

**PHOENIX GOLD RESOURCES CORP.**

Suite 210 – 905 West Pender Street  
Vancouver, BC V6C 1L6  
Telephone: 416 227-3402  
Facsimile: 416 628-3801

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
PHOENIX GOLD RESOURCES CORP.**

**TO THE SHAREHOLDERS:**

An Annual General and Special Meeting (the “**Meeting**”) of the shareholders of Phoenix Gold Resources Corp. (“**Phoenix Gold**” or the “**Company**”) will be held at Suite 700 – 595 Burrard Street, Vancouver, British Columbia on **Thursday, May 16, 2019** at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive the audited financial statements of Phoenix Gold for the financial year ended January 31, 2015, January 31, 2016, January 31, 2017 and January 31, 2018 together with the auditor’s report thereon;
2. to appoint auditors for Phoenix Gold for the ensuing financial year and to authorize the directors to fix the remuneration to be paid to the auditors;
3. to fix the number of directors to be elected at the Meeting at three (3) and to elect directors to hold office until the next Annual General Meeting, as more particularly described in the accompanying management information circular (the “**Circular**”);
4. to ratify, confirm and approve the Company’s existing stock option plan described in the Circular as the “Existing Plan”;
5. to consider, and if thought fit, to pass, with or without variation, an ordinary resolution of disinterested shareholders authorizing the Company to approve the Debt Settlements, as described in the Company’s Circular;
6. to consider and, if thought fit, pass an ordinary resolution of disinterested shareholders approving the potential creation of a new control person resulting from certain debt settlement transactions as part of the Debt Settlements, as described in the Company’s Circular; and
7. to transact such other business as may properly come before the Meeting.

The Circular and a form of proxy (the “**Proxy**”) accompany this Notice of Meeting. The Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice of Meeting.

A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy holder to attend and vote in his or her place. If you are unable to attend the Meeting or any adjournment in person, please read the notes accompanying the enclosed form of Proxy and then complete, sign, and date the Proxy and return it within the time and to the location set out in the notes. Phoenix Gold’s management is soliciting the enclosed form of Proxy but, as set out in the notes, you may amend the Proxy if you wish by striking out the names listed and inserting in the space provided the name of the person you want to represent you at the Meeting.

**If you are a non-registered shareholder and have received this notice and accompanying Circular from your broker or another intermediary, please complete and return the voting instruction or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided to you.**

Please advise Phoenix Gold of any change in your address.

DATED at Vancouver, British Columbia, this 22<sup>nd</sup> day of March, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Paul Jones"*

\_\_\_\_\_  
**Paul Jones**

**President and Chief Executive Officer**

**PHOENIX GOLD RESOURCES CORP.**

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**MANAGEMENT INFORMATION CIRCULAR  
as of March 22, 2019 (unless otherwise noted)**

**MANAGEMENT SOLICITATION OF PROXIES**

**This Management Information Circular (the “Circular”) is furnished to you in connection with the solicitation of proxies by management of Phoenix Gold Resources Corp. (“we”, “us”, "Phoenix Gold" or the “Company”) for use at the annual general and special meeting (the “Meeting”) of shareholders (the “Shareholders”) of the Company to be held on Thursday, May 16, 2019 and at any adjournment of the Meeting. We will conduct the solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.**

**APPOINTMENT OF PROXY HOLDER**

**The persons named as proxy holders in the enclosed form of proxy are our directors or officers. As a Shareholder, you have the right to appoint a person (who need not be a Shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

**VOTING BY PROXY**

**The persons named in the accompanying form of proxy will vote or withhold from voting the common share of the Company (the "Phoenix Gold Shares") represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your Phoenix Gold Shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your Phoenix Gold Shares will be voted in favour of all matters.**

**The enclosed form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the respective Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Circular, Phoenix Gold's management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the management nominated proxy holders will vote the Phoenix Gold Shares represented by your proxy in accordance with their judgment.**

### RETURN OF PROXY

Shareholders are invited to complete the attached form of proxy and to send it to Computershare, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or to Phoenix Gold's head office at the address listed on the Notice of Meeting, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting.

### ADVICE TO NON-REGISTERED SHAREHOLDERS

Only Shareholders whose names appear on the records of our registrar and transfer agent, Computershare, or validly appointed proxy holders are permitted to vote at the Meeting. Most of our Shareholders are “non-registered” Shareholders because their Phoenix Gold Shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “**Nominee**”). If you purchased your Phoenix Gold Shares through a broker, you are likely a non-registered Shareholder.

Non-registered Shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “NOBOs”. Those non-registered Shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “OBOs”.

In accordance with the securities regulatory requirements, we will have distributed copies of the Meeting Materials, being the Notice of Meeting, this Circular, and the form of proxy directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. Phoenix Gold Shares held by Nominees can only be voted in accordance with the instructions of the non-registered Shareholder. Meeting Materials sent to non-registered Shareholders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “**VIF**”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered Shareholder is able to instruct the registered Shareholder (or Nominee) how to vote on behalf of the non-registered Shareholder. VIF's, whether provided by Phoenix Gold or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered Shareholders to direct the voting of the Phoenix Gold Shares which they beneficially own. Should a non-registered Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered Shareholder may request a legal proxy as set forth in the VIF, which will grant the non-registered Shareholder or his/her nominee the right to attend and vote at the Meeting. Non-registered Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

## REVOCATION OF PROXY

If you are a registered Shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of Phoenix Gold's registrar and transfer agent, Computershare, or to Phoenix Gold's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered Shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting Materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

We are authorized to issue an unlimited number of common shares without par value, of which 35,272,900 common shares were issued and outstanding as of March 22, 2019.

Persons who are registered Shareholders as of the close of business on March 22, 2019 will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every Shareholder and proxy holder will have one vote and, on a poll, every Shareholder present in person or represented by proxy will have one vote for each common share of the Company. In order to approve a motion proposed at the Meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution, and a majority of at least 66.7% (2/3) of the votes cast will be required to pass a special resolution.

To the knowledge of the Company's directors and executive officers, the following persons beneficially own, or control or direct, directly or indirectly, common shares (the "**Shares**") of the Company carrying more than 10% of the voting rights attached to the outstanding Shares as of March 22, 2019:

| Name of Shareholder        | Number of Shares Owned | Percentage of Issued and Outstanding Shares |
|----------------------------|------------------------|---|
| Glenn Laing <sup>(1)</sup> | 6,573,214              | 18.64%                                      |
| CDS & Co                   | 24,750,400             | 70.17%                                      |

<sup>(1)</sup> 3,487,500 Shares are held by Resource Hunter Capital Partners, of which Glenn Laing is the sole director. 1,800,000 Shares are held by Kroy Holdings Limited, of which Glenn Laing is the sole director. 1,285,714 Shares are held by Avonlea Ventures Inc., of which Glenn Laing is the sole director.

## ELECTION OF DIRECTORS

Directors of Phoenix Gold are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director. At the Meeting, Shareholders will be asked to pass the Directors' Resolution, being an Ordinary Resolution setting the number of directors at three (3), subject to increases permitted by Phoenix Gold's constating documents, and to elect directors for the ensuing year, as more particularly described below.

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below, all of whom are presently members of the Board of Directors. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the Shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them.

| <b>Name, Position &amp; Jurisdiction of Residence</b>   | <b>Employment History</b>  | <b>Director Since</b> | <b>Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised</b> |
|---|--|-----------------------|---|
| <b>Paul Jones</b> <sup>(1)(2)</sup><br><i>Golden, Colorado</i><br>CEO, President and Director | (See below for descriptions of principal occupations for the past five years.) | April 23, 2014        | Nil   |
| <b>Andrew Lee</b> <sup>(1)(2)</sup><br><i>Vancouver, British Columbia</i><br>Director         | (See below for descriptions of principal occupations for the past five years.) | April 23, 2014        | Nil   |
| <b>Walter Davidson</b> <sup>(1)(2)</sup><br><i>Vancouver, British Columbia</i><br>Director    | (See below for descriptions of principal occupations for the past five years.) | March 22, 2019        | Nil   |

(1) Denotes member of the Audit Committee. Mr. Davidson is the Chair.

(2) Denotes member of the Corporate Governance and Compensation Committee. Mr. Davidson is the Chair.

