CONSOLIDATED FINANCIAL STATEMENTS

PHOENIX GOLD RESOURCES CORP.

(An exploration stage company)
(Formerly Zuri Capital Corp.)

For the years ended January 31, 2019 and 2018

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of **Phoenix Gold Resources Corp.**

Opinion

We have audited the accompanying consolidated financial statements of **Phoenix Gold Resources Corp.** (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2019 and January 31, 2018, and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Phoenix Gold Resources Corp.** as at January 31, 2019 and January 31, 2018 and its performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates the existence of a material uncertainty that may cast substantial doubt on **Phoenix Gold Resources Corp.**'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITORS' REPORT (cont'd)

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audits resulting in this independent auditors' report is Eugene Aceti.

SF Partnership, LLP

Toronto, Canada
May 29, 2019

LICENSED PUBLIC ACCOUNTANTS

Phoenix Gold Resources Corp.
(An exploration stage company)
(Formerly Zuri Capital Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		January 31, 2019		January 31, 2018
ASSETS				
Current Assets				
Cash	$	19	$	19
Other receivables		43,220		40,581
		43,239		40,600
Mineral Rights (note 4)		200,000		400,000
Total Assets	$	243,239	$	440,600
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$	770,884	$	768,362
Advances from related companies (note 5)		349,776		306,949
Total Liabilities	$	1,120,660	$	1,075,311
SHAREHOLDERS' DEFICIENCY				
Share Capital (note 6)	$	1,904,350	$	1,904,350
Share-based Payment Reserve (note 6)		276,807		276,807
Deficit		(2,815,868)		(2,787,870)
Total Shareholders' Deficiency		(877,421)		(634,711)
Total Liabilities and Shareholders' Deficiency	$	243,239	$	440,600

Commitments and Contractual Arrangements (note 7)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Paul Jones"
Director

"Andrew Lee"
Director

The accompanying notes are an integral part of these consolidated financial statements.

(An exploration stage company)
(Formerly Zuri Capital Corp.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Year ended January 31, 2019		Year ended January 31, 2018
Revenue	**$**	**-**	**$**	**-**
Expenses				
Professional fees		16,000		17,500
Office and administration		3,381		3,130
Filing fees		5,200		5,200
Foreign exchange loss (gain)		18,129		(15,832)
Management fees		-		18,000
Loss before the undernoted	**$**	**42,710**	**$**	**27,998**
Other loss				
Impairment of mineral rights (note 4)		200,000		-
Net Loss and Comprehensive Loss	**$**	**242,710**	**$**	**27,998**
Weighted Average Number of Shares Outstanding (Note 6)		35,272,900		35,272,900
Earnings (Loss) per Share - Basic and Diluted	$	(0.01)	$	(0.00)

The accompanying notes are an integral part of these consolidated financial statements.

Phoenix Gold Resources Corp.
(An exploration stage company)
(Formerly Zuri Capital Corp.)
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Number of Shares	Common Shares	Share-based Payment Reserve	Warrants Reserve	Deficit	Shareholders' Equity (Deficiency)
Balance – January 31, 2017	**35,272,900**	**$ 1,453,992**	**$ 276,807**	**$ 450,358**	**$ (2,787,870)**	**$ (606,713)**
Subscription warrants expiry (note 6)	-	450,358	-	(450,358)	-	-
Loss for the period	-	-	-	-	(27,998)	(27,998)
Balance – January 31, 2018	**35,272,900**	**$ 1,904,350**	**$ 276,807**	**$ -**	**$ (2,815,868)**	**$ (634,711)**
Loss for the period	-	-	-	-	(242,710)	(242,710)
Balance – January 31, 2019	**35,272,900**	**$ 1,904,350**	**$ 276,807**	**$ -**	**$ (3,058,578)**	**$ (877,421)**

The accompanying notes are an integral part of these consolidated financial statements.

