



Phoenix Gold Resources Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

PHOENIX GOLD RESOURCES CORP.

(An exploration stage company)

(Formerly Zuri Capital Corp.)

FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2020

(Expressed in Canadian dollars)

Dated as of September 28, 2020

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

This Management Discussion and Analysis ("MD&A") of the consolidated financial condition, results of operations, and cash flows of Phoenix Gold Resources Corp. ("PXA" or the "Company") are for the three and six months ended July 31, 2020. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes thereto for the three and six months ended July 31, 2020 and 2019 and with the Company's audited consolidated financial statements and related notes thereto for years ended January 31, 2020 and 2019.

The financial information in this MD&A is derived from the Company's unaudited condensed interim consolidated financial statements which have been prepared in Canadian dollars unless otherwise noted, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee. This MD&A is dated September 28, 2020 and is current to date, unless otherwise noted.

Yingting (Tony) Guo, PhD., P. Geo of C2 Mining International Corp., a Qualified Person as defined by National Instrument 43-101, is responsible for the Company's most recent technical report dated September 15, 2020.

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

DESCRIPTION OF BUSINESS

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. 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. The Company has not yet determined whether the property contains mineral reserves that are economically recoverable.

Zuri entered into a letter of agreement dated July 29, 2013 (the "Letter Agreement") which was amended on October 8, 2013, November 14, 2013, December 2, 2013, December 16, 2013, January 21, 2014, and February 21, 2014, with Phoenix, a private corporation incorporated in the province of British Columbia on March 11, 2013. On April 23, 2014, Zuri and Phoenix completed a reverse takeover transaction (the "RTO Transaction") which has been accounted for as a reverse takeover of net assets in accordance with the Company's accounting policies on reverse takeover transactions that do not constitute business combinations. As a result, Zuri carries on the business of Phoenix and continues pursuant to the laws of British Columbia effective April 23, 2014 with respect to the RTO Transaction. Zuri changed its name to "Phoenix Gold Resources Corp." effective April 23, 2014. Also effective April 25, 2014, Zuri resumed trading on the Exchange with the trading symbol "PXA".

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") subject to approval of the shareholders of the Company and approval of the Exchange. The Letter Agreement expired on December 31, 2018 and was subsequently formally terminated by mutual agreement on February 15, 2019.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

On April 13, 2019, the Company 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"). On April 29, 2020, the Company announced that the letter of intent with Fox is effectively terminated since the proposed transaction was not completed in the time allowed under the letter of intent.

Corporate

On April 23, 2014, Mr. Glenn Laing replaced Mr. Mike Gillis as the Company's President and Chief Executive Officer and Mr. Sean Choi replaced Mr. Iqbal Boga as the Company's Chief Financial Officer and Corporate Secretary upon completion of the RTO Transaction. On May 1, 2014, Mr. Don McDowell was appointed as the Company's Vice President of Corporate Development/Exploration.

On April 23, 2014, Mr. Glenn Laing, Mr. William Matlack, Mr. Paul Jones, and Mr. Andrew Lee were appointed as the Company's Board of Directors (the "Board"), and SF Partnership LLP, Chartered Accountants, was appointed as auditor of the Company.

Effective November 5, 2014, Mr. William Matlack resigned from the Board of the Company.

Effective March 22, 2019, Mr. Walter Davidson was appointed as the Board of the Company and Mr. Glenn Laing resigned from the Board of the Company.

Effective August 6, 2020, Mr. Andrew Lee replaced Mr. Paul Jones as the Company's new President and Chief Executive Officer.

Effective September 18, 2020, Mr. Roger Baer was appointed as the Board of the Company and Mr. Paul Jones resigned from the Board of the Company.

