



Phoenix Gold Resources Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

PHOENIX GOLD RESOURCES CORP.

(An exploration stage company)

(Formerly Zuri Capital Corp.)

FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2018

(Expressed in Canadian dollars)

Dated as of September 27, 2018

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

This Management Discussion and Analysis ("MD&A") of the consolidated financial condition, results of operations, and cash flows of Phoenix Gold Resources Corp. ("PXA" or the "Company") are for the three and six months ended July 31, 2018. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three and six months ended July 31, 2018 and 2017 and with the Company's audited consolidated financial statements and related notes thereto for years ended January 31, 2018 and 2017.

The financial information in this MD&A is derived from the Company's unaudited condensed interim consolidated financial statements which have been prepared in Canadian dollars unless otherwise noted, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee. This MD&A is dated September 27, 2018 and is current to date, unless otherwise noted.

Al Maynard, BAppSc (Geol), MAIG, MAusIMM of Al Maynard and Associates Pty Ltd., a Qualified Person as defined by National Instrument 43-101, is responsible for the Company's most recent technical report dated March 10, 2014, and has read and approved the relevant technical information contained in this MD&A.

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

DESCRIPTION OF BUSINESS

Phoenix Gold Resources Corp. (formerly Zuri Capital Corp. ("Zuri")) was incorporated on May 2, 2011 under the laws of the province of British Columbia, Canada. The Company is a TSX Venture Exchange ("Exchange") Tier 2 listed mineral exploration and development company with its principal business focusing on the acquisition and exploration of the gold mineral rights located in Nevada, USA. The Company has not yet determined whether the property contains mineral reserves that are economically recoverable. During the year ended January 31, 2016, The Company's management has determined that the mineral rights are impaired and recognized an impairment loss of \$761,576.

Zuri entered into a letter of agreement dated July 29, 2013 (the "Letter Agreement") which was amended on October 8, 2013, November 14, 2013, December 2, 2013, December 16, 2013, January 21, 2014, and February 21, 2014, with Phoenix, a private corporation incorporated in the province of British Columbia on March 11, 2013. On April 23, 2014, Zuri and Phoenix completed a reverse takeover transaction (the "RTO Transaction") which has been accounted for as a reverse takeover of net assets in accordance with the Company's accounting policies on reverse takeover transactions that do not constitute business combinations. As a result, Zuri carries on the business of Phoenix and continues pursuant to the laws of British Columbia effective April 23, 2014 with respect to the RTO Transaction. Zuri changed its name to "Phoenix Gold Resources Corp." effective April 23, 2014. Also effective April 25, 2014, Zuri resumed trading on the Exchange with the trading symbol "PXA".

On December 4, 2015, the Company entered into a letter agreement (the "Letter Agreement") with Blue Creek Forest Products Ltd. ("Blue Creek") and its major shareholder, Four Rivers Resources Inc. ("FRRRI"), which was subsequently amended effective May 27, 2016, August 19, 2016, December 23, 2016, March 31, 2017, September 19, 2017, September 20, 2017, and January 31, 2018 and contemplates a transaction that will result in a reverse takeover and change of business of the Company by Blue Creek

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

(the "Transaction") subject to approval of the shareholders of the Company and approval of the Exchange.

As amended on January 31, 2018, the closing of the Transaction is subject to number of conditions and is expected to be completed by Q1 2019.

The Letter Agreement will be followed by the negotiation of a definitive agreement (the "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.

Pursuant to the terms of the Letter Agreement as amended on January 31, 2018, Phoenix and Blue Creek together with FRRI will enter into the Transaction comprised of an amalgamation (the "Amalgamation") under a plan of arrangement or other similar business combination, whereby the Phoenix's wholly-owned subsidiary, Phoenix Gold Resources Ltd. ("Phoenix Subco") will amalgamate with Blue Creek to form an amalgamated company called "Blue Creek Forest Products Ltd." ("Amalco"). As a result of the Amalgamation, Amalco will become a wholly-owned subsidiary of Phoenix, which will have indirectly acquired Blue Creek and the Business of Blue Creek will become the business of Phoenix. Prior to the completion of the Transaction, Phoenix will transfer all the Plumas Properties assets into a new wholly-owned subsidiary of Phoenix ("New Subco") and Phoenix will dividend the shares of New Subco to the then shareholders of Phoenix and New subco will be spun-out as a second listed reporting issuer and shall have the same shareholder as Phoenix. Upon completion of the Amalgamation, Phoenix expects to change its name to "Blue Creek Forest Products Inc." or such other name acceptable to Blue Creek and the applicable regulatory authorities (the "Name Change"). The parties agreed, however, that the final structure of the business combination is subject to receipt of tax, corporate and securities law advice for Phoenix, Blue Creek and FRRI.