Phoenix Gold Resources Corp.
(An exploration stage company)
(Formerly Zuri Capital Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended January 31, 2019	Year ended January 31, 2018
Cash provided by (used in):		
Operating Activities:		
Net income (loss) for the period	$ (242,710)	$ (27,998)
Adjustments for non-cash items:		
Impairment of mineral rights	200,000	-
Changes in non-cash working capital items:		
Other receivables	(2,639)	(5,493)
Prepaid expense	-	170
Accounts payable and accrued liabilities	2,522	(190,263)
Net Cash Used in Operating Activities	(42,827)	(223,584)
Financing Activities:		
Advances from related companies	42,827	223,584
Net Cash Provided by Financing Activities	42,827	223,584
Net increase in cash	-	-
Cash - beginning of period	19	19
Cash - end of period	$ 19	$ 19

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature and Continuance of Operations

Phoenix Gold Resources Corp. (formerly Zuri Capital Corp. ("Zuri")) was incorporated on May 2, 2011 under the laws of the province of British Columbia, Canada. Zuri commenced trading on the TSX Venture Exchange as a Capital Pool Company on March 19, 2012. On April 23, 2014, Zuri was acquired by Phoenix Gold Resources Ltd. ("Phoenix") in a reverse takeover transaction and as a result Zuri carries on the business of Phoenix and continues pursuant to the laws of British Columbia. Hereafter Phoenix and the combined business of Phoenix and Zuri after the date of the RTO are referred to as the "Company" or "PXA". These consolidated financial statements reflect the financial position, operating results and cash flows of the Company's legal subsidiary, Phoenix. Effective April 23, 2014, Zuri changed its name to Phoenix Gold Resources Corp. and resumed trading on April 25, 2014 on the TSX Venture Exchange with the trading symbol "PXA". The Company's registered address is Suite 700 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

The Company is a TSX Venture Exchange ("Exchange") tier 2 listed mineral exploration and development company with its principal business focusing on the acquisition and exploration of the gold mineral rights located in Nevada, USA.

2. Going Concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's long term continuance is dependent on obtaining sufficient external financing (predominantly through the issuance of equity to the public). To date, the Company has not generated any revenue from operations and is considered to be in the exploration stage. As at January 31, 2019, the Company has an accumulated deficit of $3,058,578 (January 31, 2018 – $2,815,868), and has incurred a net loss of $242,710 (January 31, 2018 – $27,998) for the year then ended and negative working capital of $1,077,421 (January 31, 2018 – $1,034,711).

These consolidated financial statements do not reflect adjustments to the carrying value of assets, liabilities, the reported expenses and financial position classifications used that might be necessary if the going concern assumption were not appropriate.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Statement of compliance with IFRS

These consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of May 29, 2019 the date the Board of Directors approved the consolidated financial statements for issue.

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost convention using the accrual basis of accounting except for cash flow information.

Presentation of the consolidated statement of financial position differentiates between current and non-current assets and liabilities. The consolidated statement of loss and comprehensive loss is prepared using the functional classification.

These consolidated financial statements include the accounts of Phoenix Gold Resources Corp. and its wholly-owned subsidiaries, Phoenix and Phoenix USA. All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of loss and comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

c) Functional currency translation

i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the reporting parent's and Phoenix's functional currency. The functional currency of the reporting parent's subsidiary, Phoenix USA, is the United States dollar ("USD").

3. Significant Accounting Policies (cont'd)

c) Functional currency translation (cont'd)

The financial statements of entities that have a functional currency different from that of the reporting parent's operations are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position, and income and expenses – at the average rate for the period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of loss and comprehensive loss.

d) Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgements made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

Significant areas requiring the use of estimates and assumptions include accounts payable and accrued liabilities, valuation of share-based payment reserves, warrant reserves, valuation of short-term investments, valuation of mineral rights, and recoverability of deferred tax assets. By their nature, these estimates and assumptions are subject to measurement uncertainty, and the impact of changes in estimates in the financial statements of a future period could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in loss in the periods in which they become known.

3. Significant Accounting Policies (Cont'd)

e) Significant accounting judgements

The critical judgements that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations (note 3(d)), that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are related to the economic recoverability of the mineral rights, determining the smallest group of assets that generates independent cash flow, the interpretation and application of tax laws, the determination of functional currency for the Company and its subsidiaries, and the assumption that the Company will continue as a going concern.

f) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9"), which supersedes IAS 39 – Financial Instruments: Recognition and Measurement. Application of the Standard is mandatory and it establishes principles for the financial reporting of financial assets and financial liabilities in the Company's consolidated financial statements. Upon adoption of IFRS 9, the Company completed an assessment of the impact of adopting IFRS 9 and determined that no adjustments to the consolidated financial statements are required as a result of adopting IFRS 9.