#### **Paul Jones – President, Chief Executive Officer and Director**

Mr. Jones has been President and CEO of the Company since March 22, 2019; and was Acting President and CEO of the Company since May 1, 2016. Mr. Jones was a director of Ecuador Gold and Copper Corp (TSXV: EGX) from February 2013 to November 2016. He was a director of GB Minerals Ltd. (formerly Plains Creek Phosphate Corporation) (TSXV: GBL) from April 2011 to May 2013 and the director of Glass Earth Gold Ltd. (TSXV: GEL) from October 2006 to March 2014. 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 – Director**

Mr. Lee is currently Chief Executive Officer and a director of Blue Creek Forest Products Ltd. ("Blue Creek") since 2015 and the Chief Executive Officer and a director of Four Rivers Resources Inc. ("Four Rivers") since 2012. Blue Creek is a forest products manufacturing company with operations in British Columbia and is majority owned by Four Rivers. Mr. Lee has also been a director of Green 2 Blue Energy Corp. (CSE: GTBE) since March 2018. In addition, Mr. Lee served as a director and a member of the audit committee for the mining exploration company, Ecuador Gold and Copper Corp (TSXV: EGX) and has been an independent director of it from August 2014 to June 2015. He also served as a director of a junior mining company, Megastar Development Corp. (TSXV: MDV) from March 2011 to November 2012 and as its Vice-President from June to November 2010 and from September 2011 to November

2012. Previously, Mr. Lee served as a director of Plains Creeks Mining Limited, a private company that went public through a reverse takeover of Resource Hunter Capital Corp. (now named GB Minerals Ltd.) (TSXV: GBL) in February 2011. 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 for the past six years, assisting with corporate development.

**Walter Davidson – Director**

Mr. Davidson was a director of GB Minerals Ltd. (TSXV: GBL), a Canadian mining exploration and development company focusing on development of its phosphate mineral project in Guinea-Bissau, West Africa From May 2012 to February 2018. In addition to serving as a Member of the Legislative Assembly of British Columbia, Canada for 16 years (1975 to 1991), Mr. Davidson was twice elected Speaker of the British Columbia Legislature over the period from 1982 to 1986. He has served on numerous Legislative Committees for the Province of British Columbia and was appointed as chairman to many of them. Mr. Davidson held office in the National Commonwealth Association which was a Canadian association of elected Canadian Provincial legislators. Between 1987 and 1988, he was appointed as chairman of Hazardous Waste Management Corporation, a British Columbia Crown Corporation. Prior to becoming a Member of the Legislative Assembly of British Columbia, Mr. Davidson graduated from the University of British Columbia with a Bachelor of Arts degree and was a City Planning Board Member for the City of Vancouver and director of the Vancouver Public Library. After leaving government, Mr. Davidson was, from 1995 to 1996, elected Chairman of Pine Valley Mining Corporation (formally Globaltex Industries Inc.), a publicly trading energy company at the time listed on the Vancouver Stock Exchange (as it then was). Mr. Davidson also served as a consultant to Accelerate Power Systems Inc., a public technology company (from 2001 to 2003) and as an advisor to Noble Metal Group Inc., a public mining exploration company (from 2003 to 2004), which were both listed on the TSX Venture Exchange (the "TSXV"). Mr. Davidson is currently semi-retired but provides business and corporate governance consulting services for mineral exploration and development companies and other business ventures. In 2002, Mr. Davidson was awarded the Queens Jubilee Medal for outstanding service to Canada.

*Cease Trade Orders and Bankruptcy*

To the knowledge of the Company's management, no proposed director of the Company:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director, CEO or CFO of any Company (including the Company) that:
  - (i) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any Company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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; or

- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 proposed director; or
- (d) 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
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**Management recommends the election of each nominee as a director of the Company to hold office until the Company's next annual general meeting. It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such Proxies FOR the election of each nominee as a director of the Company.**

#### EXECUTIVE COMPENSATION

Securities laws require that a "Statement of Executive Compensation" in accordance with Form 51-102F6V be included in this Information Circular. Form 51-102F6V prescribes the disclosure requirements in respect of the compensation of executive officers and directors of reporting issuers. Form 51-102F6V provides that compensation disclosure must be provided for the Chief Executive Officer and the Chief Financial Officer of an issuer and the most highly compensated executive officers whose total compensation exceeds \$150,000 for the two most recently completed financial years. Based on those requirements, the executive officers of the Company for whom disclosure is required under Form 51-102F6V are Paul Jones, President and CEO, and Sean Choi, CFO.

For the purpose of this Statement of Executive Compensation:

**"compensation securities"** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries (if any) for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries (if any);

**"NEO"** or **"named executive officer"** means:

- (a) each individual who served as chief executive officer ("**CEO**") of the Company, or who performed functions similar to a CEO, during any part of the most recently completed financial year,
- (b) each individual who served as chief financial officer ("**CFO**") of the Company, or who performed functions similar to a CFO, during any part of the most recently completed financial year,
- (c) the most highly compensated executive officer of the Company or any of its subsidiaries (if any) other than individuals identified in paragraphs (a) and (b) at the end of the most



recently completed financial year whose total compensation was more than \$150,000 for that financial year, and

- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or any subsidiary thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof:

| Name and position   | Year | Salary, consulting fee, retainer or commission <sup>(1)</sup> (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites <sup>(2)</sup> (\$) | Value of all other compensation (\$) | Total compensation (\$) |
|---|------|--|------------|--------------------------------|--|--------------------------------------|-------------------------|
| <b>Paul Jones</b> <sup>(3)</sup><br>CEO, President and Director | 2018 | Nil  | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
|   | 2017 | Nil  | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
| <b>Sean Choi</b><br>CFO   | 2018 | \$18,000   | Nil        | Nil                            | Nil                                      | Nil                                  | \$18,000                |
|   | 2017 | \$72,000   | Nil        | Nil                            | Nil                                      | Nil                                  | \$72,000                |
| <b>Andrew Lee</b><br>Director                                   | 2018 | Nil  | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
|   | 2017 | Nil  | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
| <b>Glenn Laing</b> <sup>(3)</sup><br>Former Director            | 2018 | Nil  | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |
|   | 2017 | Nil  | Nil        | Nil                            | Nil                                      | Nil                                  | Nil                     |

- (1) This figure includes the dollar value of cash and non-cash base salary each Named Executive Officer earned during the year ended January 31, 2018.
- (2) Perquisites and other personal benefits have not been included as they do not reach the prescribed threshold of the lesser of \$50,000 or 10% of the total annual salary.
- (3) Mr. Laing resigned as a director and officer of the Company on March 22, 2019, and Mr. Jones was appointed as President and CEO on March 22, 2019.

No director of the Company who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or expert.

### Stock Options and Other Compensation Securities

The following table sets out the compensation securities granted or issued to directors and NEOs by the Company or any subsidiary thereof in the year ended January 31, 2018 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

| Compensation Securities  |                               |   |                        |  |  |   |             |
|--|-------------------------------|---|------------------------|--|--|---|-------------|
| Name and position  | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) | Closing price of security or underlying security at year end (\$) | Expiry Date |
| Paul Jones <sup>(1)</sup><br>CEO,<br>President and<br>Director | none                          | none  | n/a                    | n/a                                      | n/a  | n/a   | n/a         |
| Sean Choi<br>CFO   | none                          | none  | n/a                    | n/a                                      | n/a  | n/a   | n/a         |
| Andrew Lee<br>Director   | none                          | none  | n/a                    | n/a                                      | n/a  | n/a   | n/a         |
| Glenn Laing <sup>(1)</sup><br>Former<br>Director               | none                          | none  | n/a                    | n/a                                      | n/a  | n/a   | n/a         |

(1) Mr. Laing resigned as a director and officer of the Company on March 22, 2019, and Mr. Jones was appointed as President and CEO on March 22, 2019.

### Exercise of Compensation Securities by Directors and NEOs

The following table sets out all stock options exercised by directors or NEOs during the year ended January 31, 2018:

| Exercise of Compensation Securities by Directors and NEOs      |                               |   |                                  |                  |   |  |                                   |
|--|-------------------------------|---|----------------------------------|------------------|---|--|-----------------------------------|
| Name and position  | Type of compensation security | Number of underlying securities exercised | Exercise price per security (\$) | Date of exercise | Closing price of security or underlying security on date of exercise (\$) | Difference between exercise price and closing price on date of exercise (\$) | Total value on exercise date (\$) |
| Paul Jones <sup>(1)</sup><br>CEO,<br>President and<br>Director | none                          | none                                      | n/a                              | n/a              | n/a   | n/a  | n/a                               |
| Sean Choi<br>CFO   | none                          | none                                      | n/a                              | n/a              | n/a   | n/a  | n/a                               |
| Andrew Lee<br>Director   | none                          | none                                      | n/a                              | n/a              | n/a   | n/a  | n/a                               |
| Glenn Laing <sup>(1)</sup><br>Former<br>Director               | none                          | none                                      | n/a                              | n/a              | n/a   | n/a  | n/a                               |

(1) Mr. Laing resigned as a director and officer of the Company on March 22, 2019, and Mr. Jones was appointed as President and CEO on March 22, 2019.

