

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Phoenix Gold Resources Corp. (the "**Company**")
Suite 210 - 905 Pender Street West
Vancouver, British Columbia
V6C 1L6

Item 2 Date of Material Change

May 6, 2019

Item 3 News Release

A news release was disseminated via Stockwatch and filed on SEDAR on May 6, 2019. A copy of the news release is attached as Schedule "A".

Item 4 Summary of Material Change

The Company provided further details supplemental to its management information circular dated March 22, 2019 (the "Circular") in respect of the Annual General and Special Meeting of shareholders of the Company scheduled for May 16, 2019, regarding its proposed shares-for-debt settlement (the "**Debt Settlement**") of up to \$665,000 at a price of \$0.053 per share, which would result in the issuance of 12,546,999 common shares (on a post-consolidated basis) (the "**Debt Shares**") to a number of creditors and some related parties.

Item 5 Full Description of Material Change

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated by reference herein.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

Contact: Andrew Lee, Director
Telephone: (604) 720-2703

Item 9 Date of Report

May 6, 2019

Schedule "A"

See attached.

PHOENIX GOLD RESOURCES CORP.
Suite 210 – 905 Pender Street W
Vancouver, BC, V6C 1L6

NEWS RELEASE

Phoenix Provides Additional Information for its Annual General and Special Meeting of Shareholders to be Held on May 16, 2019

Vancouver, British Columbia, May 6, 2019 – Phoenix Gold Resources Corp. (TSXV: PXA) (the “Company”), wishes to provide supplemental disclosure to the Company's management information circular dated March 22, 2019 (the "Circular"), in respect of the Annual General and Special Meeting of the shareholders of the Company to be held on May 16, 2019. This release should be read in conjunction with the Circular as a whole. Capitalized terms not otherwise defined herein have the meaning ascribed to such terms in the Circular.

In connection with the proposed Debt Settlement set out in the Circular, the following provides a summary of the background to the contemplated transactions as well as the approval process of the board of directors of the Company (the "Board") for those transactions.

Summary of Background to the Transactions

The Company is the resulting issuer of a qualifying transaction (the "QT") of a capital pool company pursuant to the policies of the TSX Venture Exchange (the "Exchange"), which was completed by way of a reverse takeover on April 23, 2014. Since completing the QT, the Company has spent its available funds on its principal mineral properties located in Battle Mountain area of Nevada, USA (the "Property"), and has incurred additional costs related to sustaining the Property, and other costs of being a reporting issuer, including annual Exchange fees, audited financial statements, legal fees. On December 4, 2015, the Company entered into a letter agreement (the "Blue Creek Agreement") with Blue Creek Forest Products Ltd. ("Blue Creek") and the major shareholder of Blue Creek, Four Rivers Resources Inc. ("FRRI"), for a reverse takeover and change of business of the Company by Blue Creek (the "Blue Creek Transaction"). Andrew Lee had declared to the board of directors of the Company his interest in the Blue Creek Transaction as he was (and is) a shareholder, director and officer of Blue Creek and FRRI while also a director of the Company. The Blue Creek Transaction was amended several times and the transaction deadline of December 31, 2018 was not met and the parties were unable to arrive at terms for a further extension to the Blue Creek Agreement and they mutually agreed to the termination thereof, which was announced on March 22, 2019.

Over the period from April 2015 to March 2019, the Company incurred costs and expenses to third party service providers, including the auditors, transfer agent, the Exchange, and legal counsel. In addition, the Company also continued to accrue management fees payable to its Chief Financial Officer, Sean Choi and to a bookkeeper for the Company. The Company made several attempts but was unsuccessful seeking additional capital investment to fund operations and was also unable to find investment capital to fund the Blue Creek Transaction. As a consequence, the Company's ongoing costs and expenses were paid on its behalf by FRRI and a director of the Company, Andrew Lee.

As the amount of the Company's debt continued to increase from January 2016 to February 2019, the Company considered from time to time the possibility for debt settlement with its creditors, which Mr. Choi, Mr. Lee and FRRI confirmed they would consider. At about the time of the termination of the Blue Creek Agreement: (i) FRRI agreed it would assign its debt of the Company to its FRRI shareholders who would be agreeable to settling the debt for shares at the discounted market price, Sean Choi agreed to waive all management fees owing other than \$85,000, of which \$15,000 would be settled for common shares of the Company at the

discounted market price and \$70,000 would be assigned to an unrelated arm's length third party who would also settle that debt at the discounted market price; and (iii) Andrew Lee would settle \$208,500 in debt in return for common shares of the Company at the discounted market price and would assign \$23,517 to an unrelated arm's length third party who would also settle that debt at the discounted market price. By arranging for these debt settlements (collectively, the "Debt Settlement"), the Company would eliminate \$665,000 in debt (the "Debt") from its balance sheet and give it the opportunity to arrange its affairs to make it more competitive for investment capital and future business prospects.