TECHNICAL

PHOENIX GOLD PROJECT

Location

The Phoenix Gold Project properties are located in Lander County, Nevada. The properties are approximately 15 miles south of Battle Mountain, Nevada, and are adjacent to Newmont's Fortitude gold mine. The Phoenix Gold Project consists of Plumas Property and Eldorado Property, including three (3) patented mining claims and 1 patented mill site claim with a total area of 24.48 hectares in Battle Mountain, Nevada.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

A National Instrument 43-101 technical report (the "Technical Report") entitled "NI 43-101 TECHNICAL REPORT ON THE PHOENIX GOLD PROJECT LANDER COUNTRY, NEVADA, USA" was completed by C2 Mining International Corp. on September 15, 2020 and is available on SEDAR. The recommendations in the Technical Report suggests further work is warranted at the Plumas Property to further outline and define known mineralization at Plumas Property with additional drilling and sampling. Drill targets need to be generated at the Eldorado Property through additional sampling programs.

The Company is reviewing other recommendations including a \$282,150 exploration program comprising four diamond drill holes on the north part of the Plumas Property along strike of the mineralized structural zones, especially near the intersection with northeast-trending faults and additional chip rock sampling on the Eldorado Property.

Mineral Rights Expenditures and Balances

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

	Phoenix Gold Properties (Nevada, USA)
Balance - Opening	\$ -
Additions – capitalized exploration expenditures	65,322
Balance as at January 31, 2014	65,322
Additions - capitalized exploration expenditures	899,924
Balance as at January 31, 2015	965,246
Additions - capitalized exploration expenditures	196,330
Impairment charges recognized during the year*	(761,576)
Balance as at January 31, 2016	400,000
Additions - capitalized exploration expenditures	-
Settlement of liabilities	(265,845)
Reversal of impairment	265,845
Balance as at January 31, 2017	400,000
Additions - capitalized exploration expenditures	-
Balance as at January 31, 2018	400,000
Additions - capitalized exploration expenditures	-
Impairment charges recognized during the year**	(200,000)
Balance as at January 31, 2019	200,000
Additions – capitalized exploration expenditures	10,000
Impairment charges recognized during the year***	(209,999)
Balance as at January 31, 2020	1
Additions – capitalized exploration expenditures	-
Balance as at April 30, 2020	\$ 1

* The Company's management has determined that the mineral rights are impaired as of January 31, 2016 and recognized an impairment loss of \$761,576.

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

*** The Company's management has determined that the mineral rights are impaired as of January 31, 2020 and recognized an impairment loss of \$209,999.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

As at July 31, 2020, the Company had negative working capital of \$1,261,467 (January 31, 2020 - \$1,417,593) and reported a deficit of \$3,365,816 (January 31, 2020 - \$3,321,942).

Operating and Administrative Expenses

	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Six Months Ended July 31, 2020	Six Months Ended July 31, 2019
Management and consulting fees	\$ 22,500	\$ -	\$ 22,500	\$ -
Professional fees	4,530	66,555	4,530	142,889
Filing fees	1,000	-	6,460	23,051
Office and administration	7,494	-	8,014	2,814
Foreign exchange loss (gain)	(13,100)	(6,972)	2,370	(989)
Total Operating and Administrative Expenses	\$ 22,424	\$ 70,833	\$ 43,874	\$ 167,765
Net Loss and Comprehensive Loss	\$ 22,424	\$ 70,833	\$ 43,874	\$ 167,765

For the three months ended July 31, 2020

The Company's net loss and comprehensive loss for the three months ended July 31, 2020 was \$22,424 (2019 - \$70,833). Management and consulting fees totalled \$22,500 (2019 - \$nil). The increase in management and consulting fees was due to significant increase in business, corporate, and financing activities of the Company undertaken by the Company's management and consultant during the quarter compared to the prior comparative quarter. Professional fees totalled \$4,530 (2019 - \$66,555). Professional fees were significantly lower during the quarter because of reduction in legal fees related to corporate and financing activities during the quarter compared to the prior comparative quarter. Filing fees totalled \$1,000 (2019 - \$nil) during the quarter. Office and administration expenses totalled \$7,494 (2019 - \$nil). The main reason for the increase in office and administration expenses during the quarter was due to office rent paid for the new head office of the Company starting in June 2020. Foreign exchange loss (gain) totalled \$(13,100) (2019 - \$(6,972)) due to favourable fluctuations in the value of Canadian dollar as compared to the United States dollar during the quarter.

