PJX RESOURCES INC.

Audited Financial Statements

Years ended December 31, 2014 and 2013

April 29, 2015

Independent Auditor's Report

To the Shareholders of
PJX Resources Inc.

We have audited the accompanying financial statements of PJX Resources Inc., which comprise the statements of financial position as at December 31, 2014 and December 31, 2013 and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of PJX Resources Inc. as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Professional Accountants, Licensed Public Accountants

The accompanying financial statements of PJX Resources Inc. (the "Company") are the responsibility of the Board of Directors.

These financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the end of the reporting period. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) 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 financial statements and (ii) the 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 by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)
John Keating
President and Chief Executive Officer

(signed)
Linda Brennan
Chief Financial Officer

Toronto, Canada
April 29, 2015

PJX Resources Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,	**Note**	**2014**	2013
ASSETS			
Current assets			
Cash		**$ 599,703**	$ 444,396
Accounts receivable	**6**	**13,172**	11,166
Prepayments	**7(a)**	**8,500**	8,436
Total current assets		**621,375**	463,998
Non-current assets			
Deposits	**7(b)**	**53,065**	$ 71,265
Total non-current assets		**53,065**	71,265
Total assets		**674,440**	535,263
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**64,555**	66,038
Tax liability premium	**9(b)(i)**	**41,672**	8,710
Total current liabilities		**106,227**	74,748
Total liabilities		**106,227**	74,748
SHAREHOLDERS' EQUITY			
Share capital	**9(b)**	**4,481,000**	3,882,335
Warrants	**10**	**778,009**	978,170
Contributed surplus		**998,790**	528,269
Accumulated deficit		**(5,689,586)**	(4,928,259)
Total shareholders' equity		**568,213**	460,515
Total shareholders' equity and liabilities		**$ 674,440**	$ 535,263

Commitments and contingencies (Note 12)

Subsequent events (Note 15)

Approved by the Board of Directors:

(Signed) John Keating
John Keating, Director

(Signed) Linda Brennan
Linda Brennan, Director

See accompanying notes to the audited financial statements.

PJX Resources Inc.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Years ended December 31,	Note	2014	2013
Expenses			
Exploration	11(a)	$ 235,846	$ 567,734
General and administration	11(b)	578,062	582,566
Share based compensation	9(b)(ii)	-	102,659
Other revenues		(1,919)	-
Loss before income taxes		(811,989)	(1,252,959)
Deferred tax recoveries		50,662	40,985
Net loss and comprehensive loss for the year		$ (761,327)	$ (1,211,974)
Basic and diluted loss per share		($0.02)	($0.04)
Weighted average number of shares outstanding		38,999,839	32,495,516

See accompanying notes to the audited financial statements.

PJX Resources Inc.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

December 31,	Note	2014	2013
Share capital			
Balance, beginning of the year		**$ 3,882,335**	$ 3,513,223
Shares issued under private placement	**9(b)**	**373,230**	296,694
Shares issued to Klondike Gold Corp.	**8(II)**	**91,000**	-
Shares issued under P&S agreement	**9(b)**	**-**	65,000
Flow-through shares issued	**9(b)**	**236,692**	50,213
Share premium on flow-through shares	**9(b)**	**(58,875)**	(12,125)
Share issue cost	**9(b)**	**(43,382)**	(30,670)
Balance, end of the year		**4,481,000**	3,882,335
Warrants			
Balance, beginning of the year		**978,170**	835,577
Warrants issued on private placement	**10**	**295,109**	142,593
Compensation warrants expired	**10**	**(186,787)**	-
Fair value adjustment on extended warrants	**10**	**(308,483)**	-
Balance, end of the year		**778,009**	978,170
Contributed surplus			
Balance, beginning of the year		**528,269**	425,610
Fair value adjustment on extended warrants		**308,483**	-
Compensation warrants expired		**186,787**	-
Share based compensation	**9(b)(ii)**	**-**	102,659
Tax impact of expired compensation warrants		**(24,749)**	-
Balance, end of the year		**998,790**	528,269
Accumulated deficit			
Balance, beginning of the year		**(4,928,259)**	(3,716,285)
Net loss for the period		**(761,327)**	(1,211,974)
Balance, end of the year		**(5,689,586)**	(4,928,259)
Total shareholders' equity		**$ 568,213**	$ 460,515

See accompanying notes to the audited financial statements.