When considering the Debt Settlement, the trading price of the Company was at \$0.01 per share and it was recognized that a share consolidation would be necessary for agreeable terms for the contemplated Debt Settlement and for competitive terms for a possible future equity financing to provide the Company with additional sufficient working capital. The Company believed, after due inquiry and investigation, that it would be unable to secure equity financing until the outstanding debt was eliminated and until after completion of a 7-to-1 consolidation (the "Consolidation") of its issued and outstanding common shares. Accordingly, the Company announced termination of the Blue Creek Agreement, as well as its proposed 7-to-1 Consolidation and contemplated Debt Settlement in a news release on March 22, 2019. The Company completed its Consolidation on April 3, 2019.

As a consequence of the Consolidation, the issued and outstanding common shares (the "Common Shares") of the Company were consolidated from 35,272,900 to 5,038,986 Common Shares. As a consequence of the Debt Settlement, another 12,546,999 Common Shares would be issued for a total of 17,586,156 Common Shares comprised 71.4% of the Common Shares issued under the Debt Settlement, and 3,933,962 Common Shares under the Debt Settlement would be issued to Andrew Lee to settle a debt amount of \$208,500 creating a new control person of the Company with Mr. Lee increasing his ownership of Common Shares from 0% to 22.37%.

On April 17, 2019, the Company announced that it entered into a letter of intent with an electric vehicle company, Fox Automotive Switzerland AG, for a new contemplated reverse takeover of the Company including a spin-out of its existing mineral Property to a newly spun-out reporting issuer (collectively, the "Fox Auto Deal"). As previously anticipated by the Company for viability of future business prospects, the contemplated Fox Auto Deal is conditional upon, among other things, that the Company secure its contemplated Debt Settlement and its own additional private placement financing for sufficient working capital of the Company pursuant to the terms of the Fox Auto Deal and the policies of the Exchange. On April 18, 2019, the Company gave notice of and delivered its management information circular for its annual general and special shareholders meeting to be held on May 16, 2019 to, among other things, consider and ask for approval of disinterested shareholders for completion of the contemplated Debt Settlement.

Board Approval Process

On January 1, 2016, Paul Jones (who has been a director since April 2014) began as acting President and Chief Executive Officer of the Company, in place of Glenn Laing. On March 22, 2019, Glenn Laing resigned as a director and was replaced by Walter Davidson. So, from April 2014 to March 2019, the Board was comprised of three directors: Andrew Lee, Paul Jones and Glenn Laing. Since March 22, 2019, the Board has been comprised of Andrew Lee, Paul Jones and Walter Davidson.

During the period from April 2015 to February 2019, the Board considered methods for elimination of the indebtedness of the Company, including by raising additional capital investment and negotiated settlement of outstanding debt. As the Company is a junior mining

exploration company with no source of income, it is critical for the Company to secure sufficient equity capital investment to fund its mineral exploration, business prospects, and to pay ongoing costs and expenses for a reporting issuer listed on the Exchange. Unfortunately, the period from 2014-2017 was an unprecedentedly difficult time for junior mining issuers to raise equity capital, which is why the Company entered into the Blue Creek Agreement in December 2015 to assist in the prospects of the Company and avoid financial distress. Accordingly, the Board and management of the Company sought out private placement equity financing. However, it proved equally difficult for the Company to raise equity capital even in the context of the Blue Creek Transaction in the forestry products industry. By February 2019, the Company had accumulated a significant amount of debt and the Board decided to terminate the Blue Creek Agreement.

On February 15, 2019, the Board entered into resolutions authorizing and approving termination of the Blue Creek Agreement. Andrew Lee declared his interest in the Blue Creek Transaction as a shareholder, director and officer of each of Blue Creek and FRRRI (a major shareholder of Blue Creek) and he abstained from voting, and his interests were recorded in the recitals of the Board resolution. In connection with the declaration of interest received by Mr. Lee, the Board also received on February 15, 2019, a commitment from each of Sean Choi, FRRRI, and Andrew Lee as to a proposed settlement of outstanding indebtedness of the Company, subject to requisite approval of the Exchange and applicable laws, at a discounted market price equivalent to approximately the private placement minimum, which would correspond to a 7-to-1 consolidation resulting in a market price of \$0.07 per share and a discounted market price of \$0.053 per share.

