>500,000</b>

**Table 10: Summary of exploration budget for 12 months including 800m of drilling.**

## 19. REFERENCES

*There is extensive literature on the geology and mineral deposits of Nevada, however, the following references used in the preparation of this report are considered to be the most pertinent and are the references used in preparation of this Technical Report.*

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**CERTIFICATE OF AUTHOR Allen J. Maynard**

As the author of this technical report (the “Technical Report”) dated effective November 25, 2013, entitled, “NI 43-101 Technical Report on the Phoenix Gold Project Located in Lander County, Battle Mountain Mining District, Nevada, USA” and prepared for Zuri Capital Corp., I, Allen J. Maynard, Geologist, BAppSc (Geol), MAIG, MAusIMM do hereby certify that:

1. I carried out this assignment for:

Al Maynard and Associates Pty Ltd.  
9/280 Hay Street, Subiaco, WA, 6008  
Australia

2. I hold the following academic qualifications:

BAppSc (Geol) from Curtin University, Western Australia, 1978.

3. I am a registered Member (#2062) of the Australian Institute of Geoscientists (AIG), a Corporate Member (#104986) of the Australasian Institute of Mining & Metallurgy (AusIMM), and I became a member of AIG in 1990 and AusIMM in 1978.

4. I have over 30 years continuous experience as a geologist in mineral exploration, resource modelling and surface and underground mining for a range of commodities including precious and base metals (Au, PGE, Ni, Cu, Ag-Pb-Zn, Fe, Sn, Ta, Nb, W, U), industrial minerals (phosphate, potash, coal, mineral sands), precious and semi-precious gemstones (diamond, ruby, emerald), project generation and evaluation, as well as technical valuation of mineral properties in Australia, Africa, North America, South America, Western Europe, Central & Southeast Asia, China and Greenland.

5. I do, by reason of education, experience and professional registration, fulfil the requirements of a Qualified Person as defined in National Instrument 43-101 (“NI 43-101”). My work experience includes the management and performance of numerous technical studies relating to mineral exploration and surface and underground mining, audit, evaluation and valuation of projects and operating mines in many parts of the world.

6. My most recent inspections of the Phoenix Gold Project were on March 19<sup>th</sup> to 22<sup>nd</sup>, 2013.

7. I am responsible for all sections of the Technical Report.

8. I am independent of the parties involved in the transaction for which this Technical Report is required, as defined in Section 1.5 of NI 43-101.

9. I have no prior involvement with the property that is the subject of this Technical Report.

10. I have read NI 43-101 and this Technical Report, for which I am responsible, has been prepared in compliance with the instrument.

11. As of November 25, 2013, the effective date of the Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this Technical Report not misleading.

Dated this 25th day of November, 2013.

"Allen J. Maynard" (signed)

Allen J. Maynard



**SCHEDULE "E"**

**CERTIFICATE OF ZURI CAPITAL CORP.**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Zuri Capital Corp. assuming Completion of the Qualifying Transaction.

DATED: November 29, 2013

\_\_\_\_\_  
(Signed) "*Mike Gillis*"

Mike Gillis  
President, Chief Executive Officer and Director

\_\_\_\_\_  
(Signed) "*Iqbal Boga*"

Iqbal Boga  
Chief Financial Officer and Corporate Secretary

On behalf of the Board of Directors of Zuri Capital Corp.

\_\_\_\_\_  
(Signed) "*Kenneth MacLeod*"

Kenneth MacLeod  
Director

\_\_\_\_\_  
(Signed) "*Zachery Dingsdale*"

Zachery Dingsdale  
Director

**SCHEDULE "F"**

**CERTIFICATE OF PHOENIX GOLD RESOURCES LTD.**

The foregoing as it relates to Phoenix Gold Resources Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of Phoenix Gold Resources Ltd.

DATED: November 29, 2013

(Signed) "*Glenn Laing*"

\_\_\_\_\_  
Glenn Laing  
President and Chief Executive Officer

(Signed) "*Sean Choi*"

\_\_\_\_\_  
Sean Choi  
Chief Financial Officer

On behalf of the Board of Directors of Phoenix Gold Resources Ltd.

(Signed) "*Glenn Laing*"

\_\_\_\_\_  
Glenn Laing  
Director

(Signed) "*Andrew Lee*"

\_\_\_\_\_  
Andrew Lee  
Director

## SCHEDULE "G"

### ACKNOWLEDGEMENT – PERSONAL INFORMATION

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information (as such term is defined in Form 3D2 of the TSX Venture Exchange) by the undersigned to the TSX Venture Exchange (as defined in Appendix 6B of the TSX Venture Exchange Corporate Finance Manual); and
- (b) the collection, use and disclosure of Personal Information by the TSX Venture Exchange for the purposes described in Appendix 6B of the TSX Venture Exchange Corporate Finance Manual or as otherwise identified by the TSX Venture Exchange, from time to time.

DATED: November 29, 2013

(Signed) "Mike Gillis"

Mike Gillis  
President, Chief Executive Officer, and Director  
of Zuri Capital Corp.