PJX Resources Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,	**Note**	**2014**	2013
Cash flows from operating activities			
Net loss for the year		**$ (761,327)**	$ (1,211,974)
Items not involving cash:			
Share base compensation	**9(b)(ii)**	**-**	102,659
Deferred tax recoveries	**13**	**(50,662)**	(40,985)
Shares issued to Klondike Gold Corp.	**8(II)**	**91,000**	-
Shares issued under P&S Agreement	**9(b)**	**-**	65,000
Changes in non-cash working capital:			
Deposits		**18,200**	(20,365)
Accounts receivable and prepayments		**(2,070)**	39,629
Other liabilities		**-**	-
Accounts payable and accrued liabilities		**(1,483)**	(67,888)
Net cash used in operating activities		**(706,342)**	(1,133,924)
Cash flow from financing activities			
Proceeds on issuance of common shares	**9(b)**	**551,781**	416,750
Proceeds on issuance of flow-through shares	**9(b)**	**353,250**	72,750
Share issue cost	**9(b)**	**(43,382)**	(30,670)
Net cash generated by financing activities		**861,649**	458,830
Net change in cash		**155,307**	(675,094)
Cash, beginning of the year		**444,396**	1,119,490
Cash, end of the year		**$ 599,703**	$ 444,396

See accompanying notes to the audited financial statements.

1. NATURE OF OPERATIONS

PJX Resources Inc. (the "Company" or "PJX") is a Canadian corporation incorporated under the laws of Alberta on April 22, 2010, originally under the name of 1532063 Alberta Inc. On March 7, 2011, the Company obtained a Certificate of Continuance from the Registrar of Corporations for the Province of Alberta changing its jurisdiction to the Province of Ontario. On the same date the Company changed its name to PJX Resources Inc.

The principal activities of the Company are the exploration of mineral projects located near Cranbrook, British Columbia. To date, the Company has not earned mining revenues. The Company is considered to be in the exploration stage. The Company's corporate offices are located at 5600 One First Canadian Place, Toronto, Ontario.

The financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2014, the Company incurred a loss of $761,327 or $0.02 per share, (December 31, 2013: $1,211,974 or $0.04 per share), and reported an accumulated deficit of $5,689,586 (December 31, 2013: $4,928,259). As at December 31, 2014 the working capital of the Company was $515,148 (December 31, 2013: $389,250). As at December 31, 2014 the Company had no work commitments (December 31, 2013: $1,477,927).

These financial statements were approved by the Board of Directors for issue on April 29, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the periods presented, unless otherwise stated. These financial statements are expressed in Canadian dollars, which is the Company's presentation and functional currency.

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(j).

(b) Financial assets and liabilities

The Company's financial instruments are comprised of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Deposits	Loans and receivables
Account receivable	Loans and receivables

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized, at trade date, at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable and value-added taxes receivable, where the carrying amounts are reduced through the use of an allowance account. When accounts receivable and value-added taxes receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. This policy is not applicable for the current period.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are

observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – valuation techniques using inputs of the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(c) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Exploration and evaluation expenditures are expensed as incurred.

Once a project has been established as commercially viable and technically feasible, the related development expenditure is capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit.

(d) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will require settling the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. There were no such onerous contracts as at December 31, 2014 and 2013.

(e) Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Management estimates that none of the options granted will forfeit giving its short vesting period.

Share-based payment for goods and services received other than those received from employees is determined directly by the fair value of the services received which are based on the market rate for those services. The fair value of the shares given in exchange is determined on the basis of recent comparable transactions.

(*f) Income taxes*

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted of amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(g) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development and ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charges against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(i) Segmented reporting

The Company operates in one business segment, the business of acquiring and exploring mineral properties in Canada. The Chief Executive officer determines the reportable operating segments by reviewing various factors including geographical location, quantitative threshold and managerial structure.
(j) Flow-through shares:

The Company from time to time issues flow-through shares. Under these agreements, shares are issued at a fixed price with the resultant proceeds used to fund exploration and development work within a defined time period. The tax deductions for exploration and development expenditures funded by flow-through arrangements are renounced to investors in accordance with the appropriate tax legislation.