Under the amalgamation, the Company will acquire all of the then issued and outstanding securities of Blue Creek, not exceeding 45,000,000 common shares (on a diluted basis) in addition to a further 25,000,000 common share purchase warrants, all of which will be exchanged for like securities of the Company on a 1-for-1 (the "Exchange Ratio") basis following: (a) a share consolidation(s) of the Company having a cumulative effect of consolidation on a 5-to-1 basis (the "Consolidation"); and (b) debt settlements with the Company's creditors to reduce the current liabilities to no more than \$50,000 (the "Debt Settlements"); provided that following the Consolidation and Debt Settlements and immediately prior to the Amalgamation, there will be no more than 24,000,000 common shares of the Company issued and outstanding and there will be no outstanding stock options. The common shares issued to investors under the Private Placement (as described below) will be exchange for common shares of the Resulting Issuer and therefore will not be subject to a four month hold.

As a result of the Transaction, Amalco will become a wholly-owned subsidiary of the Company, which will have indirectly acquired Blue Creek and the business of Blue Creek will become the business of the Company (the "Resulting Issuer"). Upon completion of the Transaction, the Company expects to change its name to "Blue Creek Forest Products Inc." or such other name acceptable to Blue Creek and the applicable regulatory authorities (the "Name Change").

In addition, although no loan or deposit has been made by Blue Creek to the Company, under the Letter Agreement, Blue Creek will be responsible for the costs and expenses of the Company incurred in respect of the Transaction. On closing of the Transaction, the Resulting Issuer will reimburse Blue Creek for all such costs and expenses paid.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

The parties intend that Blue Creek will, prior to the Transaction and subject to Exchange approval, raise gross proceeds of up to \$2.0 million comprised of \$1.0 million in equity and \$1.0 million in debt. Blue Creek intends to raise gross proceeds of up to \$1.0 million through a non-brokered private placement (the "Equity Financing") of up to 5,000,000 units (the "Units") of Blue Creek at a price of \$0.20 per Unit. Each Unit will consist of one (1) common share and one (1) common share purchase warrant ("Warrant"). Each Warrant will entitle the holder to purchase one (1) common share for a period of one (1) year from date of issuance at an exercise price of \$0.40 per Warrant. Concurrently, Blue Creek is also proceeding with a private placement of up to \$1,000,000 of senior secured convertible debentures (the "Debentures") bearing interest of 8% per annum with interest paid semi-annually and the principal due and payable 36 months from the date of issuance (the "Debt Financing"). The Debentures may be converted, at the holder's option, into common shares (the "Shares") of the Resulting Issuer at \$0.80 (the "Conversion Price") per Share.

Blue Creek will use approximately \$1.5 million of the net proceeds from its Equity Financing and Debt Financing to expand its export program, fulfill existing sales contracts and capitalize on the growing demand for BC logs and lumber from Japan and China, and approximately \$360,000 to pay for the Transaction costs and expenses, and as additional working capital. Blue Creek expects to pay cash commissions of up to 8% on the Equity Financing and up to 6% on the Debt Financing.

The closing of the Transaction will be subject to several conditions, including, but not limited to the following:

1. the execution of the Definitive Agreement;
2. the receipt of all regulatory, corporate and third party approvals, including the approval of the shareholders of the Company, the Exchange and compliance with all applicable regulatory requirements and conditions necessary to complete the Transaction;
3. the Company having not more than \$50,000 in current liabilities and no more than 24,000,000 common shares of the Company issued and outstanding and no outstanding stock options immediately prior to the Amalgamation;
4. the completion of the Private Placement at a minimum offering price of \$0.20;
5. the maintenance of the Company's listing on the Exchange;
6. the confirmation of the representations and warranties of each party to the Definitive Agreement as set out in such agreement;
7. the absence of any material adverse effect on the financial and operational condition of the assets of each of the parties to the Definitive Agreement;
8. the delivery of standard completion documentation including, but not limited to legal opinions, officers' certificates and certificates of good standing or compliance; and
9. other conditions precedent customary for a transaction such as the Transaction.