### Stock Option Plans and Other Incentive Plans

We have one equity compensation plan, being our stock option plan, which was approved by the Company's Shareholders on July 2, 2013 (the "**Existing Plan**"). We established the Existing Plan to assist us in attracting, retaining and motivating directors, executive officers, employees, consultants and management company employees, and to closely align the personal interests of those people with those of the Shareholders. The Board of Directors administers the Existing Plan. The Existing Plan provides that we may grant options, under option agreements and in accordance with the policies of the TSXV, to the following persons in consideration of their services to the Company:

- (a) directors, executive officers, and employees of the Company or a subsidiary;
- (b) employees of a company providing management services to the Company; or
- (c) consultants providing consulting services to the Company or a subsidiary.

The Board of Directors determined the number of Shares subject to each option within the guidelines established by the TSXV. The options enable the holders to purchase our Shares at a price fixed in accordance with the rules of the TSXV.

The Existing Plan provides that the total number of Shares reserved for issuance under the Existing Plan will not exceed 10% of our issued Shares on the date the Board of Directors grants an option under the Existing Plan.

The Board of Directors may grant options to purchase not more than a total 5% of the issued Shares to any one participant in any 12 month period, unless we become a Tier 1 Issuer within the meaning of the policies of the TSXV and we have obtained the approval of disinterested Shareholders.

The total number of options granted to either:

- (a) any one consultant; or
- (b) all employees and consultants conducting investor relations activities (within the meaning of the TSXV's policies),

cannot exceed 2% of our issued Shares within any 12 month period.

The total number of Shares reserved for issuance to insiders under options granted under the Existing Plan must not exceed 10% of our issued Shares.

We are prohibited under the Existing Plan from granting to insiders, within any 12 month period, a number of options that exceeds 10% of our issued Shares.

Under the Existing Plan, the Board of Directors must set the option price at not less than the last closing price of our Shares on the TSXV on the trading day immediately before the date of grant, less the discount permitted under the TSXV's policies. The maximum term of any option is ten years from the date of grant. We do not intend to provide financial assistance to holders of stock options to help them purchase our Shares under the Existing Plan. Any amendment to the Plan is subject to the approval of the TSXV and may also require Shareholder approval.

The following table sets out equity compensation plan information as at the end of the financial year ended January 31, 2019:

| <b>Plan Category</b>                                      | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b> | <b>Weighted average exercise price of outstanding options, warrants and rights (b)</b> | <b>Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b> |
|---|--|--|---|
| Equity compensation plans approved by securityholders     | 750,000  | \$0.10   | 2,777,290 <sup>(1)</sup>  |
| Equity compensation plans not approved by securityholders | Nil  | Nil  | Nil   |
| <b>Total</b>  | <b>750,000</b>   | <b>\$0.10</b>  | <b>2,777,290<sup>(1)</sup></b>  |

<sup>(1)</sup> Based on 35,272,900 Shares of the Company issued and outstanding as of March 22, 2019.

A copy of the Existing Plan is available for review on the Company's profile at [www.sedar.com](http://www.sedar.com) and at the registered offices of the Company, at 700 – 595 Burrard Street, Vancouver, BC, V7X 1S8 during normal business hours up to and including the date of the Meeting.

## **Employment, Consulting and Management Agreements**

For the year ended January 31, 2018, other than described above, the Company does not have any employment, consulting or management agreements or arrangements with any of the current NEOs or directors.

## **Oversight and Description of Director and NEO Compensation**

### *Philosophy and Objectives*

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to align executive compensation with Shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

Phoenix Gold's executive compensation program comprises three elements: base salary, bonus incentives and equity participation. The compensation program is designed to pay for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing Phoenix Gold's long-term growth strategy and delivering strong total Shareholder return performance.

Phoenix Gold reviews industry compensation information and compares its level of overall compensation with those of comparable sized mineral exploration companies. Generally, Phoenix Gold targets base management fees at levels approximating those holding similar positions in comparably sized companies in the industry and hopes to achieve competitive compensation levels through the fixed and variable components.

Phoenix Gold's total compensation mix places a significant portion of the executive's compensation at risk and relies heavily on the award of stock options. The design takes into account individual and corporate performance. Compensation practices, including the mix of base management fees, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends and support Phoenix Gold's long-term growth strategies. Due to the early stage of Phoenix Gold's development programs, the flexibility to quickly increase or decrease appropriate human resources is critical. Accordingly, Phoenix Gold does not enter into long-term commitments with its officers.

### *Base Compensation*

In the Board's view, paying base salaries or management fees which are competitive in the markets in which Phoenix Gold operates is a first step to attracting and retaining talented, qualified and effective executives. Base compensation is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

### *Bonus Incentive Compensation*

Phoenix Gold's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the executive meeting those strategic objectives and milestones, the executive's individual performance and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon comparable compensation levels based on recommendations of the Board as a whole, and such recommendations are generally based on survey data provided by independent consultants.

### *Equity Participation*

Phoenix Gold believes that encouraging its executives and employees to become Shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the Stock Option Plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

### *Option-Based Awards*

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of Phoenix Gold to achieve the long-term objectives of Phoenix Gold; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of Phoenix Gold; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire and increase proprietary interest in Phoenix Gold. Phoenix Gold awards stock options to its executive officers based upon the recommendation of the Board, which recommendation is based upon the Board's review of a proposal from the CEO. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation and amendments to the existing stock option plan are the responsibility of the Board, subject to compliance with applicable TSXV and regulatory requirements.

As part of this review, the Board noted the following factors which discourage the Company's executive officers from taking unnecessary or excessive risks:

- there is limited opportunity for the small management team to undertake unnecessary or excessive risk to maximize compensation at the expense of the Company;
- there are limited opportunities for executive officers to artificially inflate financial and operating performance of the Company to increase the value of equity awards to such persons;
- all of the directors are regularly apprised of the Company's financial position throughout the year;
- with respect to Paul Jones (President and CEO) and Sean Choi (CFO), there is an effective balance between cash and equity, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance;
- with respect to Paul Jones (President and CEO) and Sean Choi (CFO), the Company's approach to performance evaluation and compensation provides greater rewards to Paul Jones and Sean Choi achieving both short-term and long-term objectives; and
- incentive plan awards granted are not awarded upon the accomplishment of a task.

Based on this review, the Board believes that the compensation policies and practices do not encourage executive officers to take unnecessary or excessive risk.

Under the Company's compensation policies and practices, NEOs and directors are not prevented from purchasing financial instruments, including 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.

### **Pension Benefits**

The Company does not have a pension benefit arrangement under which the Company have made payments to the directors and or Named Executive Officers of the Company during its fiscal year ended January 31, 2018 or intends to make payments to the Company's directors or Named Executive Officers upon their retirement (other than the payments set out above and those made, if any, pursuant to the Canada Pension Plan or any government plan similar to it).

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

Phoenix Gold's only equity compensation plan is its Existing Plan, which was approved by Shareholders at the last annual general meeting of shareholders of the Company. See "*Stock Option Plans and Other Incentive Plans*" above.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to the Company or any of its subsidiaries at any time since the beginning of the most recently completed financial year and no other indebtedness remains outstanding as at the date of this Circular.

### **AUDIT COMMITTEE REQUIREMENTS**

Phoenix Gold is including the disclosure required by Form 52-110F2 of National Instrument 52-110 *Audit Committees* under this heading. As at its most recently completed financial year end of January 31, 2018, Phoenix Gold was a "venture issuer" under NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110.

#### **Audit Committee Charter**

The Audit Committee Charter, the text of which is attached as Schedule "A" to this Circular, was adopted by our Audit Committee and the Board of Directors.