When flow-through shares are issued, share capital is recorded at the trading value of an ordinary common share. The difference between proceeds and the ordinary common share value is recorded as a deferred flow-through premium on the statement of financial position. When the flow-through expenditures are incurred, the share premium liability is recognized in deferred tax expense along with the tax effect on the expenditure.

(k) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future event that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

- The inputs used in accounting for share-based payment transactions in profit or loss. PJX estimates the value of stock based compensation granted using the Black-Scholes valuation method. Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.

- The assumptions used for determining the amount of deferred income tax assets, liabilities, expense and recovery, including the income tax rate to be used and recoverability of deferred tax assets involve critical judgement and estimates.

- The inputs used in accounting for share purchase warrants transactions in the statement of financial positions. PJX estimates the warrants issued using a standard valuation method. Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. The changes were made in accordance with the applicable transitional provisions.

(i) IAS 32 '*Financial instruments, presentation'* – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

(ii) IFRIC 21 '*Levies*' - effective for annual periods beginning on or after 1 January 2014, identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.

Future accounting changes:

IFRS 9, *'Financial instruments: classification and measurement'* – IFRS 9 as issued reflects the IASB's work to date on the replacement of IAS 39, *Financial instruments: recognition and measurement* (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. IFRS 9 (2013) does not have a mandatory effective date.

3. CAPITAL MANAGEMENT

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, contributed surplus and accumulated deficit, which as at December 31, 2014 totaled $568,213 (December 31, 2013 – $460,515).When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on further external financing to fund its working capital and exploration activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2014. The Company is not subject to externally imposed capital requirements.

4. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and sales tax receivable. Cash is held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. Financial instruments include sales tax receivable. Management believes that the credit risk concentration with respect to financial instruments is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2014, the Company had a cash balance of $599,703 (December 31, 2013: $444,396) to settle current liabilities of $106,227 (December 31, 2013: $74,748). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. In addition, refer to Note 3 for the Company’s approach to capital management.

Market risk

Interest rate risk
The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. A 1% change in interest rates would increase (decrease) the Company’s statement of loss by approximately $6,000.

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 affecting PJX’s capacity to obtain future financings. 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 as it relates to the mineral commodities to determine the appropriate course of action to be taken by the Company.

Based on Management's knowledge and experience of the financial markets, the Company believes that is “reasonably possible” that commodity price fluctuation could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of mineral commodities. As of December 31, 2014, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at December 31, 2014, the carrying value approximates the fair value amounts of the Company's financial instruments. The Company has not disclosed the fair value of accounts receivable, deposits, accounts payable and cash because the carrying values approximate fair values.

6. ACCOUNTS RECEIVABLE

Accounts receivable corresponds to the sale taxes recoverable paid on taxable purchases of material and services.

7. PREPAYMENTS & DEPOSITS

a) Prepaid totaling $8,500 (December 31, 2013: $8,436) represents advanced payments to suppliers.

b) At December 31, 2014, the Company has deposits with the British Columbia Ministry of Finance for $52,300 (December 31, 2013: $67,000) representing remediation cost bonds associated with its properties and other advances totalling $765 (December 31, 2013: $4,265).

8. MINERAL PROPERTIES

I) SG Option Agreement:

On September 14, 2010 the Company entered into an option agreement ("the SG Agreement") with SG Spirit Gold Inc. ("SG") (formerly Ruby Red Resources Inc.) to acquire up to 80% interest in four properties: the Dewdney Trail Gold property, the Vine property, the Zinger Gold property and the Eddy Gold property (together "the Cranbrook Properties"), all located in the Cranbrook area of British Columbia, Canada, approximately 1,000 km east of Vancouver B.C.

Under the terms of the original SG Agreement the Company had the option to acquire 80% of the Cranbrook Properties over a four year term by making staged cash payments to the optionors totaling $215,000 and work commitments totaling $2,500,000 to be completed by September 14, 2014.