For the six months ended July 31, 2020

The Company's net loss and comprehensive loss for the six months ended July 31, 2020 was \$43,874 (2019 - \$167,765). Management and consulting fees totalled \$22,500 (2019 - \$nil). The increase in management and consulting fees was due to significant increase in business, corporate, and financing activities of the Company undertaken by the Company's management and consultant during the period compared to the prior comparative period. Professional fees totalled \$4,530 (2019 - \$142,889). Professional fees were significantly lower during the period because of reduction in legal fees related to corporate and financing activities during the period compared to the prior comparative period. Filing fees totalled \$6,460 (2019 - \$23,051) during the period. The reduction in filing fees was due to fewer filings required during the period compared to the prior comparative period. Office and administration expenses

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

totalled \$8,014 (2019 - \$2,814). The main reason for the increase in office and administration expenses during the period was due to office rent paid for the new head office of the Company starting in June 2020. Foreign exchange loss (gain) totalled \$2,370 (2019 – \$(989) due to unfavourable fluctuations in the value of Canadian dollar as compared to the United States dollar during the period.

Financial results for the six months ended July 31, 2020, 2019, and 2018

	<u>Six months ended July 31, 2020</u>	<u>Six months ended July 31, 2019</u>	<u>Six months ended July 31, 2018</u>
Revenue	\$Nil	\$Nil	\$Nil
Total net loss (income)	\$43,874	\$167,765	\$22,026
Total net loss (income) per share (basic and diluted)	\$0.01	\$0.03	\$0.00
Total assets	\$170,101	\$262,788	\$443,135
Total long-term liabilities	\$Nil	\$Nil	\$Nil
Total liabilities	\$1,431,567	\$1,307,974	\$1,099,872
Shareholders' equity (deficiency)	\$(1,261,466)	\$(1,045,186)	\$(656,737)
Cash dividends per share	\$Nil	\$Nil	\$Nil

SUMMARY OF QUARTERLY RESULTS FOR EACH OF THE LAST EIGHT QUARTERS:

<u>Quarter ended</u>	<u>Total revenue</u>	<u>Net loss</u>	<u>Basic and diluted loss per share</u>
July 31, 2020	\$Nil	\$22,424	\$0.01
April 30, 2020	\$Nil	\$21,450	\$0.00
January 31, 2020	\$Nil	\$78,653	\$0.02
October 31, 2019	\$Nil	\$5,359	\$0.00
July 31, 2019	\$Nil	\$70,833	\$0.01
April 30, 2019	\$Nil	\$96,932	\$0.02
January 31, 2019	\$Nil	\$218,672	\$0.04
October 31, 2018	\$Nil	\$2,012	\$0.00

OFF BALANCE-SHEET ARRANGEMENTS

The Company has no off balance-sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically relied upon equity financings and loans from directors to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

The Company has limited financial resources, no source of operating income and no assurance that additional funding will be available to it for current or future projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its exploration success. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

As at July 31, 2020, 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:
- (i) As part of the lease of the Plumas Property, the Company is required to make annual payments of \$46,914 (US\$35,000) on each anniversary date of April 23, 2014 for a period of 20 years. Future minimum lease payments are as follows:

2021	\$ 46,914
2022	46,914
2023	46,914
2024	46,914
2025	46,914
Thereafter	<u>703,710</u>
Total	\$ 938,280

The Company is currently in default of the Plumas Lease for failure to pay the 2015, 2016, 2017, 2018, 2019, and 2020 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.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

FINANCING ACTIVITIES

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 August 21, 2019, 264,286 stock options originally issued on August 22, 2014 expired unexercised.

On July 31, 2020, the Company issued 4,000,000 common shares of the Company at a price of \$0.05 per common share for gross proceeds of \$200,000.

On August 18, 2020, the Company closed a debt settlement with related parties of the Company in the aggregate amount of \$917,339 by a way of shares for debt transaction at a price of \$0.05 per common share of the Company for a total aggregate of 18,346,780 shares. All shares issued pursuant to the debt settlement is subject to a four month hold period from the date of issue.