#### **Composition of the Audit Committee**

| <b>Name of Member</b>      | <b>Independent under NI 52-110</b>      | <b>Financially Literate under NI 52-110</b>   |
|----------------------------|---|---|
| Walter Davidson<br>(Chair) | Yes                                     | Yes – Director of various publicly listed companies since before 2012.  |
| Paul Jones                 | No – President and CEO of Phoenix Gold. | Yes – Director of various publicly listed companies since 2005.   |
| Andrew Lee                 | Yes                                     | Yes – Mr. Lee has prior business knowledge gained during the course of his employment at the management and executive levels. |

## **Relevant Education and Experience**

### **Walter Davidson, Director**

Mr. Davidson was a director of GB Minerals Ltd. (TSXV: GBL), a Canadian mining exploration and development company focusing on development of its phosphate mineral project in Guinea-Bissau, West Africa From May 2012 to February 2018.

### **Paul Jones, CEO, President and Director**

Mr. Jones was a director of Ecuador Gold and Copper Corp (TSXV: EGX) since February 2013 until November 2016. He was a director of GB Minerals Ltd. (TSXV: GBL) from April 2011 to May 2013 and the director of Glass Earth Gold Ltd. (TSXV: GEL) from October 2006 to March 2014. 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 – Director**

Mr. Lee is the CEO and a director of Blue Creek Forest Products since 2015 and Four Rivers Resources Inc. since 2011, both private British Columbia forest products companies. He was formerly the Vice-President, Corporate Development of Megastar Development Corp. (TSXV: MDV) from June to November 2010 and Vice President from September 2011 to November 2012. Mr. Lee was as a director of Ecuador Gold and Capital Copper Corp. (TSXV: EGX) since August 2014 until June 2015, and has previously served as a director for a number of public companies, including Changyu Medtech Ltd., a Company formerly listed on the TSXV, from February 2012 to April 2012, Megastar Development Corp. from March 2011 to November 2012, and Eloro Resources Ltd. (TSXV: ELO) from July 2011 to October 2012. Previously, Mr. Lee served as a director of Plains Creeks Mining Ltd., a private Company that went public through a reverse takeover of Resource Hunter Capital Corp. (now named GB Minerals Ltd.) in February 2011. 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, assisting with financings and corporate development.

## **Audit Committee Oversight**

At no time since the commencement of Phoenix Gold's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Phoenix Gold's Board of Directors.

## **Reliance on Certain Exemptions**

At no time since the commencement of Phoenix Gold's most recently completed financial year has Phoenix Gold relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-Audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

## **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for engaging of non-audit services as described in the Audit Committee Charter set out in Schedule "A" to this Circular.



### External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the non-audited services provided to us by SF Partnership, LLP Chartered Accountants ("SFP") as of January 31, 2018. The aggregate fees incurred by Company for audit and non-audit services in the last two financial years are set out in the following table:

| Nature of Services                | Fees Paid or Accrued to SFP in<br>Year Ended January 31, 2018<br>(\$) | Fees Paid or Accrued to SFP in<br>Year Ended January 31, 2017<br>(\$) |
|-----------------------------------|---|---|
| Audit Fees <sup>(1)</sup>         | \$17,500  | \$20,000  |
| Audit-Related Fees <sup>(2)</sup> | Nil   | Nil   |
| Tax Fees <sup>(3)</sup>           | Nil   | Nil   |
| All Other Fees <sup>(4)</sup>     | Nil   | Nil   |
| <b>Total</b>                      | <b>\$17,500</b>   | <b>\$20,000</b>   |

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services

### CORPORATE GOVERNANCE

National Policy 58-201 *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers. National Instrument 58-101 Disclosure of Corporate Governance Practices prescribes certain disclosure by a reporting issuer of its corporate governance practices. The following sets out Phoenix Gold's approach to corporate governance and includes the disclosure required Form 58-101F2 of NI 58-101.

#### Board of Directors

The Board of Directors facilitates its exercise of independent supervision over management through frequent communication with the Board.

As of the date of this Circular, the following persons are directors of Phoenix Gold:

|                 |                 |
|-----------------|-----------------|
| Paul Jones      | Not Independent |
| Andrew Lee      | Independent     |
| Walter Davidson | Independent     |

- (1) Phoenix Gold considers a member of the Board as "Not Independent" if he has a direct or indirect "material relationship" with the issuer as set out in NI 52-110.

## Directorships

The current directors of the Company, who are also nominees to become directors of the Company for the ensuing year, are also directors of other reporting issuers (or equivalent in a foreign jurisdiction) as follows:

| <b>Directors</b> | <b>Other Reporting Issuers of which they are also currently a director</b> | <b>Name of Exchange or Market (if applicable)</b> |
|------------------|--|---|
| Paul Jones       | None.  | N/A   |
| Andrew Lee       | Mr. Lee has been a director of Green 2 Blue Energy Corp. since March 2018. | Canadian Securities Exchange, Frankfurt Exchange  |
| Walter Davidson  | None.  | N/A   |

## Orientation and Continuous Education

The Board of Directors is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of our business will be necessary and relevant to each new director. We provide continuing education for our directors as the need arises and encourage open discussion at all meetings, which format encourages learning by our directors.

## Ethical Business Conduct

The Board of Directors relies on the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of the Company. The Board of Directors has found that these, combined with the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest, have been sufficient.

## Nomination of Directors

The Board of Directors considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board of Directors does not have a nominating committee. The Board of Directors is responsible for recruiting new members to the Board and planning for the succession of Board members.

## Compensation

Members of the Board are not compensated for acting as directors, save for being granted incentive stock options pursuant to the policies of TSXV and the Company's stock option plan. The Compensation and Corporate Governance Committee advises the Board, and the Board as a whole determines the stock option grants for each director. The Compensation and Corporate Governance Committee reviews on an ongoing basis the compensation of the senior officers to ensure that it is competitive.

The Company's Compensation and Corporate Governance Committee Charter and Corporate Governance Policy are attached as Schedule "A" hereto.

### **Other Board Committees**

The Board has appointed an Audit Committee, the members of which are Walter Davidson, Paul Jones and Andrew Lee with Mr. Davidson being the Chair. A description of the function of the Audit Committee can be found in this Circular under "Audit Committee". The Board has also appointed a Compensation and Corporate Governance Committee, the members of which are Walter Davidson, Paul Jones, and Andrew Lee with Mr. Davidson being the Chair.

### **Assessments**

The Board collectively conducts informal annual assessments of the Board's effectiveness, its individual directors and its Audit Committee.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor, and as may otherwise be set out herein. See "Particulars of Matters to be Acted On".

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of the Company, proposed nominee for election as a director of the Company, or associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the beginning of our last financial year or in any proposed transaction, which has materially affected or will materially affect the Company, other than as disclosed under the heading "Particulars of Matters to be Acted On".

An "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a Person or company that is itself an informed person or subsidiary of the Company;
- (c) any Person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the Person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

## MANAGEMENT CONTRACTS

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person.

## PARTICULARS OF MATTERS TO BE ACTED ON

### APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be asked to pass the Auditor's Resolution appointing SF Partnership, LLP, as Phoenix Gold's auditor for the next ensuing year, to hold office until the close of the next annual general meeting of Shareholders or until the firm of SF Partnership, LLP is removed from office or resigns as provided by Phoenix Gold's constating documents, and authorizing Phoenix Gold's Board of Directors to fix the compensation of the auditor.

The complete text of the Auditor's Resolution which Phoenix Gold intends to place before the Meeting for approval, with or without modification, is as follows:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION THAT:**

1. SF Partnership, LLP, be appointed as Phoenix Gold Resources Corp.'s (“**Phoenix Gold**”) auditor for the ensuing year, to hold office until the close of the next annual general meeting of shareholders or until the firm of SF Partnership, LLP is removed from office or resigns as provided by Phoenix Gold's constating documents, and authorizing Phoenix Gold's board of directors to fix the compensation of the auditor; and
2. Any one or more directors and officers of Phoenix Gold be authorized to perform all such acts, deeds and things and execute, under seal of Phoenix Gold or otherwise, all such documents and other writings, as may be required to give effect to the true intent of these resolutions.”