On October 17, 2013, PJX closed the Purchase and Sale Agreement with SG (the "P&S Agreement"), originally entered on July 8, 2013 with SG (which effectively modified the original SG Agreement), and acquired 100% ownership in the Cranbrook Properties with no Net Smelter Return ("NSR"), work commitments or other retained interest by SG.

The P&S Agreement required PJX to make the remaining cash payments of the original SG Agreement of $125,000, of which $50,000 were paid on September 13, 2013 and $75,000 paid on October 16, 2013, and issue 500,000 PJX shares (the "Shares") to SG (issued on October 16, 2013), valued at $65,000. SG has agreed to not sell the Shares for a period of 2 years from the closing date of the agreement and vote with PJX Management and Board during this period. If, at any time after 2 years, SG wishes to assign, sell or transfer the Shares, SG must notify PJX and PJX will have the opportunity to arrange for the sale of the Shares on terms not less favourable to SG than the terms contained in the notice provided by SG.

(II) Vine Extension Option Agreement:

On April 26, 2012, PJX entered into the Vine Extension Option Agreement (the "VE Agreement") with Klondike Gold Corp. ("KG"). Under the terms of the VE Agreement, PJX could earn a 50% interest in KG's 6,300 hectares-property by completing $1.5 million in work, with at least $1 million of the $1.5 million spent on drilling, and, subject to certain conditions, make share payments to a maximum total of 200,000 common shares over a 5 year period. Once PJX exercised the option, the companies would have formed a Joint Venture (JV - 50% PJX and 50% KG) with PJX as operator. If either company decided not to participate in the JV then their interest would be diluted on a pro-rata basis to a 2% NSR with the other company having the right to purchase ½ of the 2% NSR for $2 million.

On March 26, 2013 the Company and KG amended the VE Agreement, where certain working commitments and option payments were delayed to 24 and 36 months, respectively, from the date of the signing of the original VE Agreement.

On February 20, 2014 the Company completed a purchase and sale agreement with Klondike Gold Corp. to acquire a 100% interest in the Vine Extension property.

Under the purchase and sale agreement with KG, which replaces the original Option Agreement, PJX will not have to complete the remaining exploration work obligation, which at December 31, 2013 was approximately $1.4 million, or pay the 200,000 shares required under the VE Agreement. PJX has purchased full ownership of the Property by issuing 700,000 PJX common shares ("Shares"), valued at $91,000 to KG. In addition to receiving the Shares, KG retains a royalty equal to 1 percent of net smelter returns from minerals produced from claims comprising the Vine Extension Property.

KG has agreed to vote with PJX Management and Board for a period of 2 years from the closing date. If, at any time for a period of 1 year from the closing date, KG wishes to assign, sell or transfer the Shares, KG must notify PJX and PJX will have the opportunity to arrange for the sale of the Shares on terms not less favorable to KG than the terms contained in the notice provided by KG.

9. SHARE CAPITAL

(a) Authorized capital

The authorized share capital of the Company is an unlimited number of common shares with no par value, and with the following rights, privileges, restrictions and conditions:

- To vote at any meeting of shareholders of the Company;
- To receive any dividends declared by the Company;
- Participate in the distribution of the Company assets in case of dissolution, liquidation or wind-up.

(b) Issued capital

The following schedule describes the class A share transactions since December 31, 2012:

	# of Shares	Value
Balance, December 31, 2012	32,025,201	$ 3,513,223
Shares issued under private placement	3,334,000	416,750
Fair value allocated to warrants		(120,056)
		296,694
Flow-through shares issued under private placement	485,000	72,750
Fair value allocated to warrants		(22,537)
		50,213
Shares issued under P&S Agreement (Note 8(I))	500,000	65,000
Share premium on flow-through shares		(12,125)
Share issue cost:		(30,670)
Balance, December 31, 2013	36,344,201	$ 3,882,335
Shares issued under private placement	4,414,245	551,781
Fair value allocated to warrants		(178,551)
		373,230
Flow-through shares issued under private placement	2,355,000	353,250
Fair value allocated to warrants		(116,558)
		236,692
Share premium on flow-through shares		(58,875)
Shares issued to Klondike Gold Corp. (Note 8(II))	700,000	91,000
Share issue cost:		(43,382)
Balance, December 31, 2014	**43,813,446**	**$ 4,481,000**

