

**PHOENIX GOLD RESOURCES CORP.**  
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**Vancouver, BC, V6C 1L6**

**NEWS RELEASE**

**Phoenix Announces Amendment to Letter of Intent with  
Fox Automotive Switzerland AG for Reverse Takeover**

**Vancouver, British Columbia, July 3, 2019** – Phoenix Gold Resources Corp. (TSXV: PXA) (the “**Company**” or “**Phoenix**”) is pleased to announce that further to their news release dated April 17, 2019, they have entered into amendment to the letter of intent with Fox Automotive Switzerland AG (“**Fox**”) effective July 2, 2019 (the “**Amended LOI**”) pursuant to which the Company will, subject to approval of the TSX Venture Exchange (the “**TSXV**”), acquire all of the issued and outstanding shares in the capital of Fox.

Pursuant to the terms of the Amended LOI, the Company and Fox will enter into a plan of arrangement, amalgamation or similar business combination (the “**Transaction**”) whereby:

- (i) Phoenix will consolidate all of its issued and outstanding share capital on a 3-to-1 basis, and will change its name to “**Fox Automotive International Corp.**” (or such other name as determined by Fox) (the “**Consolidation**”) and the Consolidation will require approval of the shareholders of Phoenix pursuant to the policies of the TSXV;
- (ii) following the Consolidation: Phoenix will not have more than 1,679,662 common shares issued and outstanding and not more than 88,096 stock options exercisable at \$2.10 per share and immediately before completion of the Transaction there will be no more than 150,000 shares in the capital of Fox outstanding on a fully diluted basis;
- (iii) the parties have determined not to proceed with the following previously announced conditions of closing: the spin off involving Phoenix's gold mineral exploration properties in the Battle Mountain Mining District in Nevada, the proposed Phoenix debt settlement of \$665,000 and the proposed private placement of Phoenix common shares for gross proceeds of up to \$1,050,000 at a price of \$0.15 per share; and
- (iii) Fox will complete a reverse takeover (the “**RTO**”) of Phoenix by way of a plan of arrangement, amalgamation, or similar business combination whereby Phoenix will acquire all of the issued and outstanding share capital of Fox in exchange for common shares of Phoenix on the basis of 300 post-Consolidation common shares of Phoenix for every 1 Fox share, representing an aggregate of up to 45,000,000 post-Consolidation common shares of Phoenix (the “**Consideration Shares**”) issuable to the securityholders of Fox in connection with the Transaction (including post-Consolidation common shares of Phoenix reserved for issuance to holders of outstanding options or warrants of Fox). Upon completion of the Transaction, Phoenix 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 Transaction, and subject to approval of the TSXV, Phoenix 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 Phoenix (the “**Concurrent Financing**”), as previously announced by the Company. Pursuant to the terms of the Amended LOI, Fox agreed to pay all parties expenses of the Transaction and intends to complete a private placement of up to 4,050 Fox shares for gross proceeds of up to \$546,750 at a price of \$135 per Fox share prior to closing to raise additional funds for payment of all expenses relating to the Transaction.

The completion of the Transaction is subject to a number of conditions, including but not limited to: (i) the Consolidation of all of the Company's outstanding common shares; (ii) the Company and Fox negotiating a definitive agreement in respect of the Transaction on or before July 31, 2019; (iii) the Company securing other financing, including the Concurrent Financing, to satisfy other requirements of the TSXV for the Resulting Issuer; (iv) approval of the shareholders of the Company; and (v) approval of the TSXV.

The final structure of the Transaction will be determined by the parties following receipt of tax, corporate, and securities law advice. Upon the closing of the Transaction (the “**Closing**”), it is expected that shareholders of the Company (assuming completion of the minimum Concurrent Financing) will hold 7.2% of the common shares of the Resulting Issuer (the “**Resulting Issuer Shares**”) and current shareholders of Fox will hold 92.79% of the Resulting Issuer Shares (on a non-diluted basis). The Consideration Shares held by the directors, officers, and insiders of Fox will be subject to escrow requirements pursuant to the policies of the TSXV.

### **Concurrent Financing**

As a condition to completion of the Transaction the parties will complete the Concurrent Financing by way of a private placement offering of subscription receipts (the "**Subscription Receipts**") of a wholly-owned subsidiary of Fox ("**Fox Sub**") at a price of **C\$1.78** per Subscription Receipt (the "**Issue Price**") for gross minimum proceeds of a minimum of C\$3,000,000 to a maximum of C\$9,000,000. Each Subscription Receipt will be automatically exchanged, without payment of any additional consideration and subject to adjustment, for one common share of Fox Sub (each an "**SR Share**") upon satisfaction of the Escrow Release Conditions (as defined below). Concurrent with completion of the RTO, Fox Sub will amalgamate with a new wholly-owned subsidiary of Phoenix ("**Phoenix Sub**") and the SR Shares will be exchanged for like post-Consolidation common shares of Phoenix on a one-for-one basis.

One-half of the net proceeds of the Concurrent Financing will be released (the "**Released Proceeds**") to Fox for use towards the costs of relocating and setting-up the MIA<sup>®</sup> production line in Hungary, working capital, Transaction costs and general and administrative costs, and the remaining half of the net proceeds of the Concurrent Financing (the "**Escrowed Proceeds**") will be placed in escrow with an escrow agent on behalf of the purchasers of the Subscription Receipts and will be released to Fox on satisfaction of certain escrow release conditions (the "**Escrow Release Conditions**"), which will include the completion of the Transaction on or before September 30, 2019 (the "**Termination Time**"). Should the Conditions not be satisfied prior to the Termination Time, the Escrowed Proceeds will be returned to the subscribers, and the Released Proceeds will be used to acquire shares in the capital of Fox directly at a price equivalent to the effective vend-in price under the RTO.