### *Recommendation of Directors*

**The Company's Board of Directors unanimously recommends that Shareholders vote in favour of the Auditor's Resolution.**

**In order to pass the Auditor's Resolution, a simple majority of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.**

**Unless the Shareholder has specified in the enclosed form of proxy that the Phoenix Gold Shares represented by such proxy are to be withheld from voting on the Auditor's Resolution, the persons named in the enclosed form of proxy will vote FOR the Auditor's Resolution.**

## **APPOINTMENT OF DIRECTORS**

The complete text of the Directors Resolution which Phoenix Gold intends to place before the Meeting for approval, with or without modification, is as follows:

### **“BE IT RESOLVED, AS AN ORDINARY RESOLUTION THAT:**

1. The number of directors of the Phoenix Gold Resources Corp. (the “**Company**”) be fixed at three (3); and
2. The three (3) management nominees for directors, being Paul Jones, Andrew Lee and Walter Davidson be elected as directors of the Company to hold office until the earlier of the election of directors at the next annual general meeting or until their successors are elected or appointed.

### *Recommendation of Directors*

**The Company's Board of Directors unanimously recommends that Shareholders vote in favour of the Directors Resolution.**

**In order to pass the Directors Resolution, a simple majority of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.**

**Unless the Shareholder has specified in the enclosed form of proxy that the Phoenix Gold Shares represented by such proxy are to be withheld from voting on the Directors Resolution, the persons named in the enclosed form of proxy will vote FOR the Directors Resolution.**

## **ANNUAL APPROVAL OF EXISTING PLAN**

The Existing Plan is a rolling maximum stock option plan providing for the number of Shares of the Company reserved for issuance under such plan to be equal to 10% of the Company's issued and outstanding Shares at the time of any option grant. In accordance with the policies of the TSXV, rolling stock option plans must receive Shareholder approval annually. Accordingly, at the Meeting, Shareholders will be asked to re-approve the Existing Plan.

The Existing Plan is intended to provide the Board with the ability to issue options to provide the employees, consultants, officers and directors of the Company with long-term equity-based performance incentives which are a key component of the Company's executive compensation strategy. The Company believes it is important to align the interests of management and employees with Shareholder interests and to link performance compensation to enhancement of Shareholder value. This is accomplished through the use of options whose value over time is dependent on market value.

The Existing Plan incorporates the following terms and conditions:

1. The aggregate number of Shares which may be issued pursuant to options granted under the Plan, unless otherwise approved by Shareholders, may not exceed that number which is equal to 10% of the Shares of the Company issued and outstanding at the time of the grant.
2. The number of Shares subject to each option will be determined by the Board, provided that the aggregate number of Shares reserved for issuance pursuant to options granted to:

- (a) insiders during any 12-month period may not exceed 10% of the issued Shares of the Company unless the grant is approved by a majority of the votes cast by disinterested Shareholders;
- (b) any one individual during any 12-month period may not exceed 5% of the issued Shares of the Company unless the Company is listed on Tier 1 of the TSXV and has obtained the approval of the disinterested Shareholders;
- (c) any one consultant during any 12-month period may not exceed 2% of the issued Shares of the Company;
- (d) all persons employed to provide investor relations activities (as a group) may not exceed 2% of the issued Shares of the Company during any 12-month period;

in each case calculated as at the date of grant of the option, including all other Shares under option to such person at that time.

3. Options may be exercisable for a period of ten years from the date of grant. The options are non-assignable and non-transferable. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Existing Plan or within 90 days after ceasing to be an eligible optionee, (30 days in the case of a person engaged in investor relations activities), immediately in the case for dismissal from employment or service for cause, or, if the optionee dies, the earlier of the expiry date and the date which is six months after the date of death, provided that the Board, in its discretion may extend the date of exercise to the earlier of the expiry date and one year from the date of the optionee's death.

4. If the normal expiry date of any option falls within any blackout period or within 10 business days following the end of any blackout period, then the expiry date of such options shall, without any further action, be extended to the date that is 10 business days following the end of such blackout period.

5. The Company can demand the payment of cash (or sell Shares issued upon exercise of an option), as may be necessary to satisfy the Company's tax withholding obligations on behalf of any person exercising options.

6. To make such other "house-keeping" changes as may be requested by the TSXV.

The foregoing is only a summary of the salient features of the Existing Plan. A copy of the Existing Plan may be inspected at the Company's registered office at 700 – 595 Burrard Street, Vancouver, BC, V7X 1S8 during normal business hours and at the Meeting. In addition, a copy of the Existing Plan will be mailed, free of charge, to any holder of Shares who requests a copy, in writing, from the Corporate Secretary of the Company. Any such requests should be mailed to the Company, at its registered office, to the attention of the Corporate Secretary.

Accordingly, Shareholders will be asked to pass an ordinary resolution, in substantially the following form, to re-approve the Existing Plan:

**“BE IT RESOLVED, as an ordinary resolution, that:**

- 1. the stock option plan (the “**Existing Plan**”) as described in the Information Circular dated March 22, 2019 be and is hereby approved, subject to the acceptance for filing thereof by the TSX Venture Exchange and the grant of options thereunder in accordance therewith, be approved;
- 2. the number of Common Shares reserved for issuance under the Existing Plan shall be no more than 10% of the Company's issued and outstanding share capital at the time of any stock option grant;

3. the Board of the Company be authorized to make any changes to the Existing Plan as may be required or permitted by the TSX Venture Exchange;

4. any director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing; and

5. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the Existing Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors.”

#### *Recommendation of Directors*

**The Company's Board of Directors unanimously recommends that Shareholders vote in favour of the Existing Plan Resolution.**

**In order to pass the Existing Plan Resolution, a simple majority of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.**

**Unless the Shareholder has specified in the enclosed form of proxy that the Shares represented by such proxy are to be voted against the Existing Plan Resolution, the persons named in the enclosed form of proxy will vote FOR the Existing Plan Resolution.**

#### **APPROVAL OF DEBT SETTLEMENTS**

Recognizing the need to conserve capital and improve the Company's balance sheet while financing for junior exploration companies remains difficult, the Board resolved on March 22, 2019, subject to disinterested Shareholder approval and approval of the TSXV, to issue Shares (the “**Debt Settlement Shares**”) as payment for outstanding debt (the “**Debt**”) in the aggregate amount of \$665,000 owing by the Company to certain creditors (the “**Creditors**”), including arm's length creditors (the “**Arm's Length Creditors**”) and two of the Company's directors and officers (the “**Related Party Creditors**”). It is proposed that an aggregate of 12,547,170 Debt Settlement Shares be issued at a price of \$0.053 per Debt Settlement Share (the “**Settlement Price**”) to the Arm's Length Creditors and Related Party Creditors (the “**Debt Settlements**”). The Settlement Price was established at the discounted market price of 25% below the post-consolidation market price giving effect to the then proposed 7-to-1 consolidation (the “**Consolidation**”) of the Company's Shares as of the date first announcing the then proposed Consolidation and Debt Settlements on March 22, 2019, which is the effective date of the debt settlement agreements between the Company and the Creditors, as well as the record and effective date of this Circular.

Under the proposed Debt Settlements, \$85,000 in unpaid management fees accrued from July 2014 to April 2017 owing to a related party to the Company, Sean Choi, the Company's Chief Financial Officer, would be settled by issuance of 1,603,774 Debt Settlement Shares and all of his other remaining unpaid management fees would be waived. Mr. Choi is proposing to assign \$70,000 of the debt to be settled to arm's length third parties who will settle the debt in exchange for Debt Settlement Shares at the Settlement Price. Accordingly, Mr. Choi's percentage ownership of the Company would increase from 2.19% to 2.62% on a non-diluted basis (2.24% to 2.36% partially diluted). Similarly, debt totalling

\$232,017 owing to another related party, Andrew Lee, a director of the Company, who has been paying arm's length third party creditors of the Company for over three years, would be settled by issuance of 4,377,679 Debt Settlement Shares. After taking into account assignment of \$23,517 in debt from Mr. Lee to arm's length third parties, Mr. Lee would increase his percentage ownership in the Company from 0% to 22.4% (on a non-diluted and partially basis).