(i) Private placements

On November 20, 2013, the Company announced a non-brokered private placement of up to 4.8 million units for total proceeds of up to $600,000 through the issuance of Flow-through Units and Non Flow-through units ("Unit") at a price of $0.15 per Flow-through Unit and $0.125 per Unit. Each unit, whether acquired as part of a Unit or a Flow-through Unit, consists of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

The first tranche of this private placement was closed on December 9, 2013 where 485,000 Flow-through Units at $0.15 per unit and 3,334,000 Units at $0.125 per unit were issued. The Company paid commissions of $30,670 on this transaction.

As the value of the Flow-through Unit at the time of the transaction was $0.15, compared to the Unit value of $0.125, a premium on flow-through shares of $12,125 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is amortized as the flow-through funds are utilized in qualified exploration programs.

On February 11th, 2014, PJX closed the second tranche of the above mentioned financing where 670,000 Units at $0.125 and 260,000 Flow-Through Units at $0.15 were sold for gross proceeds of $122,750.

As the value of the Flow-through Unit at the time of the transaction was $0.15, compared to the Unit value of $0.125, a premium on flow-through shares of $6,500 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is amortized as the flow-through funds are utilized in qualified exploration programs.

On August 22, 2014, the Company announced a private placement of 4.8 million units through the issuance of flow through and non-flow-through units at a price of $0.15 per Flow-Through Unit and $0.125 per Unit. Each Flow-Through Unit consisted of one flow through share and one non-transferable common share purchase warrant. Each Unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant, whether acquired as part of a Flow-Through Unit or Unit, will entitle the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

As part of the financing announced on August 22, 2014, on September 23, 2014, PJX issued 2,650,000 Units at $0.125 and 190,000 Flow-Through Units at $0.15, for gross proceeds of $359,750.

As the value of the Flow-through Unit at the time of the transaction was $0.15, compared to the Unit value of $0.125, a premium on flow-through shares of $4,750 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is amortized as the flow-through funds are utilized in qualified exploration programs.

On October 9, 2014, the Company announced that it had amended its previously announced Non-Brokered private placement (August 22, 2014) from 4.8 million units to up to 6 million units. On November 5, 2014, PJX issued 1,905,000 Flow-Through Units at a price of $0.15 per Flow-Through Unit, and 1,094,245 Units at a price of $0.125 per Unit for gross proceeds of $422,531.

As the value of the Flow-through Unit at the time of the transaction was $0.15, compared to the Unit value of $0.125, a premium on flow-through shares of $47,625 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is amortized as the flow-through funds are utilized in qualified exploration programs.

The following schedule describes the flow-through premiums and amortization for the years ended December 31, 2014 and 2013:

		2014		2013
Premium Balance - Opening		**8,710**		-
Premium on newly issued flow-through shares		**58,875**		12,125
Premium amortization		**(25,913)**		(3,415)
Unamortized premium balance	**$**	**41,672**	$	8,710

(ii) Share based compensation

The Company has a Stock Option Plan (the "Plan") to provide incentive for the directors, officers, employees, consultants and service providers of the Company. The maximum number of shares which may be set aside for issuance under the Plan is 10% of the outstanding common shares.

On November 19, 2013 the Company granted an aggregate of 1,018,500 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Stock Option Plan, at an exercise price of $0.15 per share. The options are fully vested on granting and exercisable until November 15, 2018. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: dividend yield of 0%, expected volatility of 129.13%; risk-free interest rate of 1.52%; and an expected average life of 5 years. The estimated fair value of $102,659 was recorded as share-based compensation within the statement of loss and was credited to contributed surplus.

There were no stock options granted during fiscal 2014.