The Company classified its financial instruments as follows:

Financial Statement Item:	Classification:	Measurement:
Cash	Amortized Cost	Amortized Cost
Other receivable	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost
Advances from related parties	Amortized Cost	Amortized Cost

The Company does not have any held-to-maturity investments or available-for sales financial assets.

3. Significant Accounting Policies (Cont'd)

f) Financial instruments (Cont'd)

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – inputs that are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique that are not based on observable market data in determining fair values of the instruments.

Transaction costs for financial liabilities classified as amortized costs are applied against these liabilities and amortized using the effective interest method, the resulting amortization being recorded as interest expense. Gains and losses on financial instruments classified as Fair Value through Profit or Loss are included in net earnings in the period in which they arise.

g) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

The loss is the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. An impairment loss on an available for sale financial asset or fair value through profit or loss financial asset is calculated by reference to its fair value. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. The amount of the impairment is recognized in net loss.

Impairment losses on financial assets carried at amortized cost may be reversed in subsequent periods if the amount of the loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized. Financial assets measured at amortized cost and available for sale financial assets that are debt securities are reversed through profit and loss. For available for sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

3. Significant Accounting Policies (Cont'd)

h) Revenue recognition

Revenue will be recorded when consideration is received or receivable and will be recognized to the extent that it is probable that the economic benefits will flow to the Company and when the revenue can be reliably measured.

Interest income will be recognized as it accrues.

i) Other Comprehensive income or loss

Other comprehensive income or loss is the change in equity of an enterprise during a period from transactions, events and circumstances other than those under the control of management and the owners. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company reports comprehensive loss in its statement of loss and other comprehensive loss and its statement of changes in deficiency.

j) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

3. Significant Accounting Policies (Cont'd)

j) Taxes (Cont'd)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

k) Non-monetary transactions

Transactions with no cash consideration are measured at the fair value of either the asset given up or the asset received, whichever is more reliably determinable.

l) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflects the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculations as the effect would be anti-dilutive.

m) Identifiable intangible assets

The Company is in the exploration stage and defers all expenditures related to its acquired mineral rights until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represent costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

i)Pre-Exploration

Pre-exploration costs in areas where a legal right to explore has not been obtained are expensed as incurred.

3. Significant Accounting Policies (Cont'd)

m) Identifiable intangible assets (Cont'd)

ii) Exploration and evaluation expenditures

Exploration and evaluation ('E&E') costs incurred after the legal right to explore is obtained, but before technical feasibility and commercial viability of the project has been demonstrated are capitalized as E&E assets. These include the costs of acquiring the licenses and directly attributable general and administrative costs. All applicable costs are capitalized as either tangible or intangible E&E assets depending on the nature of the assets acquired. The costs are accumulated in cost centers by exploration area.

iii) Development and production costs

When technical feasibility and commercial viability of a property is established and the Company determines that it will proceed with development, all E&E costs attributable to that area are reclassified to construction in progress within property, plant and equipment or as intangible assets depending on the nature of the expenditure. If economically recoverable ore deposits are developed, the capitalized costs of the related property will be amortized using the unit-of-production method following the commencement of production.

n) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

A CGU recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

3. Significant Accounting Policies (Cont'd)

n) Impairment of non-financial assets (Cont'd)

Industry specific indicators for an impairment review on mineral rights and capitalized exploration related expenditures arise typically when one of the following circumstances applies:

- Substantive expenditure on further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in variations in commodity prices and markets; and
- Variations in the exchange rate for the currency of operation.

o) Restoration, rehabilitation and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when an environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant, other site preparation work, and water and soil management, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operation license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value of the liability. These costs are charged against profit or loss over the economic life of the related assets, through amortization using either the unit-of-production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as at January 31, 2019.

3. Significant Accounting Policies (Cont'd)

p) Share-based payments

The Company from time to time may issue shares or options to its directors, officers, consultants and employees. The Company values share-based payments using the fair-value method of the services provided. For stock options issued to its directors, officers, consultants and employees where the value of the services provided cannot be determined or the options are provided for services already provided to the Company, the Company values stock-based compensation by reference to the fair value of the stock options issued, utilizing the Black-Scholes option pricing model. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-based payment reserve.