In connection with the Concurrent Financing, the Company may pay finder's fees of up to a 5% cash commission on the sale of Subscription Receipts to accredited investors introduced by eligible finders in accordance with applicable securities laws.

### **Board and Management Changes**

Following completion of the Transaction, the Resulting Issuer's board of directors will be reconstituted and is expected to be composed of five (5) directors, including four nominees of Fox and one nominee of Phoenix. Details of the constitution of the new board and management of the Resulting Issuer and any additional information required pursuant to the policies of the TSXV will be announced or disclosed in due course, in accordance with the policies of the TSXV.

### **About Fox**

Fox is a company incorporated under the laws of Switzerland having its address at St. Gallerstrasse 49, Herisau, Switzerland CH-9100. Fox is the owner of all the IP, patents, and trademarks of the MIA<sup>®</sup> Electric Vehicle brand. It has a full-fledged assembly line, which is expected to be capable of producing 12,000 EV cars per year as street certified cars for the European market by approximately December 2019. Fox continues to advance its electric vehicle technology to increase mileage per charge to develop affordable mobility options in the electric vehicle space.

Additional disclosure about Fox, its business, management and financial performance, all as required under applicable securities laws and the policies of the TSXV, will be publicly disclosed in due course.

### **About Phoenix**

Phoenix Gold Resources Corp is a mineral exploration and development company. The business activity of the Company includes acquisition and exploration of the gold mineral rights located in Battle Mountain, Nevada, USA. It currently holds interests in the Plumas property, which consists of 2 patented lode mining claims with extra lateral rights covering an area of 40 acres, as well as 1 patented mill site claim consisting of 8.5 acres; and the Eldorado property comprising 1 patented lode mining claim covering an area of 20 acres located in Battle Mountain, Lander County, Nevada. The company is based in Vancouver, Canada.

### **About CM-Equity AG**

CM-Equity AG was engaged by Fox on October 1, 2018 as its exclusive global coordinator and corporate finance services provider in respect of a going public transaction for Fox by way of reverse takeover, which entitled it to receive a fixed fee of 7,500 shares of Fox that have been issued. In addition, Fox also engaged CM-Equity AG on January 15, 2019 as a non-exclusive finder in respect of all financings for Fox, which would extend to the Concurrent Financing, and

would entitle CM-Equity AG to receive a 5% cash commission finder's fee on gross proceeds from investors that it introduces to Fox.

CM-Equity AG is an international investment and advisory firm specialized in asset management, capital markets services, and corporate finance. With over 30 years of experience, CM-Equity AG functions as a one-stop solution for private and public listed companies in all matters around primary and secondary markets. Professional financing, consulting, structuring and brokerage activities create substantial funding for corporate clients through initial public offerings, reverse takeovers, and private placements.

CM-Equity AG is regulated and licensed by the Federal Financial Supervisory Authority of Germany and is a member of the German Association of Independent Asset Managers.

### **TSXV Matters and Trading Halt**

The proposed Transaction will result in a reverse takeover and constitute of change of business of Phoenix pursuant to the policies of the TSXV. Sponsorship of a reverse takeover may be required by the TSXV unless exemption from the sponsorship requirement is available. The Company will review the TSXV's sponsorship requirements and exemptions, and may seek an exemption from the sponsorship requirements pursuant to the policies of the TSXV. There is no assurance that the Company will qualify for or otherwise obtain an exemption from the sponsorship requirements.

Trading in the Company's common shares are currently halted on the TSXV, in accordance with TSXV policies following entering into of the LOI. Trading will remain halted until the documentation required by the TSXV for the Transaction can be provided to the TSXV, the TSXV provides approval for the Transaction and the Transaction is completed. The completion of the Transaction is subject to the approval of the TSXV.

### **General**

*Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

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

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

### **On behalf of the Board of Directors of Phoenix Gold Resources Corp.**

Paul Jones  
President and Chief Executive Officer

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

### **Forward-Looking Information**

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information is not representative of historical facts or information or current

conditions, but instead represents only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information contained herein may include, but is not limited to, information concerning the Transaction and matters related thereto, expectations regarding whether the Transaction will be consummated, including whether conditions to the consummation of the Transaction will be satisfied, delisting from the TSXV, the timing for completing the Transaction, expectations for the effects of the Transaction or the ability of the Resulting Issuer to successfully achieve its business objectives, expectations regarding whether the Concurrent Financing will be consummated, and expectations for other economic, business, and/or competitive factors.

By identifying such information in this manner, the Company is alerting the reader that such information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information. In addition, in connection with the forward-looking information contained in this news release, the Company has made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information is the following: the ability to consummate the Transaction and the Concurrent Financing; the ability to satisfy listing and other requirements of the TSXV, including the ability to obtain TSXV approval; the ability to obtain requisite regulatory and securityholder approvals and the satisfaction of other conditions to the consummation of the Transaction on the proposed terms and schedule; the ability to satisfy the conditions to the consummation of the Concurrent Financing or to the conversion of the Subscription Receipts; the potential impact of the announcement or consummation of the Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Transaction and the Concurrent Financing. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information is reasonable, undue reliance should not be placed on such information, and no assurance or guarantee can be given that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The forward-looking information contained in this news release is made as of the date of this news release, and the Company does not undertake to update any forward-looking information that is contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

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