The following schedule describes the options outstanding at December 31, 2014 and 2013:

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 6, 2016	$0.30	1.85	2,233,500	2,233,500
November 15, 2018	$0.15	3.88	1,018,500	1,018,500
Balance at December 31, 2014			**3,252,000**	**3,252,000**

The following schedule describes the options transactions since December 31, 2011:

	Number of stock options	Weighted average exercise price (CAD$)
Balance at December 31, 2012	2,233,500	$0.30
Granted during fiscal 2013	1,018,500	0.15
Balance at December 31, 2013 and 2014	**3,252,000**	**$0.25**

10. WARRANTS

Warrants issued under private placements:

As part of the first tranche financing closed on December 9, 2013 and described under Note 9(b)(i), the Company issued 3,819,000 warrants with a fair value of $142,593. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

As part of the second tranche financing closed on February 11, 2014 and described under Note 9(b)(i), the Company issued 930,000 warrants with a fair value of $40,571. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.
As part of the first tranche financing closed on September 23, 2014 and described under Note 9(b)(i), the Company issued 2,840,000 warrants with a fair value of $114,721. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

In connection with the financing completed on November 5, 2014 the Company issued 2,999,245 warrants with a fair value of $139,817. Each Warrant issued in connection with the financing will entitle the holder thereof to purchase one Common Share at an exercise price of $0.20 until November 4, 2016. All securities issued under the final tranche of the Offering are subject to a statutory four-month hold period expiring on March 6, 2015.

Warrants amended:

On August 22, 2014 the Company announced it has extended the exercise period of a total of 8,939,500 outstanding share purchase warrants. These warrants were issued pursuant to a private placement completed between August 17, 2012 and October 9, 2012 and accepted for filing by the TSX Venture Exchange on October 4, 2012. The Warrants were due to expire on September 25, 2014 and October 9, 2014 and were exercisable at $0.25 per share. The new expiration date of the Warrants is September 25, 2015.

On August 22, 2014 the Company announced that it has also amended the purchase price of a total of 6,319,500 of the aforementioned 8,939,500 outstanding Warrants. The amended Warrants are now exercisable at $0.20 per share. The remaining 2,620,000 Warrants are held by insiders of the Company and will not be re-priced but remain exercisable at $0.25 per share.

On December 22, 2014 the Company announced that it has amended the expiry date of a total of 750,000 warrants originally expiring on December 27, 2014. The new expiration date of these warrants is now December 27, 2015 and the exercise price remained unchanged at $0.25.

The TSX Venture Exchange consented to the Warrant extension and re-pricing.

The fair value of the amended warrants was re-measured at the time issuance date using the same valuation techniques that PJX utilizes when issuing new warrants. The decrease in the fair value of the re-issued warrants, when compared to the replaced ones, was $308,483 and charged to contributed surplus.

The fair values of the warrants issued and outstanding were calculated using the Black-Scholes options pricing model using the following assumptions:

Expiry date	Number of Warrants	Dividend yield	Volatility	Risk free interest rate	Expected average life (years)	Fair value
September 25, 2015	6,319,500	Nil	124%	1.11%	1	215,864
September 25, 2015	2,620,000	Nil	124%	1.11%	1	74,200
December 27, 2015	750,000	Nil	143%	1.10%	2	50,243
November 28, 2015	3,334,000	Nil	113%	1.06%	2	120,056
November 28, 2015	485,000	Nil	113%	1.06%	2	22,537
February 8, 2016	670,000	Nil	111%	1.01%	2	27,681
February 8, 2016	260,000	Nil	111%	1.01%	2	12,890
September 22, 2016	190,000	Nil	111%	1.01%	2	9,088
September 22, 2016	2,650,000	Nil	111%	1.01%	2	105,633
November 4, 2016	1,905,000	Nil	125%	1.03%	2	94,580
November 4, 2016	1,094,245	Nil	125%	1.03%	2	45,237
	20,277,745					$ 778,009

Volatility rates were determined based on historical share pricing volatility for the Company's common shares.