Any consideration paid by employees on the exercise of stock options or purchase of stock is credited to share capital plus the amounts originally recorded as share-based payment reserve. An individual is classified as an employee when they are an employee for legal purposes, or primarily performing services similar to the services that would be provided by a legal employee.

q) New accounting standards and recent pronouncements

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

IAS 1, PRESENTATION OF FINANCIAL STATEMENTS
An amendment to IAS 1, Presentation of Financial Statements ("IAS 1"), effective for annual periods beginning on or after January 1, 2020 clarifies the definition of "material" to align the definition used in the Conceptual Framework developed by the IASB and with all other accounting standards. Under the amendment, information is defined as "material" if, "omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The Company is currently evaluating the impact that the new and amended standards will have on its consolidated financial statements and expects no material impact upon applying the amendments to IAS 1.

(Expressed in Canadian dollars)

4. Mineral Rights

On July 9, 2013, Phoenix issued 500,000 common shares to Americas Gold Exploration Inc. ("AGEI"), at $0.10 per share in order to acquire a 50% right, title and interest to the Plumas Property and 100,000 common shares to William Matlack ("Matlack") at $0.10 per share as consideration for a 20-year renewable lease entered into for the remaining 50% right, title and interest to the Plumas Property. Matlack has the option to convert the lease payments into a 1% net smelter return royalty on the property and the Company has the right to buy back this option by paying Matlack $1,314,400 (US$1,000,000).

The Plumas Property consists of two patented lode mining claims with extra lateral rights (40 acres) and one patented mill site claim (8.5 acres) situated in Battle Mountain, Lander County, Nevada, USA.

Phoenix acquired a 50% right, title and interest to the Eldorado Property for a total payment of $115,080 (US $105,000) and in consideration of Phoenix assuming all of the obligations of AGEI.

The Eldorado Property consists of one patented lode mining claim (20 acres) named Eldorado situated in Battle Mountain, Lander County, Nevada, USA.

The Company's management determined that the mineral rights are impaired as of January 31, 2019 and recognized an impairment loss of $200,000.

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

	January 31, 2019 $	January 31, 2018 $
Opening balance	400,000	400,000
Incurred during the year	-	-
Impairment charges recognized during the year	(200,000)	-
Closing balance	**200,000**	**400,000**

5. Advances from Related Companies

As of January 31, 2019, the Company had advances from related company, which is owned and controlled by a director of the Company, in the amount of $349,776 (2018 - $306,949). The advances are non-interest bearing, unsecured, and have no fixed term of repayment.

(Expressed in Canadian dollars)

6. Share Capital

a) *Authorized*
Unlimited number of common shares.

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

b) *Issued and outstanding*
Issued common shares are as follows:

	Number of shares	Amount
Balance – January 31, 2017	**35,272,900**	**$ 1,453,992**
Subscription warrants expiry d) (i)	-	337,305
Subscription warrants expiry d) (ii)	-	68,983
Subscription warrants expiry d) (iii)	-	44,070
Balance – January 31, 2018 and 2019	**35,272,900**	**$ 1,904,350**

c) *Stock options and share-based payment*

As at January 31, 2019, the Company had 1,850,000 (2018 – 1,850,000) stock options outstanding. The following table summarizes information about stock options outstanding as at January 31, 2019:

	Number	Weighted average exercise price
Balance – January 31, 2017	**3,162,500**	**$ 0.10**
Agent's options expired on April 23, 2017 (i)	(280,000)	0.10
Stock options forfeited in 2018 (ii)	(600,000)	0.10
Stock options forfeited in 2018 (iii)	(432,500)	0.10
Balance – January 31, 2018 and 2019	**1,850,000**	**$ 0.10**

(Expressed in Canadian dollars)

6. Share Capital (Cont'd)

c) *Stock options and share-based payment (Cont'd)*

(i) 280,000 Agent's options originally issued on April 23, 2014 expired on April 23, 2017.
(ii) 600,000 stock options originally issued on May 1, 2014 were forfeited in 2018 as the consultant ceased to provide services to the Company.
(iii) 432,500 stock options originally issued on August 22, 2014 were forfeited in 2018 as the consultants ceased to provide services to the Company.

d) *Warrant Reserve*

The following is a summary of the changes in the Company's warrants during the periods:

		Exercise price	Number	Amount
Balance – January 31, 2017			**9,644,500**	**$ 450,358**
Subscription warrants expired on April 23, 2017 (i)	$	0.10	(7,772,000)	(337,305)
Subscription warrants expired on August 21, 2017 (ii)	$	0.20	(1,025,000)	(68,983)
Subscription warrants expired on August 28, 2017 (iii)	$	0.20	(847,500)	(44,070)
Balance – January 31, 2018 and 2019			**-**	**$ -**

(i) 7,772,000 subscription warrants originally issued on April 23, 2014 expired on April 23, 2017.
(ii) 1,025,000 subscription warrants originally issued on August 21, 2014 expired on August 21, 2017.
(iii) 847,500 subscription warrants originally issued on August 28, 2014 expired on August 28, 2017.