The closing of the Transaction is intended to occur upon finalization and execution of the Definitive Agreement, which was intended to occur in Q1 2019.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

On September 20, 2017, the Company announced that it has scheduled its annual and special meeting of shareholders on December 7, 2017 for shareholder consideration of annual business and approval of the Company's proposed transaction with Blue Creek. However, the Company has now postponed its previously scheduled shareholders' meeting to allow sufficient time for additional disclosure for its information circular and expects to announce a new date for the shareholders' meeting.

Corporate

On April 23, 2014, Mr. Glenn Laing replaced Mr. Mike Gillis as the Company's President and Chief Executive Officer and Mr. Sean Choi replaced Mr. Iqbal Boga as the Company's Chief Financial Officer and Corporate Secretary upon completion of the RTO Transaction. On May 1, 2014, Mr. Don McDowell was appointed as the Company's Vice President of Corporate Development/Exploration.

On April 23, 2014, Mr. Glenn Laing, Mr. William Matlack, Mr. Paul Jones, and Mr. Andrew Lee were appointed as the Company's Board of Directors (the "Board"), and SF Partnership LLP, Chartered Accountants, was appointed as auditor of the Company.

Effective November 5, 2014, Mr. William Matlack resigned from the Board of the Company.

TECHNICAL

Location

The Phoenix Gold Properties (as defined below) 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 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 National Instrument 43-101 *Standards of Disclosure for Mineral Projects* technical report (the "Technical Report") entitled "NI 43-101 Technical Report on the Phoenix Gold Project Located at Lander County, Battle Mountain Mining District, Nevada USA" dated effective March 10, 2014 by Allen J. Maynard recommends that all of the primary target areas, being the Plumas Property and the Eldorado Property be explored initially. It also recommended 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 proposed a mapping and drill exploration program be initiated and carried out over a twelve (12) month period.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

Proposed work program and budget

The Technical Report recommended a work program, 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.

Exploration Report and Work Program

Plumas Property

Surface Sampling and Prospecting Program

The Company carried out a detailed mapping, sampling and prospecting program over the Plumas Property in the second quarter ended July 31, 2014. The results were integrated into the Plumas Property database together with all previously recorded geochemical and rock chip surface sampling results. A new map and interpretation was produced showing the distribution of the surface gold values across the Plumas Property relative to the geological structures and rock types and the drill holes that were completed as part of the 2014 drill program,

2014 Drill Program

Drilling commenced in July 2014 and was completed in September 2014. A total of 6 drill holes totalling approximately 1,413 meters were drilled on the Plumas Property. Assay results from the first 4 drill holes have been received. The assay results from the last two holes are still pending.

Subject to financing the Company plans to conduct a further 6 hole drill program totaling approximately 1500 meters on the Plumas Property.

Eldorado Property

Surface Sampling and Prospecting Program

The Company completed a chip and soil sampling, mapping and prospecting program on the Eldorado Property. All the results have been integrated into the Eldorado database together with previously recorded geochemical and rock chip surface sampling results to produce maps and information showing the distribution of the surface gold values across the Eldorado Property relative to the geological structures and rock types, defining an area of mineralization that will be the focus of a future drill program.

Proposed Drill Program

Subject to financing the Company plans to conduct a 5 hole drill program total approximately 1000 meters on the Eldorado Property.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

Mineral Rights Expenditures and Balances

The cumulative costs incurred on the Company's mineral properties are as follows:

	Phoenix Gold Properties (Nevada, USA)
Balance - Opening	\$ -
Additions – capitalized exploration expenditures	65,322
Balance as at January 31, 2014	65,322
Additions - capitalized exploration expenditures	899,924
Balance as at January 31, 2015	965,246
Additions - capitalized exploration expenditures	196,330
Impairment charges recognized during the year	(761,576)
Balance as at January 31, 2016	400,000
Additions - capitalized exploration expenditures	-
Settlement of liabilities	(265,845)
Reversal of impairment	265,845
Balance as at January 31, 2017	400,000
Additions - capitalized exploration expenditures	-
Balance as at January 31, 2018	400,000
Additions - capitalized exploration expenditures	-
Balance as at July 31, 2018	\$ 400,000

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

As at July 31, 2018, the Company had negative working capital of \$1,056,737 (January 31, 2018 - \$1,034,711), and reported a deficit of \$2,837,894 (January 31, 2018 - \$2,815,868).