The following schedule describes the warrants transactions since December 31, 2012:

All warrants:	Number of Warrants	Exercise price CAD$	Fair value
Balance at December 31, 2012	11,406,860	$ 0.24	$ 835,577
Issued during fiscal 2013:			
On private placement Flow-through Units	485,000	0.20	22,537
On private placement Non Flow-through Units	3,334,000	0.20	120,056
Balance at December 31, 2013	15,225,860	0.23	978,170
Issued on private placement Flow-through Units	2,355,000	0.20	116,558
On private placement Non Flow-through Units	4,414,245	0.20	178,551
Compensation warrants expired	(1,717,360)	0.21	(186,787)
Fair value adjustment on extended warrants	-	-	(308,483)
Balance at December 31, 2014	**20,277,745**	**0.22**	**$ 778,009**

The following schedules describe the warrants outstanding at December 31, 2014 and December 31, 2013:

Expiry Date	Number of Warrants	Exercise price CAD$	Fair Value
September 25, 2015	6,319,500	0.20	215,864
September 25, 2015	2,620,000	0.25	74,200
December 27, 2015	750,000	0.25	50,243
November 28, 2015	3,334,000	0.20	120,056
November 28, 2015	485,000	0.20	22,537
February 8, 2016	670,000	0.20	27,681
February 8, 2016	260,000	0.20	12,890
September 22, 2016	2,650,000	0.20	105,633
September 22, 2016	190,000	0.20	9,088
November 4, 2016	1,094,245	0.20	45,237
November 4, 2016	1,905,000	0.20	94,580
Balance at December 31, 2014	**20,277,745**	**$ 0.22**	**$ 778,009**

Expiry Date	Number of Warrants	Exercise price CAD$	Fair Value
Regular warrants:			
September 25, 2014	1,385,000	$ 0.25	$ 99,379
September 25, 2014	4,429,500	0.25	291,673
October 9, 2014	3,125,000	0.25	207,495
December 28, 2014	750,000	0.25	50,243
November 28, 2015	3,334,000	0.20	120,056
November 28, 2015	485,000	0.20	22,537
Total Regular warrants	13,508,500	$ 0.24	$ 791,383
Compensation warrants:			
September 9, 2014	1,210,000	$ 0.20	$ 130,029
October 9, 2014	507,360	0.25	56,758
Total Compensation warrants	1,717,360	0.21	186,787
Balance at December 31, 2013 - all warrants	**15,225,860**	**$ 0.23**	**$ 978,170**

See also Note 15, *Subsequent Events.*

11. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) Exploration Expenses:

The following schedule describes exploration expenses incurred during the years ended December 31, 2014 and 2013, segregated by nature:

Years ended December 31,	**2014**	2013	Balance Since inception
Geology, geophysics and geochemistry	**$ 169,069**	$ 198,860	$ 1,233,475
Exploration-Other Accomodations	**-**	-	2,440
Permitting	**3,438**	1,858	40,300
Land rights & claim management	**6,824**	19,441	54,379
Drilling	**67,638**	95,717	466,951
Laboratory	**17,704**	4,467	153,241
Roads and surface preparation	**-**	977	70,944
Camp cost and exploration supplies	**1,529**	1,054	9,646
Exploration - Travel & transportation	**21,720**	23,213	71,440
Exploration- Meals	**2,162**	1,703	7,490
Rent - Field office	**4,640**	6,900	18,855
Surface sampling and mapping	**-**	-	50,505
Legal expenses	**-**	3,544	3,544
Option payments	**91,000**	210,000	403,000
	$ 385,724	$ 567,734	$ 2,586,210
BC refundable tax credits receivable	**(149,878)**	**-**	(149,878)
Total exploration expenses	**$ 235,846**	$ 567,734	$ 2,436,332

The following schedule describes the exploration expenses incurred by PJX for each of its projects, during the years ended December 31, 2014 and 2013, and since inception.

Years ended December 31,	**2014**	2013	Change	Balance since inception
Dewdney Trail Property	**$ 33,055**	$ 88,879	(55,824)	$ 877,015
Eddy Property	**1,938**	64,104	(62,166)	499,420
Zinger Property	**27,699**	141,925	(114,226)	456,472
Vine Property	**319,656**	241,813	77,843	703,417
Others	**3,376**	31,013	(27,637)	49,886
	385,724	567,734	(182,010)	2,586,210
BC refundable tax credits receivable	**(149,878)**	**-**	(149,878)	(149,878)
Total exploration expenses	**$ 235,846**	$ 567,734	**$ (331,888)**	$ 2,436,332

b) General and administration:

