

**Form 51-102F3**  
**Material Change Report**

**Item 1 Name and Address of Company**

Phoenix Gold Resources Corp. (the "**Company**")  
Suite 1518 – 800 West Pender Street  
Vancouver, British Columbia  
V6C 2V2

**Item 2 Date of Material Change**

August 18, 2020

**Item 3 News Release**

A news release was disseminated via Stockwatch and filed on SEDAR on August 18, 2020. A copy of the news release is attached as Schedule "A".

**Item 4 Summary of Material Change**

The Company has closed a debt settlement on August 18, 2020, which was previously announced on August 6, 2020, to settle and extinguish indebtedness of the Company in the aggregate amount of \$917,339 (the "**Debt**") by way of a shares for debt transaction at a price of \$0.05 per common share of the Company (a "**Share**") for a total aggregate of 18,346,780 Shares (the "**Debt Settlement**"). The Debt Settlement was approved by the TSX Venture Exchange (the "**Exchange**"), and all Shares issued pursuant to the Debt Settlement are subject to a four month hold period from the date of issue.

Under the Debt Settlement, Andrew Lee, a director of the Company acquired 14,596,780 Shares to settle indebtedness of \$729,839 at a price of \$0.05 per Share. Also, under the Debt Settlement, Mr. Jun Hyouk (Sean) Choi, the Chief Financial Officer of the Company, acquired 3,750,000 Shares of the Company to settle indebtedness of \$187,500 at a price of \$0.05 per Share. As Mr. Lee is a director and Mr. Choi is an officer of the Company, they are related parties to the Company and the Debt Settlement is considered a "related party transaction" under *Multilateral Instrument 61-101—Protection of Minority Security Holders in Special Transaction* ("**MI 61-101**"). The Company is exempt from the requirements to obtain formal valuation and minority shareholder approval in connection with the Debt Settlement in reliance, respectively, on Section 5.5(b) of MI 61-101 as the Company is not listed on a "specified market" and on Section 5.7(1)(c) of MI 61-101 as a transaction supported by an arm's length control person. The Debt Settlement has resulted in the creation of a new control person with Mr. Lee now holding a total of 14,796,780 Shares, which represents 54.03% of the Company's issued and outstanding Shares. The Debt Settlement and creation of a new control person was approved in writing by disinterested arm's length control person shareholders holding a majority of the issued and outstanding Shares.

**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, President, Chief Executive Officer and Director  
Telephone: (604) 720-2703

**Item 9 Date of Report**

August 19, 2020

## Schedule "A"

**\PHOENIX GOLD RESOURCES CORP.  
Suite 1518 – 800 West Pender Street  
Vancouver, British Columbia V6C 2V2**

### NEWS RELEASE

## **Phoenix Gold Announces Closing of Debt Settlement**

Vancouver, British Columbia--(August 18, 2020) – Phoenix Gold Resources Corp. (the "**Company**") (TSXV: PXA) is pleased to announce that further to its news release dated August 6, 2020, it has closed a debt settlement of indebtedness of the Company in the aggregate amount of \$917,339 (the "**Debt**") by way of a shares for debt transaction at a price of \$0.05 per common share of the Company (a "**Share**") for a total aggregate of 18,346,780 Shares (the "**Debt Settlement**").

The Debt Settlement was approved by the TSX Venture Exchange (the "**Exchange**"), and all Shares issued pursuant to the Debt Settlement will be subject to a four month hold period from the date of issue.

**Neither the TSX Venture Exchange 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 press release.**

### Multilateral Instrument 61-101

The Company negotiated the Debt Settlement with non-arm's length creditors. Pursuant to the Debt Settlement certain directors and officers of the Company participated in the Debt Settlement. Accordingly, the Debt Settlement is considered as a "related party transaction" under *Multilateral Instrument 61-101—Protection of Minority Security Holders in Special Transaction* ("**MI 61-101**"). The Company is exempt from the requirements to obtain formal valuation and minority shareholder approval in connection with the Debt Settlement in reliance, respectively, on Section 5.5(b) of MI 61-101 as the Company is not listed on a "specified market" and on Section 5.7(1)(c) of MI 61-101 as a transaction supported by an arm's length control person. A material change report will be filed less than 21 days before the closing date of the transactions contemplated by this news release. The Company believes this shorter period is reasonable and necessary in the circumstances as the Company wishes to improve its financial position by reducing its accrued liabilities as soon as possible. It is anticipated that the Debt Settlement will result in the creation of a new control person of the Company, and the Company anticipates obtaining disinterested shareholder approval in writing approving of the Debt Settlement and the resulting creation of a new control person.

### Early Warning Disclosure

Mr. Andrew Lee acquired 14,596,780 Shares under the Debt Settlement. Prior to the Debt Settlement, Mr. Lee, directly or indirectly, held 200,000 Shares of the Company, which represented 2.21% of the issued and outstanding shares of the Company. After giving effect to the Debt Settlement, Mr. Lee, directly or indirectly, beneficially owns and controls a total of 14,796,780 Shares, which represents 54.03% of the Company's issued and outstanding Shares on a non-diluted and fully diluted basis as there are currently no outstanding convertible securities of the Company. Mr. Lee acquired the Shares for investment purposes. Mr. Lee intends to evaluate his investment in the Company and to increase or decrease his shareholdings from time to time as he may determine appropriate. A copy of the early warning report being filed by Mr. Lee may be obtained by contacting the Company at 778-302-2257.

Jun Hyouk (Sean) Choi acquired 3,750,000 Shares under the Debt Settlement. Prior to the Debt Settlement, Mr. Choi, directly or indirectly, held 73,469 Shares of the Company, which represented 0.81% of the issued and outstanding shares of the Company. After giving effect to the Debt Settlement, Mr. Choi, directly or indirectly, beneficially owns and controls a total of 3,823,469 Shares, which represents 13.96% of the Company's issued and outstanding Shares on a non-diluted and fully diluted basis as there are currently no outstanding convertible securities of the Company. Mr. Choi, acquired the Shares for investment purposes. Mr. Choi intends to evaluate his investment in the Company and to increase or decrease his shareholdings from time to time as he may determine appropriate. A copy of the early warning report being filed by Mr. Choi may be obtained by contacting the Company at 778-302-2257.

***Cautionary Statement Regarding Forward-Looking Information***

*This news release may contain "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities legislation. All information contained herein that is not historical in nature may constitute forward-looking information. Forward-looking statements herein include but are not limited to statements relating to the Company and its activities and business prospects, and are necessarily based upon a number of assumptions that, while considered reasonable by management, are inherently subject to business, market and economic risks, uncertainties and contingencies that may cause actual results, performance or achievements to be materially different from those expressed or implied by forward-looking statements. Except as required by law, the Company disclaims any obligation to update or revise any forward-looking statements. Readers are cautioned not to put undue reliance on these forward-looking statements.*

**For further information:**

Sean Choi  
Chief Financial Officer  
Telephone: 778-302-2257  
Email: seaninuwo@hotmail.com

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