**Proposed Debt Settlements:**

| <b>Creditors:</b>                 | <b>Sean Choi<sup>(1)</sup></b><br>(Chief Financial Officer)                            | <b>Andrew Lee<sup>(2)</sup></b><br>(Director)  | <b>Arm's Length Creditors<sup>(3)</sup></b>   |
|-----------------------------------|--|--|---|
| Nature of Debt:                   | Accrued management consulting fees from July 2014 to April 2017.                       | Repayment of advances made by Andrew Lee for payment of legal fees and disbursements owing by the Company. | Debt results from:<br>(a) assignments from Sean Choi and Andrew Lee;<br>(b) repayment of advances made on behalf of the Company for payments to arm's length third parties for the Company's accounts payable; and<br>(c) arm's length service provider fees. |
| Amount of Debt:                   | \$85,000<br>[1,603,774 Shares]<br>less assigned (\$70,000)<br>Debt remaining: \$15,000 | \$232,017<br>[4,377,679 Shares]<br>less assigned (\$23,517)<br>Debt remaining: \$208,500                   | (a) \$93,517<br>(b) \$346,483<br>(c) \$1,500<br>Total Debt: \$441,500   |
| Number of Debt Settlement Shares: | 283,018 Shares   | 3,933,962 Shares   | 8,330,019 Shares  |

**Notes:**

- (1) Under the proposed Debt Settlement with Sean Choi and his personal services company, 2238012 Ontario Inc., \$85,000 in unpaid management fees from July 2014 to April 2017 would be settled by issuance of 1,603,774 Debt Settlement Shares and his remaining unpaid management fees will be waived. As a result of assignment of \$70,000 of that Debt to arm's length third parties who will convert the assigned Debt into Debt Settlement Shares, Mr. Choi's personal services company would convert the remaining \$15,000 of the Debt into 283,018 Debt Settlement Shares. As a result, Mr. Choi's beneficial ownership in the Company would increase from 2.19% to 2.62% on a non-diluted basis (2.24% to 2.36% partially diluted).
- (2) Under the proposed Debt Settlement with Andrew Lee, Debt of \$232,017 would be settled by issuance of 4,377,679 Debt Settlement Shares. As a result of an assignment of \$23,517 of that Debt to arm's length third parties who will convert the assigned Debt into Debt Settlement Shares, Mr. Lee would convert the remaining \$208,500 of the Debt into 3,933,962 Debt Settlement Shares. As a consequence, Mr. Lee's percentage ownership on the Company would increase from 0% to 22.4% (on a non-diluted and partially diluted basis), resulting under applicable securities laws in the creation of a new control person.
- (3) Under the Debt Settlement with other Arm's Length Creditors, Debt totalling \$441,500 would be settled by issuance of 8,330,000 Debt Settlement Shares wherein no single such Arm's Length Creditor would acquire 10% or more of the then issued and outstanding Shares of the Company. The \$441,500 Debt is comprised of \$93,517 (\$70,000 assigned from Sean Choi and \$23,517 assigned from Andrew Lee), \$346,483 resulting from payments made by a company named Four Rivers Resources Inc. ("FRRRI") as advances on behalf of the Company for payments to arm's length third parties to pay the Company's accounts payables, and \$1,500 to an arm's length service provider. The \$93,517 portion of the Debt was assigned \$58,517 to FRRRI and \$35,000 to unrelated arm's length third parties who agreed to settle their respective portions of the Debt directly under the Debt Settlement. Andrew Lee is a director and officer of FRRRI and is also a director of the Company and as such FRRRI may be considered related party to Andrew Lee and then by extension to the Company. FRRRI subsequently assigned the Debt it held as part of its private company reorganization to its shareholders, who are all arm's length to the Company and all agreed to settle their respective portions of the Debt directly under the Debt Settlement. The remaining \$1,500 Debt resulted from services rendered by an arm's length consultant who has agreed to settle the Debt directly under the Debt Settlement.



In accordance with the policies of the TSXV, the Company is seeking Shareholder approval for the issuance of common shares relating to the above proposed Debt Settlements. Pursuant to the policies of the TSXV, the proposed Debt Settlements requires the approval of a majority of the disinterested Shareholders of the Company who vote on the applicable resolution at a meeting of the Shareholders called for that purpose. Andrew Lee, a director of the Company and Sean Choi, the Chief Financial Officer of the Company are related parties to the Company (collectively, the “**Related Parties**”), and neither they nor their holding corporations, associates and affiliates will be entitled to vote on the resolution to approve the proposed Debt Settlements.

### ***Related Party Rules***

The Company is a reporting issuer in British Columbia, Alberta and Ontario and the Debt Settlement is also subject to *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), a multilateral instrument of the Canadian Securities Administrators intended to regulate certain transactions to ensure the protection and fair treatment of minority security holders. MI 61-101 requires, in certain circumstances, enhanced disclosure, approval by a majority of security holders excluding interested or related parties and the preparation of independent valuations and approval.

The protections afforded by MI 61-101 apply to “related party transactions” (as such term is defined in MI 61-101). The Debt Settlement is a “related party transaction” under MI 61-101 as the Company is proposing issuing Shares to an insider of the Company qualifying as a “related party” (as such term is defined in MI 61-101). Each of the officers and directors of the Company and their affiliates (as well as the Related Parties set out above and their affiliates) is a “related party” to the Company.

While the Debt Settlements constitutes a “related party transaction” under MI 61-101, the Company is not subject to the requirement to obtain a formal valuation. The Company is exempt from such requirements in MI 61-101 since: (i) its Shares are not listed on any of the “Specified Markets” in Section 5.5 of MI 61-101; and (ii) there were no prior valuations in respect of the Company that relate to or are otherwise relevant to the Debt Settlements.

### ***Shares-for-Debt Resolution***

In accordance with TSXV policies and MI 61-101, disinterested Shareholders of the Company will be asked to approve the following resolution authorizing the Debt Settlements:

“**BE IT RESOLVED** as an ordinary resolution of the disinterested shareholders of the Company that:

1. Subject to the approval of the TSX Venture Exchange, the Company be and is hereby authorized to issue, at such time as the directors of the Company may, in their sole discretion determine, up to an aggregate of 12,547,170 common shares of the Company, in lieu of up to an aggregate of \$665,000 of cash consideration in settlement of certain debts owing in respect of management fees, advances made on for and on behalf of the Company, including for payment of legal fees, disbursements, and to other arm's length third party service providers (including auditor fees, the TSX Venture Exchange fees, and transfer agent fees) of up to \$665,000 at a rate of \$0.053 per common share (the “**Debt Settlements**”); and
2. Any one director or officer of the Company is hereby authorized to execute (whether under the corporate seal of the Company or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with these resolutions, the execution of any such document or the doing of any such other act or thing by an director or officer of the Company being conclusive evidence of such determination.”

In accordance with the requirement to obtain disinterested Shareholder approval, Shares beneficially owned by the Related Parties, or by their associates or affiliates (as such terms are defined in the TSXV policies) will not be eligible to vote on this resolution. As at the date hereof, the Related Parties and their associates or affiliates own or control, directly or indirectly, in the aggregate 773,099 Shares representing approximately 2.19% of the issued and outstanding Shares of the Company.

#### ***Directors Approval and Recommendation***

The Board unanimously approved proceeding with the settlement of the Debt owed pursuant to the Debt Settlements (with Andrew Lee (i) having declared and fully disclosed the nature and extent of his interests, (ii) having refrained from attending or participating in that part of the Meeting in which the proposed transaction was discussed and (iii) having not voted thereon).

**The Company's board of directors recommends that Shareholders vote "FOR" the approval of the Debt Settlements resolution. In the absence of contrary instructions, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the approval of the Debt Settlements resolution.**

**Unless a proxy specifies that the Shares it represents are to be voted against the Debt Settlements resolution or the proxy is from the Related Parties named above or an associate, affiliate or holding company related thereto, the proxies named in the accompanying form of proxy intend to vote in favour of the Debt Settlements resolution.**

#### **CREATION OF NEW CONTROL PERSON**

The Company is currently indebted to Andrew Lee, in the amount of \$267,710 representing the legal fees and disbursements that have accrued since 2014 and paid by Andrew Lee on behalf of the Company. The Company wishes to convert \$208,500 of such Debt into an aggregate amount of 3,933,962 post-Consolidation Shares in the capital of the Company at a deemed price of \$0.053 per Share (the "**Debt Conversion**").

Following the Consolidation and the proposed closing of the Debt Conversion together with the Debt Settlements, Andrew Lee will beneficially own, directly and indirectly, an aggregate 3,933,962 post-Consolidation Shares, representing approximately 22.4% of the issued and outstanding Shares of the Company.

As defined by the Exchange, a "Control Person" is any person or company that holds or is one of a combination of individuals 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 shares of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

Pursuant to the TSXV's policies, if a transaction will result in the creation of a new Control Person, the TSXV requires the Company to obtain disinterested Shareholder approval of the transaction. "Disinterested Shareholder approval" means that while Shareholder approval may be obtained by ordinary resolution at the Meeting, the votes attached to the Shares held by the new Control Person and its associates and affiliates will be excluded from the calculation of any such approval.

