

**EARLY WARNING REPORT  
FILED PURSUANT TO  
NATIONAL INSTRUMENT 62-103**

**1. Name and Address of the offeror:**

Kroy Holdings Limited (“**Kroy**”)  
c/o Insinger Corporate Services (BVI) Limited  
Tropic Isle Building  
P.O. Box 438, Road Town  
Tortola, BVI

**2. Name of the reporting issuer with respect to which this report is filed:**

Phoenix Gold Resources Corp. (the “**Company**”)

**3. Designation and number or principal amount of securities and the offeror’s security-holding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:**

On August 21, 2014, Kroy subscribed for and purchased 500,000 units (the “**Units**”) of the Company at a price of \$0.10 per Unit pursuant to the closing of the first tranche of a private placement (the “**Private Placement**”) by the Company of Units at \$0.10 per Unit for gross proceeds of up to \$750,000. Each Unit is comprised of one common share (a “**Share**”) and one-half common share purchase warrant (the “**Warrants**”) and paid the Company gross proceeds of \$50,000. Each whole Warrant is exercisable at a price of \$0.20 per Share for a period of 3 years from the date of issuance. Accordingly, 500,000 shares and 250,000 Warrants were issued to Kroy as owner thereof.

The 500,000 Shares issued to Kroy represents approximately 1.5% of the current issued and outstanding common shares of the Company on a non-diluted basis. Kroy now holds 2,830,357 Shares which is approximately 8.6% of the current issued and outstanding common shares of the Company, on a non-diluted basis, giving effect to the exercise of the Warrants and the issuance of the Shares, and 9.8% of the issued and outstanding common shares of the Company on a partially-diluted basis after giving effect to the Shares that would be held by Kroy following the exercise of the 250,000 Warrants and the other 201,665 share purchase warrants held by Kroy.

In addition to Kroy’s shareholdings above, Kroy’s affiliated companies, Avonlea Ventures Inc. (“**Avonlea**”) owns 1,285,714 Shares and Resource Hunter Capital Partners (“**Resource Hunter**”) owns 3,487,500 Shares. Kroy, Avonlea and Resource Hunter (collectively, the “**Kroy Group**”) are under indirect common ownership and control of and by Glenn Laing, the President, CEO and a director of the Company. Accordingly, the Kroy Group now holds approximately 23.0% (an increase from 22.9%) of the current issued and outstanding common shares of the Company, on a non-diluted basis, giving effect to the exercise of the Warrants and the issuance of the Shares, and 24.0% (an increase from 23.4%) of the issued and outstanding common shares of the Company on a partially-diluted basis after giving effect to the Shares held by the Kroy Group following the exercise of the 250,000 Warrants and the other 201,665 share purchase warrants held by the Kroy Group.

The Kroy Group previously acquired 7,103,571 Shares and 201,665 Warrants prior to the Private Placement in connection with the Company’s going public transaction which occurred on April 23, 2014.

- 4. The designation and number or principal amount of securities and the Offeror's security-holding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release:**

7,603,571 Shares and 451,665 Warrants, which represents ownership of approximately 23.0% of the issued and outstanding voting securities of the Company on a non-diluted basis, and 24.0% of the issued and outstanding voting securities of the Company on a partially diluted basis, giving effect to the exercise of the 250,000 Warrants acquired in the transaction and the other 201,665 share purchase warrants which were previously acquired.

- 5. The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph (4) over which:**

- (a) the offeror, either alone or together with any joint actors, has ownership and control**

Reference is made to item 3 above. The Kroy Group has no joint actors with respect to its ownership of securities of the Company.

- (b) the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor, and**

Not applicable.

- (c) the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership**

Not applicable.

- 6. Name of the market in which the transaction or occurrence that gave rise to the news release took place.**

Not applicable.

- 7. The value of consideration, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence that gave rise to the obligation to file a news release.**

The Units were issued at a subscription price of \$0.10 per Unit for a total gross aggregate subscription amount of \$50,000.00.

- 8. Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

Kroy acquired the Units for investment purposes. Kroy may increase or decrease its ownership interest in the Company depending on, among other factors, market conditions. It has no present intention to change its holdings of securities of the Company.

- 9. General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities.**

The Units were issued pursuant to terms of the subscription agreement under the Company's private placement of Units which closed on August 21, 2014. The subscription agreement has terms customary for a transaction of this nature.

The Kroy Group has no joint actors with respect to its ownership of securities of the Company.

- 10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value, in Canadian dollars, of the consideration paid by the offeror.**

The Units were issued at a subscription price of \$0.10 per Unit for a total gross aggregate subscription amount of \$50,000.00.

- 11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities.**

Not applicable.

- 12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.**

Not applicable.

DATED this 21<sup>st</sup> day of August, 2014.

**KROY HOLDINGS LIMITED**

Per:

"Signed"  
Authorized Signatory