7. Commitments and Contractual Arrangements

As at January 31, 2019, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

a) As part of the letter of agreement entered into with AGEI and Matlack on July 9, 2013 and as amended on October 29, 2013, December 16, 2013, January 21, 2014, and February 21, 2014 for the acquisition of certain patented mineral claims in Nevada, comprised of the Eldorado Property, the Plumas Property (collectively, the "Phoenix Gold Properties"), the Company has the following commitment:

(Expressed in Canadian dollars)

7. Commitments and Contractual Arrangements (Cont'd)

(i) As part of the lease of the Plumas Property describe in note 4, the Company is required to make annual payments of $46,004 (US$35,000) on each anniversary date of April 23, 2014 for a period of 20 years. Future minimum lease payments are as follows:

2019	$ 46,004
2020	46,004
2021	46,004
2022	46,004
2023	46,004
Thereafter	690,060
Total	$ 920,080

The Company is currently in default of the Plumas Lease for failure to pay the 2015, 2016, 2017, 2018 and 2019 payment amounts under the terms of the lease and if the Company remains in default, Matlack may terminate the lease resulting in a loss of a 50% leasehold interest in the Plumas Property. The Company currently does not have sufficient funds to allocate for lease payments under the Plumas Lease.

b) On December 4, 2015, the Company entered into a letter agreement (the "Letter Agreement") with Blue Creek Forest Products Ltd. ("Blue Creek") and its major shareholder, Four Rivers Resources Inc. ("FRRI"), which was subsequently amended effective May 27, 2016, August 19, 2016, December 23, 2016, March 31, 2017, September 19, 2017, September 20, 2017 and January 31, 2018 and contemplates a transaction that will result in a reverse takeover and change of business of the Company by Blue Creek (the "Transaction"). The Transaction is subject to approval of the shareholders of the Company and approval of the Exchange. As amended on January 31, 2018, the closing of the Transaction is subject to number of conditions and must be completed by no later than June 29, 2018, at which time the Letter Agreement is then terminated. As part of the Transaction, the Company's Plumas Mineral Properties will be held in a newly incorporated wholly-owned subsidiary of the Company and spun out as a separate operating entity to create a new separate standalone reporting-issuer owned by the same shareholders of the Company in the same proportions. The Company agreed to 5-to-1 consolidation instead of the previously announced 20-to-1 consolidation. Pursuant to the Letter Agreement, Blue Creek will have no more than 35,000,000 common shares issued and outstanding (45,000,000 common shares, fully diluted other than applicable brokers warrants under the concurrent financing for the Transaction and 25,000,000 performance warrants expected to be subject to escrow pursuant to the policies of the Exchange) inclusive of financings prior to or concurrent with the Transaction immediately prior to closing, and the Company is expected to have no more than 24,000,000 common shares issued and outstanding immediately prior to closing after taking into account certain other contemplated debt settlements necessary to occur prior to closing. The Letter Agreement expired on December 31, 2018 and was subsequently formally terminated by mutual agreement on February 15, 2019 (see note 13).

7. Commitments and Contractual Arrangements (Cont'd)

c) On April 18, 2017, a company (the "Paying Company") owned and controlled by a director of the Company entered into a debt settlement agreement with one of the creditors of the Company. A total debt of $168,568 (US $137,125) was settled on behalf of the Company, which debt is now owed to that director's company. Pursuant to the settlement agreement, the Paying Company has taken over responsibility for repayment of the debt on behalf of the Company, and has provided security to the creditor including a promissory note from the Paying Company stipulating payment of the debt in six monthly instalments beginning on May 31, 2017. During the year ended January 31, 2018, the debt was fully paid by the Paying Company and the creditor relinquished its lien and removed title of the Plumas Property from its security for the debt.

d) On April 18, 2017, the Company entered into a settlement and mutual release agreement with an Officer of the Company and America's Gold Exploration Inc., a company owned and controlled by the Officer of the Company. As a result of this agreement, all of the Company's liabilities to America's Gold Exploration Inc. were settled and released.

e) On May 1, 2017, the Company entered into a mutual release agreement with an Officer and Director of the Company and Avonlea Ventures Inc., a company owned and controlled by the Officer and Director of the Company. As a result of this agreement, all of the Company liabilities to Avonlea Ventures Inc., including promissory notes of $4,285 and advances from related companies of $351,828 and management fees payable of $424,702 were settled and released. The Company recognized the transaction on January 31, 2017.