### ***Creation of a New Control Person Resolution***

In accordance with TSXV policies, disinterested Shareholders of the Company will be asked to approve the following resolution authorizing the creation of a new Control Person:

“BE IT RESOLVED as an ordinary resolution of the disinterested shareholders of the Company that:

1. The creation of a new Control Person of the Company, as such term is defined in the policies of the TSX Venture Exchange, being Andrew Lee, resulting from the completion of the settlement of \$208,500 in debt by issuance of 3,933,962 common shares of the Company (following the completion of a 7-to-1 share consolidation announced by the Company on March 22, 2019) at a price of \$0.053 per share, is hereby authorized and approved;
2. Any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such further agreements, documents and instruments and do all such other acts and things as such director or officer may determine to be necessary or advisable for the purpose of giving full effect to the provisions of this resolution, the execution and delivery by such director or officer of any such agreement, document or instrument or the doing of any such act or things being conclusive evidence of such determination.
3. Notwithstanding the foregoing approval, the directors of the Company be and are hereby authorized to abandon all or any part of these resolutions at any time prior to giving effect thereto without further notice to or approval of the shareholders of the Company.”

This resolution must be passed by a majority of not less than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting, excluding the votes associated with the Shares held by Andrew Lee, and his associates and affiliates.

In the absence of a contrary instruction or if no choice is specified, the persons named on the proxy intend to vote any Shares represented by such proxy FOR the approval of the creation of a new Control Person.

### ***Directors' Approval and Recommendation***

**The Company's board of directors recommends that Shareholders vote “FOR” the approval of the creation of a new control person. In the absence of contrary instructions, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the approval of the creation of a new control person.**

**Unless a proxy specifies that the Shares it represents are to be voted against the creation of a new control person resolution or the proxy is from the Related Parties named above or an associate, affiliate or holding company related thereto, the proxies named in the accompanying form of proxy intend to vote in favour of the creation of a new control person resolution.**

### **OTHER MATERIAL FACTS**

Management of Phoenix Gold knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting for Phoenix Gold. Should any other matters properly come before the Meeting, the Shares represented by the Proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by proxy. There are no material facts about Phoenix Gold which are not otherwise disclosed in this Circular.

### **BOARD APPROVAL**

Phoenix Gold's Board of Directors has approved the delivery of this Circular to the Shareholders.

### **ADDITIONAL INFORMATION**

Additional information about Phoenix Gold is located on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in Phoenix Gold's comparative financial statements and MD&A. Shareholders may contact Phoenix Gold to request copies of the applicable financial statements and MD&A at the following address:

PHOENIX GOLD RESOURCES CORP.  
210-905 Pender Street  
Vancouver, British Columbia V6C 1L6

DATED at Vancouver, British Columbia, this 22<sup>nd</sup> day of March, 2019.

### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Paul Jones"

**Paul Jones**

## **SCHEDULE "A"**

### **COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE CHARTER**

#### **I. PURPOSE**

The Compensation and Corporate Governance Committee (the "Committee") of Phoenix Gold Resources Corp. (the "Corporation") is comprised of a majority of independent Directors and is responsible for the development and supervision of the Corporation's approach to compensation for directors, officers and senior management as well as bonuses and any increases in compensation to employees or staff that would have a material impact on the Corporation's expenses. In addition, the Committee is also responsible for the development and supervision of the Corporation's approach to corporate governance issues. This Charter should be read in conjunction with the Corporate Governance Policy of the Corporation, which is attached hereto as Appendix "A".

#### **II. COMPOSITION AND TERMS OF OFFICER**

- A. The Committee shall be appointed by the Board. It is comprised of not less than three Directors, a majority of whom will be independent Directors.
- B. The Chair of the Committee shall be appointed by the Board.
- C. The CFO, or such other designate of the President and CEO, will act as the management liaison for the Committee.
- D. The Committee shall meet as required.
- E. Members of the Committee are appointed for a one year term at the first meeting of the Directors of the Corporation following the annual general meeting.
- F. The quorum for the Committee is a majority.

#### **III. DUTIES AND RESPONSIBILITIES**

The Committee shall:

##### **A. Compensation Duties**

(1) Review and make recommendations regarding compensation issues, in particular;

- (i) compensation philosophy and policies;
- (ii) competitive positioning;
- (iii) annually review the performance of the President and CEO and the CFO on behalf of the Board;
- (iv) make recommendations to the Board for payments and awards to Senior Officers under the Corporation's salary and incentive plans;
- (v) make recommendations to the Board for annual aggregate incentive compensation payouts to management, including security based compensation arrangements, and profit sharing to employees; and

- (vi) make recommendations to the Board regarding Director compensation.

(2) Review:

- (i) senior management succession planning;
- (vii) senior management development and training; and
- (viii) significant changes in organizational structure.

B. Corporate Governance Duties

Recommend to the Board on matters of corporate governance, including

- (i) composition of the Board and its Committees;
- (ii) orientation program for new Directors;
- (iii) education program for Directors;
- (iv) annually review the Corporate Governance Manual, including Administrative Guidelines for the Board and the Terms of Reference for Directors, the President and CEO, and the Committees and make recommendations to the Board for approval;
- (v) take reasonable steps to ensure that the Nominating Sub-Committee, comprised of the Chair of the Compensation and Corporate Governance Committee, the Chair of the Audit Committee and other available Board Committee chairs, makes nominations as to proposed Directors, members and chairs of Board Committees, and makes nominations, for Board approval, to fill vacancies throughout the year;
- (vi) review on an annual basis the appropriate skills and characteristics required of Directors in the context of the current Board and the objectives of the Corporation;
- (vii) review the need for formal evaluation processes for the individual director Board and Committees, and develop and implement same;
- (viii) report to the Board annually that Directors have executed the Code of Conduct Agreement;
- (ix) annually compare the Corporation's corporate governance practices against those recommended or required by any applicable regulatory body or securities exchange requirement. Take reasonable steps to ensure that the Corporation meets all requirements and, where the Corporation's practices differ from recommended practices, recommend to the Board whether this situation continues to be in the best interests of the Corporation; and
- (x) develop, for approval by the Board, an annual report of the Corporation's governance practices. This report shall include adequate detail to meet or exceed any regulatory or legal governance disclosure requirements in addition to any additional disclosure the Board deems important. The Committee shall communicate with other Board committees as necessary regarding disclosure of items under their respective mandates.

C. Minutes.

Ensure for each meeting that minutes are recorded, drafted and circulated on a timely basis to committee members.

**IV. LONG TERM INCENTIVE PLANS**

- A. The Compensation and Corporate Governance Committee will, from time to time, establish parameters and guidelines for the Stock Option Plan Administrator pertaining to the magnitude (range) and frequency of security based compensation arrangements for eligible new hires and other employees including extending option periods or changing vesting provisions.
- B. The Compensation and Corporate Governance Committee will establish parameters and guidelines for any other form of long term incentive plan that may be used by the Corporation.

## **Appendix “A” to Schedule “A”**

### **CORPORATE GOVERNANCE POLICY**

#### **OBJECTIVE AND SCOPE**

The objective of this Corporate Governance Policy is to clearly articulate the Phoenix Gold Resources Corp.’s (the “Corporation” or “Phoenix Gold Resources Corp.” as the context requires) governance policy and its practice among the Corporation’s Board of Directors (“Board”) and senior management. Set forth below is a description of the Corporation’s approach to governance including the constitution and independence of the Board, the functions to be performed by the Board and its committees, and the effectiveness of the administration by Board members.

It is the duty of directors to act in good faith to reasonably ensure that adequate compliance procedures are in place to avoid and uncover violations that could lead to liability for the Corporation.

To be adequate, information and reporting systems must be capable of providing senior management and the Board with timely and accurate information.

#### **MANDATE OF THE BOARD OF DIRECTORS**

The Board has overall responsibility for the stewardship of the Corporation, as more particularly described in the Charter of the Board, a copy of which is available from the Corporation.

#### **COMPOSITION AND SIZE OF THE BOARD OF DIRECTORS**

The Board will:

- A. examine the size of the Board with a view to determining the impact of the number of directors upon the effectiveness of the Board; and
- B. determine the status of each director as a related or unrelated director<sup>1</sup>, based on each director’s relationship with the Corporation:
  - (i) determine the status of each Director as dependent or independent<sup>2</sup> when considering Audit Committee composition; and
  - (ii) to the extent practicable, take steps to ensure that a majority of the directors qualify as reasonably independent and unrelated directors.

