

**MATERIAL CHANGE REPORT
FORM 51-102F3**

Item 1. Reporting Issuer

Phoenix Capital Income Trust.
Suite 1007, 347 Bay Street
Toronto, Ontario, M5H 2R7

Item 2. Date of Material Change

July 29, 2005.

Item 3. News Release

On July 29, 2005 a news release in respect of the material change was released through the facilities of CCN Matthews.

Item 4. Summary of Material Change

The material change is fully described in the Company's press release which is attached as Schedule "A" and is incorporated herein.

Item 5. Full Description of Material Change

A full description of the material change is contained under Item 4.

Item 6. Reliance on Section 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

James Hamilton, Chief Executive Officer - 416-861-1940.

Item 9. Date

August 2, 2005.

PHOENIX CAPITAL INCOME TRUST

Per: "James Hamilton"

James Hamilton



PHOENIX CAPITAL INCOME TRUST

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July 29, 2005

Press Release

Plan of Arrangement Completed

Phoenix Capital Income Trust ("Phoenix"), TSX Venture Exchange - Units "PNX.UN" advises that the reorganization of Phoenix Capital Inc. (the "Company") into an income trust (the "Trust"), by way of a plan of arrangement (the "Plan"), has been completed.

At a special meeting of shareholders held on Friday June 10, 2005, the resolution approving the Plan was approved without dissent. The Court of Queen's Bench of New Brunswick approved the Plan on June 17, 2005. Pursuant to the Plan, the Trust acquired all 4,814,514 shares of the Company in exchange for 587,738 units of the Trust and \$2,500,00 in cash.

As a result of the Plan becoming effective, the shares of the Company were delisted from the TSX Venture Exchange and the units of the Trust were posted for trading under the symbol PNX.UN. The units were halted from trading on June 17, 2005 at the request of the Trust pending the pending the distribution of sufficient units pursuant to the current offering.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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