



Phoenix Gold Resources Corp.

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NEWS RELEASE

PHOENIX GOLD COMPLETES 3rd DRILL HOLE, INCREASES CURRENT DRILL PROGRAM AT PLUMAS PROPERTY, BATTLE MOUNTAIN, NEVADA; CURRENT PRIVATE PLACEMENT INCREASED TO \$750,000

August 20, 2014 – Toronto, Ontario: Phoenix Gold Resources Corp (TSX-V: PXA), (the “Company” or “Phoenix Gold”) today announced the completion of the third drill hole, and plans to add a number of drill holes to the current drill program because of the increased potential size of the mineralization at its 100% owned Plumas Property, located immediately adjacent to Newmont’s Phoenix Fortitude mine at Battle Mountain, Nevada and to increase in the size of the previously announced Private Placement to \$750,000.

Drilling Update

The first drill hole (CPL-1) has been completed to a depth of 447 feet (136.2 meters). The second drill hole (CPL-4) was drilled to 588 feet (179.2 meters) and the third drill hole (CPL-7) was completed to a depth of 945 feet (288.0 meters). Drilling has commenced on the fourth hole (CPL-8).

In both Hole CPL-4 and Hole CPL-7, the mineralization encountered in each drill core exceeded the Company’s expectations and the lengths of the individual drill holes were consequently extended by nearly 50% in each case to capture the mineralization that was present.

The Company’s technical management and consultants have determined that the mineralized system that has been intersected by the first 3 drill holes exceeds the dimensions that were previously expected and have recommended that the number of drill holes be increased by 2 holes (CPL-9 and CPL-10) to 10 holes and that the drill footage be increased by a further 1,200 feet to delineate the extent of the mineralization. Locations of drill sites for the current Plumas Property drill program are shown on the attached Figure 1.

Drill Results

The Company plans to release the results of the first three holes early in September 2014 and the drill core is currently being assayed by the Chemex ALS Lab in Reno, Nevada. Assay results are pending and accordingly there is no assurance that presence of mineralization in the drill core will result in positive assay results.

Structural Interpretation and Drill Hole Locations

Based on information that has been logged in the first 3 drill holes, in conjunction with the detailed understanding and interpretation of the geology and structural controls obtained from the previously announced prospecting and mapping programs, the Company has prepared a map showing the district-level structures relative to the drill hole locations for the current Plumas Property drill program. The locations of these structures relative to the ten drill sites together with the projections of the drill holes are shown on the attached map (Figure 1). It should be noted that these structures that are considered to control and host the gold deposits at Newmont’s adjacent Phoenix Fortitude mine.

Increase Current Private Placement to \$750,000

Based on the recommendation by the Company’s technical management and consultants for additional drilling required in the current Phoenix Project drill program, the Company is proposing to increase its non-brokered private placement (the “**Private Placement**”) of units (the “**Units**”) announced on August 8, 2014. The Company will be increasing the Private Placement by \$300,000 to raise total gross proceeds of \$750,000, subject to TSX Venture Exchange (“**Exchange**”) approval.

The terms of the Private Placement will otherwise remain unchanged: each Unit will consist of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant allows the holder to acquire one additional common share (a “**Warrant Share**”) and is exercisable for a period of three years from the date of issuance at a price of \$0.20 per Warrant Share. The securities issued under the Private Placement will be subject to a four-month and a day hold period from the date of issuance.

The Company may pay finder’s fees of up to 8% of the gross proceeds and issue broker warrants for up to 8% of the number of the Units sold under the Private Placement. The broker warrants will be exercisable for 12 months from the date of issue at \$0.10 per share but will otherwise have the same terms as the Warrants except that they will be non-transferable. The Units issued will be subject to a four-month and a day hold period from the date of issuance.

The proceeds of the Private Placement will be used for the current drill program, associated exploration and development expenses of the Company’s properties and for additional working capital. The Private Placement will be subject to Exchange approval.

The Plumas Property

The Plumas Property is an outcropping high grade gold-silver mineralized system that has seen limited underground mining historically, but which not been has drill tested until now. It is located adjacent to Newmont’s Phoenix-Fortitude pit to the west. The Plumas Property has two patented claims totaling 40 acres with extralateral rights and one mill site claim.

Qualified Person

Robin Hendrickson, P.Geo. is the qualified person, as defined by National Instrument 43-101, has supervised the project field work, and is responsible for the preparation of the technical information in this release.

About Phoenix Gold

Phoenix Gold is a Canadian junior exploration company with strategically located mineral properties in Nevada’s prolific Battle Mountain District. These properties are immediately adjacent to Newmont’s Phoenix-Fortitude Gold/Copper Mine. With a defined strategy to delineate resources and create value to shareholders, Phoenix Gold has an experienced management team with an excellent track record of discoveries, including its most recent being the Condor Gold Project in Ecuador. Management and directors own approximately 45% of the Company’s issued and outstanding shares.

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