The Board will disclose annually whether or not the Board has a majority of independent directors and whether the Board is constituted with the appropriate number of directors who are not related to the Corporation or a significant shareholder. It will also disclose annually the analysis of the application of the principles it used in supporting its conclusion.

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<sup>1</sup> An unrelated director is a director who is independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from the holding of shares of the Corporation.

<sup>2</sup> An independent director is a director who is not an employee or officer of the Corporation and is not receiving remuneration from the Corporation beyond directors’ fees. In the context of the Audit Committee, as defined in Multilateral Instrument 52-110, no material relationship with the Corporation is a further requirement.



The Board, through a sub-committee of the Compensation and Corporate Governance Committee (the “Nominating Sub-Committee”), in determining its composition, shall be mindful of the nature of its business and the specialized knowledge that the Board should possess or acquire.

#### *Independence of the Board of Directors*

In order that the Board can function independently of management, it will seek to maintain an equal or majority of the Board as independent and unrelated.

The Chairman of the Board should take such reasonable steps to ensure that the Board:

- A. understands the boundaries between the Board and management responsibilities;
- B. addresses its responsibilities under this Corporate Governance Policy; and
- C. meets on a regular basis without management present.

#### **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of the Corporation currently provides for three committees of the Board described below, although it may appoint other committees or create sub-committees as needed.

The Corporation’s corporate governance practices require that committees of the Board generally be composed of directors, a majority of whom are both independent directors and unrelated directors.

The Committees of the Board include:

- 1. Audit Committee; and**
- 2. Compensation and Corporate Governance Committee.**

#### **DECISIONS REQUIRING PRIOR APPROVAL BY THE BOARD OF DIRECTORS**

The Board may delegate to senior management or to a committee of the Board certain of its authorities, but it will maintain policies with respect to matters that cannot be delegated and that require prior approval of the Board. These policies, and the understanding between management and the Board through previous Board practice and accepted legal practice, will require that the Corporation’s annual strategic, operating and capital plans, significant capital expenditures and all transactions or other matters of a material nature or dealing with non-arm’s length parties must be presented by management for approval by the Board.

#### **NEW DIRECTORS**

New directors, as part of the orientation program, meet with senior management to discuss the business of the Corporation and receive historical and current operating and financial information and may tour offices and locations of the Corporation.

#### **SHAREHOLDER FEEDBACK AND CONCERNS**

In addition to the information provided to shareholders in connection with the annual general meeting of shareholders and the continuous disclosure requirements of securities regulatory authorities, the Corporation maintains a policy of ongoing communication with investors and representatives of the investment community, which the Board should be familiar with.

## **EXPECTATIONS OF MANAGEMENT**

The Board will determine its expectations of senior management and take reasonable steps to ensure that senior management understands these expectations.

As part of the ongoing process of monitoring the performance of management, the Board will receive operational updates at each Board meeting. These updates will compare actual performance to the Corporation's annual plans and include discussion of all significant variances.

## **DISCLOSURE POLICY**

The Corporate Disclosure Policy is available upon request from the Corporation. Its purpose is to ensure, in so far as is practicable, that all material issues relating to the Corporation are adequately communicated to shareholders and other stakeholders, and includes provisions regarding the release of annual and quarterly reports and press releases. It is reviewed annually by the Board.

In addition to annual general meetings, meetings will be held from time to time in each year between management and various investors, investment analysts, credit rating agencies and financial institutions. Selective disclosure to investors and investment analysts will not be permitted and the Corporate Disclosure Policy contains measures to prevent this from occurring.

## **QUIET PERIOD**

The Corporation has adopted a quiet period in accordance with the recommended guidelines set out in National Policy 51-201 during which no earnings guidance or comments with respect to the current quarter's operations or expected results will be provided to analysts, investors or other market professionals. The quiet period will run between the first day of the month following the quarter end and the release of a quarterly earnings announcement. Communications that may occur during the quiet period must be limited to responding to inquiries concerning publicly available or non-material information.

## **SCHEDULE "B"**

### **AUDIT COMMITTEE CHARTER**

The audit committee (the "**Committee**") of Phoenix Gold Resources Corp. (the "**Corporation**") is a committee of the board of directors of the Corporation (the "**Board**"). The role of the Committee is to:

- provide oversight of the Corporation's financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Corporation, its subsidiaries and associated companies;
- helping directors meet their responsibilities, facilitating better communication between directors and the external auditor;
- enhancing the independence of the external auditor;
- increasing the credibility and objectivity of financial reports and strengthening the role of the directors by facilitating in-depth discussion among directors, management and the external auditor;

Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them. The Corporation's external auditor is ultimately accountable to the Board and the Committee as representatives of the Corporation's shareholders.

#### **I. DUTIES AND RESPONSIBILITIES**

##### **External Auditor**

1. To recommend to the Board, for shareholder approval, an external auditor to examine the Corporation's accounts, controls and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Corporation.
2. To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. To evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
4. To pre-approve any non-audit services to be provided to the Corporation by the external auditor and the fees for those services.
5. To obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the auditor's internal quality-control reviews and the steps taken to resolve those issues.
6. To review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation. The

Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Corporation on any aspect of its certification of the Corporation's financial statements:

- (a) no member of the audit team that is auditing a business of the Corporation can be hired into that business or into a position to which that business reports for a period of three years after the audit;
  - (b) no former partner or employee of the external auditor may be made an officer of the Corporation or any of its subsidiaries for three years following the end of the individual's association with the external auditor;
  - (c) the Chief Financial Officer of the Corporation (the "CFO") must approve all office hires from the external auditor; and
  - (d) the CFO must report annually to the Committee on any hires within these guidelines during the preceding year.
7. To ensure that the head audit partner assigned by the external auditor to the Corporation, as well as the audit partner charged with reviewing the audit of the Corporation, are changed at least every five years.
8. To review, at least annually, the relationships between the Corporation and the external auditor in order to establish the independence of the external auditor.

#### **Financial Information and Reporting**

9. To review the Corporation's annual audited financial statements with the Chief Executive Officer of the Corporation (the "CEO") and CFO and then with the full Board. The Committee will review the interim financial statements with the CEO and CFO.
10. To review and discuss with management and the external auditor, as appropriate:
- (a) the annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and
  - (b) earnings guidance and other releases containing information taken from the Corporation's financial statements prior to their release.
11. To review the quality and not just the acceptability of the Corporation's financial reporting and accounting standards and principle and any proposed material changes to them or their application.
12. To review with the CFO any earnings guidance to be issued by the Corporation and any news release containing financial information taken from the Corporation's financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

#### **Oversight**

13. To review the internal audit staff functions, including:
- (a) the purpose, authority and organizational reporting lines;
  - (b) the annual audit plan, budget and staffing; and

- (c) the appointment and compensation of the controller, if any.
14. To review, with the CFO and others, as appropriate, the Corporation's internal system of audit controls and the results of internal audits.
  15. To review and monitor the Corporation's major financial risks and risk management policies and the steps taken by management to mitigate those risks.
  16. To meet at least annually with management (including the CFO), the internal audit staff, and the external auditor in separate executive session and review issues and matters of concern respecting audits and financial reporting.
  17. In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Corporation's disclosure and internal controls, including any material deficiencies or changes in those controls.

## II. MEMBERSHIP

The Committee shall consist of three or more members of the Board, the majority of which have been determined to be independent as required under applicable securities rules or applicable stock exchange rules.

Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Corporation or until the member ceases to be a director, resigns or is replaced, whichever first occurs.

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

All members of the Committee must be "**financially literate**" (i.e., have the ability to read and understand a set of financial statements such as balance sheet, an income statement and a cash flow statement).

## III. PROCEDURES

1. The Board shall appoint one of the directors elected to the Committee as the Chairperson of the Committee (the "**Chairperson**"). In the absence of the appointed Chairperson from any meeting of the Committee, the members shall elect a Chairperson from those in attendance to act as Chairperson of the meeting.
2. The Chairperson will appoint a secretary (the "**Secretary**") who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chairperson.
3. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum.
4. The Committee will meet as many times as is necessary to carry out its responsibilities. Any member of the Committee or the external auditor may call meetings.

5. The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the Articles of the Corporation or otherwise determined by resolution of the Board.
6. The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants as it deems appropriate.
7. The Committee has the authority to communicate directly with the internal and external auditors.

#### IV. **REPORTS**

The Committee shall produce the following reports and provide them to the Board:

1. an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Committee to make this report; and
2. a summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

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