During the period from February 15 to March 15, 2019, the disinterested directors of the Company (Paul Jones and Glenn Laing), who had no interest in the proposed Debt Settlement, consulted with junior capital market industry participants and advisors who confirmed that there would be a lack of investor appetite for equity investment in the Company until such a Debt Settlement was completed to eliminate the Company's Debt, and they thereby determined that such a Consolidation and Debt Settlement appeared fair and reasonable to the Company and its shareholders (including Mr. Laing himself who is a 18.6% shareholder of the Company).

On or about March 18, 2019, having consulted with advisors and reaching the conclusion that the contemplated Consolidation and Debt Settlement would be fair and reasonable to shareholders to avoid financial distress of the Company, Mr. Jones and Mr. Laing instructed the Company's legal counsel to take the necessary steps to complete the Consolidation and to move forward towards the Debt Settlement.

A meeting of the Board was held March 21, 2019 to consider the contemplated share Consolidation as a separate matter from the proposed Debt Settlement. The Board considered the Consolidation as being independent from the Debt Settlement and as a necessary aspect of preparing the corporate structure of the Company for future financings and business prospects whatever they may be as it would effectively increase the Company's share price above the \$0.05 per share financing minimum and reduce the number of issued and outstanding Common Shares down to almost 5 million Common Shares. The Board then unanimously agreed to authorize and approve the Consolidation. On the issue of Debt Settlement, Andrew Lee declared his interest as he would be a part of the proposed Debt Settlement, and Mr. Lee abstained from voting and the disinterested directors (Mr. Jones and Mr. Laing) unanimously approved the Debt Settlement, subject to applicable laws and Exchange policies, including the approval of the Exchange and any approval of disinterested shareholders that may be necessary.

On March 22, 2019, the Board passed written resolutions accepting the resignation of Glenn Laing as a director and appointing Walter Davidson as a replacement director to fill the vacancy. The new Board then held a directors meeting also on March 22, 2019 to again consider the proposed Debt Settlement, calling a shareholders meeting and approval of the shareholder

meeting materials. Once again, Andrew Lee declared his interest in the Debt Settlement and abstained from voting, and the disinterested directors of the newly constituted Board (Mr. Jones and Mr. Davidson) unanimously: (i) authorized and approved the Debt Settlement, subject to applicable laws and Exchange policies, including the approval of the Exchange and any approval of disinterested shareholders that may be necessary; (ii) authorized, approved and ratified the Company calling an annual general and special meeting of shareholders (the "AGSM") for consideration and approval of usual annual general corporate business as well as the special business of disinterested shareholder approval of the Debt Settlement and creation of a new control person in Andrew Lee as a result of the Debt Settlement, wherein the disinterested Board recommends to the shareholders of the Company that they vote in favour of the Debt Settlement and creation of a new control person; and (iii) authorized and approved the Circular and related shareholder meeting materials for the AGSM. In addition, the newly constituted Board passed written resolutions on March 22, 2019 formally authorizing and approving the Consolidation.

During the process of considering the settlement of Debt over the past few years, the Board did not form a formal separate special independent committee to consider this matter as the Board only contained three directors of which one director (Andrew Lee) had an interest in the transaction. The disinterested directors were comfortable involving Mr. Lee in their discussions, especially so they could ask him questions about who the Debt was proposed to be assigned and who and how they would propose to settle the indebtedness. The disinterested directors were comfortable in seeking and satisfying for themselves as to their own independent advice on the contemplated Transactions as necessary to establish that the Consolidation and Debt Settlement are fair and reasonable for the Company and its shareholders and in the best interests of the Company. It was ultimately only the disinterested directors who voted to decide upon the Debt Settlement and related matters.

To the knowledge of the Company, after reasonable inquiry, votes attached to a total of 73,469 common shares of the Company (representing an aggregate of approximately 1.46% of the currently issued and outstanding common shares of the Company) will be excluded in determining whether minority approval for the proposed related party Debt Settlement transaction is obtained at the AGSM. The common shares of the Company to be excluded are held by a private holding company owned and controlled by Sean Choi. The other related parties to the transaction, Andrew Lee and FRRI, currently holds no common shares of the Company.

The Debt Settlement remains subject to review by and the approval of the Exchange.

For further information concerning this press release, please contact:

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

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

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

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