RELATED PARTY BALANCES AND 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:

	Six months ended July 31, 2020	Six months ended July 31, 2019
Management and consulting fees	\$ 22,500	\$ -
Total	\$ 22,500	\$ -

For the six months ended July 31, 2020, the Company paid or accrued management fees of \$15,000 (July 31, 2019 - \$nil) to 2238012 Ontario Inc., a company controlled by an officer of the Company, and consulting fees of \$7,500 (July 31, 2019 - \$nil) to Blue Creek Forest Products Ltd., a company controlled by a director of the Company.

Accounts payable and accrued liabilities consists of \$233,288 (January 31, 2020 - \$233,288) owing to 2238012 Ontario Inc., a company controlled by an officer of the Company, and \$22,931 (January 31, 2020 - \$nil) owing to Blue Creek Forest Products Ltd., a company controlled by a director of the Company, and \$267,710 (January 31, 2020 - \$267,710) owing to a director of the Company.

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

As of July 31, 2020, the Company had advances from related company, which is owned and controlled by a director of the Company, in the amount of \$359,839 (January 31, 2020 - \$359,839). The advances are non-interest bearing, unsecured, and have no fixed term of repayment.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

FINANCIAL INSTRUMENTS

As at July 31, 2020, the Company's financial instruments consist of cash, subscriptions receivable, other receivables, prepaid expenses, and 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.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. Note 11 to the condensed interim consolidated financial statements for the three and six months ended July 31, 2020 and 2019 presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of its financial position and operations and that require management to make judgements, assumptions and estimates in the application of IFRS. Judgments, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change. The Company's significant accounting policies can be found in note 3 of the Company's condensed interim consolidated financial statements. The Company believes the followings are the critical accounting estimates used in the preparation of its consolidated financial statements.

Use of estimates

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 future period could be material. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings (loss) in the periods in which they become known.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

Intangible assets: mineral rights

Under IFRS, the Company defers all cost relating to the acquisition and exploration of its mineral properties after the legal right to explore a property has been obtained, but before technical feasibility and commercial viability of the property has been established. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using unit-of-production method. The Company reviews the carrying value of its mineral properties for recoverability when events or changes in circumstances indicate that the properties may be impaired. If such a condition exists and the carrying value of a property exceeds the estimated net recoverable amount, provision is made for the impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The allocation of the Company's assets into CGUs requires judgement. 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.

Share-based payment

The Company uses the fair value method, utilizing the Black-Scholes pricing model, for valuing stock options granted to directors, officers, and consultants. The estimated fair value is recognized over the applicable vesting period as stock-based compensation expense and an increase to share-base 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-base payment reserve. The fair value of options is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the options, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

Warrants reserve

The Company uses the fair value method, utilizing the Black-Scholes pricing model, for valuing warrants. The fair value of warrants is estimated using the Black-Scholes pricing model based on estimates and assumptions for expected life of the warrants, expected volatility, risk-free interest rate and dividend yield. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates could be material in future periods.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

Fair value of equity settled transaction

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 values 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.

Income tax

The future income tax provision is based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years of differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets to the extent that it is more than likely that future income tax assets will not be realized. As a result, future earnings are subject to significant management judgement.

Standards issued but not yet effective

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.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian regulatory filings prior to making an investment in the Company.

General

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and/or quality to return a profit from production.

The Company is in the resource sector and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same industry. Some of the current risks include the following:

- (a) The Company has no history of earnings and will not generate earnings until production commences;
- (b) Any future equity financings by the Company for the purposes of raising additional capital may result in substantial dilution to the holdings of existing shareholders;
- (c) There can be no assurance that an active and liquid market for the Company's shares will develop and investors may find it difficult to resell their shares; and
- (d) The directors and officers of the Company will devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses, and as such, conflicts of interest may arise from time to time.

The Company's business is subject to exploration and development risks

The Phoenix Gold Properties are in the exploration stage and no known reserves have been discovered on such properties. At this stage, favourable results, estimates and studies are subject to a number of risks, including, but not limited to:

- the limited amount of drilling and testing completed to date;
- the preliminary nature of any operating and capital cost estimates;
- the difficulties inherent in scaling up operations and achieving expected metallurgical recoveries;
- the likelihood of cost estimates increasing in the future; and
- the possibility of difficulties procuring needed supplies of electrical power and water.