Operating and Administrative Expenses

	Three Months Ended July 31, 2018	Three Months Ended July 31, 2017	Six Months Ended July 31, 2018	Six Months Ended July 31, 2017
Management fees	\$ -	\$ -	\$ -	\$ 18,000
Foreign exchange loss (gain)	4,011	(26,406)	15,545	(38,419)
Office and administration	473	625	1,281	3,130
Filing fees	-	-	5,200	5,200
Total Operating and Administrative Expenses	\$ 4,484	\$ (25,781)	\$ 22,026	\$ (12,089)
Net Loss (income) and Comprehensive Loss (income)	\$ 4,484	\$ (25,781)	\$ 22,026	\$ (12,089)

For the three months ended July 31, 2018

The Company's net loss (income) and comprehensive loss (income) for the three months ended July 31, 2018 was \$4,484 (2017 – \$(25,781)). Foreign exchange loss (gain) totalled \$4,011 (2017 – \$(26,406)) due to unfavourable fluctuations in the value of Canadian dollar as compared to the United States dollar during the quarter. Office and administration expenses totalled \$473 (2017 – \$625) which is consistent with prior comparative quarter.

For the six months ended July 31, 2018

The Company's net loss (income) and comprehensive loss (income) for the six months ended July 31, 2018 was \$22,026 (2017 – \$(12,089)). Management fees totalled \$nil (2017 – \$18,000). Management fees were \$nil during the period because the management of the Company decided not to charge any fees to the Company. Foreign exchange loss (gain) totalled \$15,545 (2017 – \$(38,419)) due to unfavourable fluctuations in the value of Canadian dollar as compared to the United States dollar during the quarter. Office and administration expenses totalled \$1,281 (2017 – \$3,130). The decrease in office and administration expenses was due to lower transfer agency fees during the quarter compared to the prior comparative quarter. The filing fees totalled \$5,200 (2017 – \$5,200) which is consistent with the prior comparative quarter.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED July 31, 2018, 2017, AND 2016:

	<u>Six months ended July 31, 2018</u>	<u>Six months ended July 31, 2017</u>	<u>Six months ended July 31, 2016</u>
Revenue	\$Nil	\$Nil	\$Nil
Total net loss (income)	\$22,026	\$(12,089)	\$50,183
Total net loss (income) per share (basic and diluted)	\$0.00	\$(0.00)	\$0.00
Total assets	\$443,135	\$438,000	\$504,873
Total long-term liabilities	\$Nil	\$Nil	\$Nil
Total liabilities	\$1,099,872	\$1,032,624	\$2,037,175
Shareholders' equity (deficiency)	\$(656,737)	\$(594,624)	\$(1,532,302)
Cash dividends per share	\$Nil	\$Nil	\$Nil

SUMMARY OF QUARTERLY RESULTS FOR EACH OF THE LAST EIGHT QUARTERS:

<u>Quarter ended</u>	<u>Total revenue</u>	<u>Net loss (income)</u>	<u>Basic and diluted loss (earnings) per share</u>
July 31, 2018	\$Nil	\$4,484	\$0.00
April 30, 2018	\$Nil	\$17,542	\$0.00
January 31, 2018	\$Nil	\$31,228	\$0.00
October 31, 2017	\$Nil	\$8,859	\$0.00
July 31, 2017	\$Nil	\$(25,781)	\$(0.00)
April 30, 2017	\$Nil	\$13,692	\$0.00
January 31, 2017	\$Nil	\$(1,024,970)	\$(0.02)
October 31, 2016	\$Nil	\$99,381	\$0.00

OFF BALANCE-SHEET ARRANGEMENTS

The Company has no off balance-sheet arrangements.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically relied upon equity financings and loans from directors to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

The Company has limited financial resources, no source of operating income and no assurance that additional funding will be available to it for current or future projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its exploration success. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