8. Capital Management

As at January 31, 2019, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of $1,904,350 (2018 - $1,904,350), share-based payment reserve of $276,807 (2018 - $276,807), warrant reserve of $nil (2018 - $nil), and deficit of $3,058,578 (2018 - $2,815,868).

The Company's objective when managing capital structure is to ensure sufficient financial resources exist to meet the Company's strategic exploration and business development objectives, and to ensure that the Company continues as a going concern.

9. Segmented Information

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

(Expressed in Canadian dollars)

10. Income Taxes and Deferred Income Tax

In assessing the realization of the Company's deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income generated during the carry-forward period.

a) Deferred income tax assets and liabilities

No deferred tax asset has been recognized as the Company is reflecting uncertainties associated with realization of all deferred income tax assets.

The significant components of the Company's deferred tax assets are as follows:

	January 31, 2019	January 31, 2018
Non-capital losses carried forward	$ 586,500	$ 537,000
Financing fees deductible in future periods	0	38,000
Exploration and development expenses	188,505	129,000
Deferred tax assets not recognized	(775,005)	(704,000)
Deferred income tax assets	$ -	$ -

b) Losses

As at January 31, 2019, the Company can carry forward Canadian non-capital losses to reduce taxable income in future years of approximately $2,255,000 expiring as follows:

Year 2031	$	8,000
Year 2032	$	31,000
Year 2033	$	68,000
Year 2035	$	719,000
Year 2036	$	664,000
Year 2037	$	363,000
Year 2038	$	212,000
Year 2039	$	190,000

(Expressed in Canadian dollars)

10. Income Taxes and Deferred Income Tax (Cont'd)

c) Income tax reconciliation

	January 31, 2019	January 31, 2018
Income tax (expense) recovery at 27% statutory rate (2018 – 26%)	$ 66,000	$ 7,000
Expenses not deductible for tax purposes	0	(6,000)
Temporary differences	(14,000)	53,000
Tax losses for which no deferred tax asset was recognized	(52,000)	(54,000)
Deferred income tax assets	$ -	$ -

11. Related Party Transactions

The Company considers its Board of Directors and certain consultants which, by virtue of the contracts in place and the functions performed, to be key management. Compensation awarded to key management is listed below:

	Year ended January 31, 2019	Year ended January 31, 2018
Management fees expensed	$ -	$ 18,000
Total	$ -	$ 18,000

For the year ended January 31, 2019, the Company paid or accrued management fees $nil (January 31, 2018- $18,000) to 2238012 Ontario Inc., a company owned and controlled by an officer of the Company.

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

12. Financial Instruments

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. Financial Instruments (Cont'd)

The Company's financial assets and liabilities at fair value through profit or loss, consisting of cash and short-term investment, are classified as level 1.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

Fair value
As at January 31, 2019, the Company's financial instruments consist of other receivables, accounts payable and accrued liabilities. These financial instruments are classified as loans and receivables or other financial liabilities and are carried at amortized cost. The fair values of these financial instruments approximate their carrying values due to the short-term nature of these instruments.

Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

Credit risk
Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The Company has credit risk with its other receivable, but it is considered to be minimal. There is no allowance for doubtful accounts recorded as at January 31, 2019.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

(i) Interest rate risk
The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

(ii) Currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has a portion of its cash, accounts payable and accrued liabilities, advances from related company in US Dollars and Australian Dollars.

12. Financial Instruments (Cont'd)

For the year ended January 31, 2019, a 5% increase or decrease on an annualized basis in the value of a Canadian Dollar in relation to the US Dollar and Australian Dollar would have resulted in a $14,593 (2018 - $13,648) and $996 (2018 - $1,035) increase or decrease in foreign exchange gain or loss, for respective foreign currencies.

(iii) Commodity price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to base metals, individual equity movements, and the stock market in general to determine the appropriate course of action to be taken by the Company.