There is no certainty that the expenditures to be made by the Company in the exploration of the Phoenix Gold Properties described herein will result in discoveries of mineral resources in commercial quantities or that any of the Phoenix Gold Properties will be developed. Most exploration projects do not result in the discovery of mineral resources and no assurance can be given that any particular level of recovery of mineral resources will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties,

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

unusual or unexpected geological formations and work interruptions. In addition, the grade of mineral resource ultimately discovered may differ from that indicated by drilling results. There can be no assurance that mineral resource recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as fire, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

The Company will continue to rely upon consultants and others for exploration and development expertise. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the costs of operations, fluctuations in markets, allowable production, importing and exporting of minerals and environmental protection.

Political Risk

The Company's property is located in Nevada, USA, and will be subject to changes in political conditions and regulations in that country. The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

USA regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. The Company's mineral exploration and mining activities in the USA may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or maintaining its licenses. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

A number of other approvals, licenses and permits may be required for various aspects of mine development. While the Company will use its best efforts to ensure title to the licenses and access to surface rights continue into the future, these titles or rights may be disputed, which could result in costly litigation or disruption of operations. The Company is uncertain if all necessary permits will be

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

maintained on acceptable terms or in a timely manner. Future changes in applicable laws and regulation or changes in their enforcement or regulatory interpretation could negatively impact current or planned exploration and development activities on the Phoenix Gold Properties. Any failure to comply with applicable laws and regulations or failure to obtain or maintain permits, even if inadvertent, could result in the interruption of exploration and development operations or material fines, penalties or other liabilities.

Financing Risks

Although the Company was able to obtain adequate financing in the past, there is no assurance that the Company will continue to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Fluctuating Price and Currency

The Company raises its equity primarily in Canadian dollars and will conduct its principal business and operation activities in and proposes to maintain certain accounts in Canadian dollars and United States dollars ("US dollars"). The Company's operations in the USA make it subject to foreign currency fluctuation and such fluctuations may adversely affect the Company's financial position and operating results.

Foreign Countries and Regulatory Requirements

Even if the Phoenix Gold Properties are proven to host economic reserves of gold and/or other mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. Any changes in regulations or shifts in political conditions in the USA are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Uninsurable Risk

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Surface Rights

The Company has represented that it has mineral property interests in the Phoenix Gold Properties. However, it remains possible that surface rights corresponding to the mineral properties may be subject to prior other rights or may be affected by undetected defects.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at its projects will be granted.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

Competition

The mineral industry is intensely competitive in all its phases. The Company competes with many companies processing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and service providers. Factors beyond the control of the Company may affect the marketability of mineral substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its investment capital.

Environmental Risk

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, consultants and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. In addition, environmental risks may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. The Company intends to fully comply with all environmental regulations.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

DISCLOSURE ON INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's accounting policies.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OUTSTANDING SHARE DATA

The Company has an unlimited number of common shares authorized for issuance without par value. As at July 31, 2020 and September 28, 2020, there were 9,038,986 and 27,385,766 common shares issued and outstanding, respectively.

PHOENIX GOLD RESOURCES CORP.

(Formerly Zuri Capital Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended July 31, 2020

Date: September 28, 2020

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, particularly statements regarding future economic performance and finances, plans, expectations and objectives of management, may constitute "forward-looking" statements which reflect our current views with respect to future events and financial performance. When used in this MD&A, such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "estimate", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms. These forward-looking statements are based on certain assumptions by management, certain of which are set out herein. The forward-looking statements appearing in this MD&A reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, all hazards and risks normally incidental to exploration, development and production of mineral resources, political instability and changes to existing government regulations including environmental regulations, ability to obtain adequate financing in future, the impact of global financial crisis, foreign currency fluctuations, ability to identify and integrate future acquisitions, reliance on key personnel and competition with other mineral industry companies for mineral concessions, claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and service providers.

All statements, other than of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. There are no assurances that the Company can fulfill such Forward-Looking Statements and the Company undertakes no obligation to update such statements.

Additional information on the Company can be found on SEDAR at www.sedar.com.