As at July 31, 2018, 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 and as amended on October 29, 2013, December 16, 2013, January 21, 2014, and February 21, 2014 for the acquisition of certain patented mineral claims in Nevada, comprised of the Eldorado Property, the Plumas Property (collectively, the "Phoenix Gold Properties"), the Company has the following commitment:
- (i) As part of the lease of the Plumas Property, the Company is required to make annual payments of \$45,560 (US\$35,000) on each anniversary date of April 23, 2014 for a period of 20 years. Future minimum lease payments are as follows:

2019	\$ 45,560
2020	45,560
2021	45,560
2022	45,560
2023	45,560
Thereafter	<u>683,400</u>
Total	\$ 911,200

The Company is currently in default of the Plumas Lease for failure to pay the 2015, 2016, 2017, and 2018 payment amounts under the terms of the lease and if the Company remains in default, Matlack may terminate the lease resulting in a loss of a 50% leasehold interest in the Plumas Property. The Company currently does not have sufficient funds to allocate for lease payments under the Plumas Lease.

- b) On December 4, 2015, the Company entered into a letter agreement (the "Letter Agreement") with Blue Creek Forest Products Ltd. ("Blue Creek") and its major shareholder, Four Rivers Resources Inc. ("FRRI"), which was subsequently amended effective May 27, 2016, August 19, 2016, December 23, 2016, March 31, 2017, September 19, 2017, September 20, 2017 and January 31, 2018 and contemplates a transaction that will result in a reverse takeover and change

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

of business of the Company by Blue Creek (the "Transaction"). The Transaction is subject to approval of the shareholders of the Company and approval of the Exchange. As amended on January 31, 2018, the closing of the Transaction is subject to number of conditions and is expected to be completed in Q1 2019. As part of the Transaction, the Company's Plumas Mineral Properties will be held in a newly incorporated wholly-owned subsidiary of the Company and spun out as a separate operating entity to create a new separate standalone reporting-issuer owned by the same shareholders of the Company in the same proportions. The Company agreed to 5-to-1 consolidation instead of the previously announced 20-to-1 consolidation.

Pursuant to the Letter Agreement, Blue Creek will have no more than 35,000,000 common shares issued and outstanding (45,000,000 common shares, fully diluted other than applicable brokers warrants under the concurrent financing for the Transaction and 25,000,000 performance warrants expected to be subject to escrow pursuant to the policies of the Exchange) inclusive of financings prior to or concurrent with the Transaction immediately prior to closing, and the Company is expected to have no more than 24,000,000 common shares issued and outstanding immediately prior to closing after taking into account certain other contemplated debt settlements necessary to occur prior to closing.

- c) On April 18, 2017, a company (the "Paying Company") owned and controlled by a director of the Company entered into a debt settlement agreement with one of the creditors of the Company. A total debt of \$168,568 (US \$137,125) was settled on behalf of the Company, which debt is now owed to that director's company. Pursuant to the settlement agreement, the Paying Company has taken over responsibility for repayment of the debt on behalf of the Company, and has provided security to the creditor including a promissory note from the Paying Company stipulating payment of the debt in six monthly instalments beginning on May 31, 2017. During the year ended January 31, 2018, the debt was fully paid by the Paying Company and the creditor relinquished its lien and removed title of the Plumas Property from its security for the debt.
- d) On April 18, 2017, the Company entered into a settlement and mutual release agreement with an Officer of the Company and America's Gold Exploration Inc., a company owned and controlled by the Officer of the Company. As a result of this agreement, all of the Company's liabilities to America's Gold Exploration Inc. were settled and released.
- e) On May 1, 2017, the Company entered into a mutual release agreement with an Officer and Director of the Company and Avonlea Ventures Inc., a company owned and controlled by the Officer and Director of the Company. As a result of this agreement, all of the Company liabilities to Avonlea Ventures Inc., including promissory notes of \$4,285 and advances from related companies of \$351,828 and management fees payable of \$424,702 were settled and released. The Company recognized the transaction on January 31, 2017.

FINANCING ACTIVITIES

On April 23, 2017, 7,772,000 subscription warrants originally issued on April 23, 2014 expired unexercised.

On April 23, 2017, 280,000 agent's options originally issued on April 23, 2014 expired unexercised.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

On August 21, 2017, 1,025,000 subscription warrants originally issued on August 21, 2014 expired unexercised.

On August 28, 2017, 847,500 subscription warrants originally issued on August 28, 2014 expired unexercised.

