

PHOENIX GOLD RESOURCES CORP.
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NEWS RELEASE

**Phoenix announces new extension of deadline for closing
with an expanding Blue Creek Forest Products Ltd.**

Vancouver, British Columbia, December 23, 2016 – Phoenix Gold Resources Corp. (the “**Company**”), a company listed on the TSX Venture Exchange (the “**Exchange**”) (symbol: PXA), wishes to announce that further to its announcement on November 7, 2016, the Company has agreed to extend the deadline for closing its transaction (the “**Transaction**”) with Blue Creek Forest Products Ltd. (“**Blue Creek**”) and its major shareholder, Four Rivers Resources Inc. (“**FRRI**”). The Company previously agreed to extend the deadline for closing to December 31, 2016 but has now agreed to extend closing to March 31, 2017, in order to accommodate new disclosure requirements in connection with Blue Creek’s intended new sawmill acquisition.

The Company is excited about Blue Creek’s intended expansion which will help strengthen the resulting issuer under the Transaction. Further disclosure on Blue Creek’s expansion will be provided in a separate release. In addition, the Company also plans to disclose assay results in January 2017 from the Company’s previous drilling once the Company has completed its evaluation of the results.

As announced by the Company on December 8, 2015, the Company entered into a letter agreement (the “**Letter Agreement**”) with Blue Creek and its major shareholder, FRRI, the Letter Agreement, which contemplates that the Transaction will result in a reverse takeover and change of business of the Company by Blue Creek.

As required under the policies of the Exchange, the Transaction will be subject to approval of the shareholders of the Company and approval of the Exchange.

The Letter Agreement will be followed by the negotiation of a definitive agreement setting forth the detailed terms of the Transaction and containing the terms and conditions set out in the Letter Agreement and such other terms and conditions as are customary for transactions of the nature and magnitude contemplated in the Letter Agreement.

About Blue Creek

Blue Creek is a private corporation existing under the laws of British Columbia and carries on business in British Columbia. Blue Creek is owned and controlled by FRRI, which is also a private corporation existing under the laws of British Columbia carrying on business in British Columbia. Blue Creek is engaged in the forest products manufacturing business in British Columbia, with scalable low volume sawmill operations for niche high margin products destined for the under-supplied, growing US market. Additional information about Blue Creek and the proposed Transaction will be provided in separate subsequent news releases, as well as in an information circular that will be prepared and sent to shareholders of the Company in connection with the Transaction.

General

On closing of the Qualifying Transaction, the Resulting Issuer will be listed as a “Tier 2” industrial issuer on the Exchange. In accordance with Exchange policies, the Company’s common shares have been halted from trading and will remain so until the documentation required by the Exchange for the Transaction can be provided to the Exchange. The Company’s common shares may remain halted until completion of the Transaction. The completion of the Transaction is subject to the approval of the Exchange.

For further information concerning the Transaction and this press release, please contact:

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Completion of the transaction is subject to a number of conditions, including Exchange acceptance and disinterested Shareholder approval. The transaction cannot close until the required Shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Phoenix Gold Resources Corp. should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither the TSX Venture Exchange Inc. nor its Regulation Services Provide (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Except for statements of historical fact, this news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. More detailed information about potential factors that could affect financial results is included in the documents filed from time to time with the Canadian securities regulatory authorities by the Company.

(Not for dissemination in the United States of America.)