13. Subsequent Events

The Letter Agreement between the Company and Blue Creek and FRRI expired on December 31, 2018 and was formally terminated by mutual agreement among the parties on February 15, 2019. On March 22, 2019, the Company approved the consolidation of all issued and outstanding common shares on the basis of seven (7) to one (1) (the "Consolidation"), which was approved by the TSX Venture Exchange (the "TSXV") and completed 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.

On March 22, 2019, the Company also approved a proposed debt settlement transaction totalling an aggregate of $665,000 at a post-Consolidation discounted market price of $0.053 per post-Consolidation Common Shares, which would result in the issuance of another 12,546,999 Common Shares (the "Debt Settlement").

On April 13, 2019, the Company announced its intention to complete a private placement equity offering of up to $1,050,000 at a price of $0.15 per share, subject to approval of the TSXV and in accordance with applicable securities laws (the "Private Placement").

On April 13, 2019, the Company also entered into a binding letter of intent with Fox Automotive Switzerland AG ("Fox"), pursuant to which the Company will acquire all issued and outstanding shares in the capital of Fox, subject to approval of the shareholders of the Company and the TSXV (the "Fox Transaction"). Pursuant to the Fox Transaction the Company and Fox will enter into a plan of arrangement, amalgamation or similar business combination whereby:

(i) the Company will consolidate all of its issued and outstanding share capital on a 3-to-1 basis, and change its name to "Fox Automotive International Corp." (or such other name as determined by Fox) (the "RTO Consolidation");

13. Subsequent Events (Cont'd)

(ii) the Company will spin off its mineral property interests comprised of gold mineral exploration properties in the Battle Mountain Mining District in Nevada (the "Phoenix Properties") by way of plan of arrangement, amalgamation, or other such transaction steps (as determined by the Company to be advantageous from a corporate and tax perspective, based on advice from its legal, tax and financial advisors) wherein the Phoenix Properties will be transferred to a wholly owned subsidiary of the Company ("New Phoenix") and the shareholders of the Company will receive common shares of New Phoenix on the basis of one common share of New Phoenix for every one post-RTO Consolidation common share of the Company held by the shareholders, and New Phoenix will be thereby be spun-out as a second reporting issuer, and will have the same shareholders as the Company and will own the Phoenix Properties (the "Spin-Off"), and New Phoenix intends to seek a listing on the TSXV as a Tier 2 Mining Issuer pursuant to the policies of the TSXV, but this is not a condition of the RTO (as defined below) and there is no assurance that such listing will be completed upon completion of the RTO or at all; and

(iii) After the Spin-Off, Fox will complete a reverse takeover (the "RTO") of the Company by way of a plan of arrangement, amalgamation, or similar business combination whereby the Company will acquire all of the issued and outstanding share capital of Fox in exchange for common shares of the Company on the basis of 300 post-RTO Consolidation common shares of the Company for every 1 Fox share, representing an aggregate of 37,500,000 post-RTO Consolidation common shares of the Company (the "Consideration Shares") issuable to the shareholders of Fox in connection with the Fox Transaction (including post-RTO Consolidation common shares of the Company reserved for issuance to holders of outstanding options or warrants of Fox). Upon completion of the Fox Transaction, the Company will become the resulting issuer (the "Resulting Issuer") of the RTO and Fox will become a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Fox Transaction, and subject to approval of the TSXV, the Company will, together with Fox, complete a concurrent equity financing of a minimum of $3,000,000 to a maximum of $9,000,000 at a price of $1.78 per post-Consolidation common share of the Company (the "Concurrent Financing").

The completion of the Fox Transaction and the Spin-Off is subject to a number of conditions, including but not limited to: (i) the RTO Consolidation of all of the Company's outstanding common shares; (ii) the Company and Fox negotiating a definitive agreement in respect of the Fox Transaction; (iii) the Company securing financing through the Debt Settlement and the Private Placement so that the Company will have sufficient working capital for the parties under Fox Transaction and under the policies of the TSXV; (iv) the Company securing other financing, including the Concurrent Financing, to satisfy other requirements of the TSXV for the Resulting Issuer; (v) approval of the shareholders of the Company; and (vi) approval of the TSXV.

13. Subsequent Events (Cont'd)

On May 16, 2019, the Company held an annual general and special meeting of its shareholders wherein, in addition to annual general business, the shareholders of the Company voted to approve the Debt Settlement. The Debt Settlement is subject to approval of the TSXV, which the Company now intends to seek.