During the year ended January 31, 2018, 600,000 stock options originally issued on May 1, 2014 and 432,500 stock options originally issued on August 22, 2014 were forfeited as the consultants ceased to provide services to the Company.

RELATED PARTY BALANCES AND 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. Compensation awarded to key management is listed below:

	Six months ended July 31, 2018	Six months ended July 31, 2017
Management fees expensed	\$ -	\$ 18,000
Total	\$ -	\$ 18,000

For the six months ended July 31, 2018, the Company paid or accrued management fees of \$nil (July 31, 2017 - \$18,000) to 2238012 Ontario Inc., a company controlled by an officer of the Company.

These transactions are in the normal course of operations and are recorded at the exchange amount agreed to by the related parties.

As of July 31, 2018, the Company had advances from related company, which is owned and controlled by a director of the Company, in the amount of \$344,378 (January 31, 2018 – \$306,949). The advances are non-interest bearing, unsecured, and have no fixed term of repayment.

FINANCIAL INSTRUMENTS

As at July 31, 2018, the Company's financial instruments consist of other receivables, 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 these financial instruments approximate their carrying values due to the short-term nature of these instruments.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. Note 11 to the condensed interim consolidated financial statements for the three and six months ended July 31, 2018 and 2017 presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of its financial position and operations and that require management to make judgements, assumptions and estimates in the application of IFRS. Judgments, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change. The Company's significant accounting policies can be found in note 3 of the Company's condensed interim consolidated financial statements. The Company believes the followings are the critical accounting estimates used in the preparation of its consolidated financial statements.

Use of estimates

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 payment reserves, warrant reserves, valuation of short-term investments, valuation of mineral rights, 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.

Intangible assets: mineral rights

Under IFRS, the Company defers all cost relating to the acquisition and exploration of its mineral properties after the legal right to explore a property has been obtained, but before technical feasibility and commercial viability of the property has been established. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using unit-of-production method. The Company reviews the carrying value of its mineral properties for recoverability when events or changes in circumstances indicate that the properties may be impaired. If such a condition exists and the carrying value of a property exceeds the estimated net recoverable amount, provision is made for the impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The allocation of the Company's assets into CGUs requires judgement. A CGU recoverable amount is the higher of fair value less costs to sell and

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

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.

Share-based payment

The Company uses the fair value method, utilizing the Black-Scholes pricing model, for valuing stock options granted to directors, officers, and consultants. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-based payment reserve. 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. The fair value of options is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the options, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Warrants reserve

The Company uses the fair value method, utilizing the Black-Scholes pricing model, for valuing warrants. The fair value of warrants is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the warrants, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Fair value of equity settled transaction

IFRS 2 recommends that an entity shall measure any equity-settled share-based payment transactions directly at the fair value of the goods or services received. The Company issued warrants and options as part of the private placements and compensation payments to agents and brokers. The Company determined that the fair value of services received is not reliably measurable because the warrants attached to these transactions are not from the result of any services purchased by the Company. Also, fair values of services from agents and brokers are not reliably determinable because there is no similar open market for the services they provide, and the compensation is not based on a fixed market rate, but rather subject to negotiation by management. Lastly, it is common for exploration stage companies to provide share-based compensation as part of its equity and debt transactions in addition to a cash component. As such, management determined that the fair value of warrants rather than the fair value of services received should be used to determine the fair value of share-based transactions.

Income tax

The future income tax provision is based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years of differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets to the extent that it is more than likely that future income tax assets will not be realized. As a result, future earnings are subject to significant management judgement.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these consolidated financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated financial statements. This is not expected to be significant as the Company is currently not generating operating revenues.

IFRS 9 – Financial Instruments: The IASB published the final version of IFRS 9 in July 2014. The final standard brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets and provides additional guidance on how to apply the business model and contractual characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated financial statements.

IFRS 16 – Leases: On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is assessing the impact of adopting this standard on its consolidated financial statements.

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian regulatory filings prior to making an investment in the Company.

General

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and/or quality to return a profit from production.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

The Company is in the resource sector and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same industry. Some of the current risks include the following:

- (a) The Company has no history of earnings and will not generate earnings until production commences;
- (b) Any future equity financings by the Company for the purposes of raising additional capital may result in substantial dilution to the holdings of existing shareholders;
- (c) There can be no assurance that an active and liquid market for the Company's shares will develop and investors may find it difficult to resell their shares; and
- (d) The directors and officers of the Company will devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses, and as such, conflicts of interest may arise from time to time.

The Company's business is subject to exploration and development risks

The Phoenix Gold Properties are in the exploration stage and no known reserves have been discovered on such properties. At this stage, favourable results, estimates and studies are subject to a number of risks, including, but not limited to:

- the limited amount of drilling and testing completed to date;
- the preliminary nature of any operating and capital cost estimates;
- the difficulties inherent in scaling up operations and achieving expected metallurgical recoveries;
- the likelihood of cost estimates increasing in the future; and
- the possibility of difficulties procuring needed supplies of electrical power and water.

There is no certainty that the expenditures to be made by the Company in the exploration of the Phoenix Gold Properties described herein will result in discoveries of mineral resources in commercial quantities or that any of the Phoenix Gold Properties will be developed. Most exploration projects do not result in the discovery of mineral resources and no assurance can be given that any particular level of recovery of mineral resources will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of mineral resource ultimately discovered may differ from that indicated by drilling results. There can be no assurance that mineral resource recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as fire, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

The Company will continue to rely upon consultants and others for exploration and development expertise. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the costs of operations, fluctuations in markets, allowable production, importing and exporting of minerals and environmental protection.

Political Risk

The Company's property is located in Nevada, USA, and will be subject to changes in political conditions and regulations in that country. The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

USA regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. The Company's mineral exploration and mining activities in the USA may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or maintaining its licenses. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

A number of other approvals, licenses and permits may be required for various aspects of mine development. While the Company will use its best efforts to ensure title to the licenses and access to surface rights continue into the future, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. The Company is uncertain if all necessary permits will be maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulation or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on the Phoenix Gold Properties. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

Financing Risks

Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue 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

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

postponement of further exploration and development of its projects with the possible loss of such properties.

Fluctuating Price and Currency

The Company raises its equity primarily in Canadian dollars and will conduct its principal business and operation activities in and proposes to maintain certain accounts in Canadian dollars and United States dollars ("US dollars"). The Company's operations in the USA make it subject to foreign currency fluctuation and such fluctuations may adversely affect the Company's financial position and operating results.

Foreign Countries and Regulatory Requirements

Even if the Phoenix Gold Properties are proven to host economic reserves of gold and/or other mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. Any changes in regulations or shifts in political conditions in the USA are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Uninsurable Risk

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 Company 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 Company.

No Assurance of Surface Rights

The Company has represented that it has mineral property interests in the Phoenix Gold Properties. However, it remains possible that surface rights corresponding to the mineral properties may be subject to prior other rights or may be affected by undetected defects.

Permits and Licenses

The operations of the Company 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 industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and service providers. Factors beyond the control of the Company may affect the marketability of mineral substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to 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, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its investment capital.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

Environmental Risk

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, consultants and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. In addition, environmental risks may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. The Company intends to fully comply with all environmental regulations.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

DISCLOSURE ON INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated 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 consolidated financial statements; and (ii) the consolidated 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 accounting policies.

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 this 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.

OUTSTANDING SHARE DATA

The Company has an unlimited number of common shares authorized for issuance without par value. As at July 31, 2018 and September 27, 2018, there were 35,272,900 common shares issued and outstanding; 1,850,000 vested stock options issued and outstanding.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2018

Date: September 27, 2018

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, particularly statements regarding future economic performance and finances, plans, expectations and objectives of management, may constitute "forward-looking" statements which reflect our current views with respect to future events and financial performance. When used in this MD&A, such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "estimate", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms. These forward-looking statements are based on certain assumptions by management, certain of which are set out herein. The forward-looking statements appearing in this MD&A reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, all hazards and risks normally incidental to exploration, development and production of mineral resources, political instability and changes to existing government regulations including environmental regulations, ability to obtain adequate financing in future, the impact of global financial crisis, foreign currency fluctuations, ability to identify and integrate future acquisitions, reliance on key personnel and competition with other mineral industry companies for mineral concessions, claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and service providers.

All statements, other than of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. There are no assurances that the Company can fulfill such Forward-Looking Statements and the Company undertakes no obligation to update such statements.

Additional information on the Company can be found on SEDAR at www.sedar.com.