The following is a breakdown of the Company’s general and administration expenses incurred during the years ended December 31, 2014 and 2013:

Periods ended December 31,	**2014**	2013
Insurance	**$ 13,437**	$ 13,744
Interest, bank charges and penalties	**761**	608
Investor Relations	**104,588**	119,234
Listing and regulatory fees	**25,084**	28,921
Office expenses	**22,574**	14,167
Professional fees	**112,093**	104,906
Rent	**2,217**	1,703
Salaries and benefits	**287,256**	271,922
Travel & transportation	**10,052**	27,361
	$ 578,062	$ 582,566

12. COMMITMENTS AND CONTINGENCIES

The Company is required to incur qualified exploration expenditures of approximately $197,000 not later than December 31, 2015 as a result of the flow through common shares issued during fiscal 2014 and the mining tax refund received from the British Columbia government.

PJX has no work commitments at December 31, 2014 (December 31, 2013 $1.5 million).

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to $462,000 to be made upon the occurrence of certain events such as change of control. As the likelihood of these events taking place is not determinable, the contingent payment has not been provided for in these financial statements.

13. INCOME TAXES

The Company's income tax recovery has been calculated as follows:

	2014	2013
Loss and comprehensive loss for the year	**$(813,908)**	$(1,252,959)
Expected recovery	**(215,686)**	(332,034)
Deferred tax recovery on expiry of warrants	**(24,749)**	-
Premium on flow-through shares	**(25,913)**	40,985
Expenses non deductible for tax purposes	**1,513**	29,299
Share issue cost	**44,424**	42,125
Tax benefits not recognized	**169,749**	178,640
Recovery for income taxes	**$ (50,662)**	$ (40,985)

The applicable tax rate is 26.5% (2013: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized of non-capital losses of $ 3,572,230 (December 31, 2013: $ 2,687,510), expiring between 2031 and 2034, exploration and development expenses of $ 993,005 (December 31, 2013: $ 1,164,862) which have no expiry date, and share issue cost of $ 232,183 (2013: $ 356,454) which will be deducted between 2015 and 2018.

14. RELATED PARTY TRANSACTION

The following transactions were carried out with related parties:

a) Purchase of services:

During the years ended December 31, 2014 and 2013 the Company contracted legal services from a firm where a partner is also a director of PJX.

Years ended December 31,	**2014**	2013
Fees to legal firm where a director of PJX is a partner	**$ 9,006**	$ 21,228
	$ 9,006	$ 21,228

b) Key management compensation:

Key management includes directors (executive and non-executive), and senior officers (Chief Executive Officer and Chief Financial Officer). The compensation paid and payable to key management for employee services is shown below:

Years ended December 31,	**2014**	2013
Salaries	**$ 279,000**	$264,000
Stock-based compensation	**-**	80,635
	$ 279,000	$344,635

c) Period-end balances arising from purchases of services and key management compensation:

December 31,	**2014**	2013
Payable to a firm where a director of the Company is a partner	**$ -**	$ 386
	$ -	$ 386

Payables to related parties for purchases and services are due on thirty days after reception and bear no interest.

All transactions with related parties for purchases and services are on an arm's length basis and recorded at exchange amounts.

15. SUBSEQUENT EVENTS

On April 1, 2015 – the Company announced that it has completed a Non-Brokered Private Placement (the "Offering") for total proceeds of $1,273,000 by issuing aggregate of 6,365,000 units consisting of 2,855,000 flow through units ("Flow Through Unit") and 3,510,000 non-flow through units ("Unit"), both at an exercise price of $0.20.

On April 8, 2015 the Company announced that it had modified the above mentioned offering by changing the structure of the securities placed to 3,605,000 Flow Through Units and 2,760,000 Unit. The announced total proceeds remained unchanged. Each Flow Through Unit was issued at a price of $0.20

per flow through unit and consists of one common share and one half of one non-transferable common share purchase warrant. Each Unit was issued at a price of $0.20 per Unit and consists of one common share and one non-transferable common share purchase warrant. Each warrant, regardless of whether issued as part of a Flow Through Unit or a Unit, will entitle the holder to purchase one common share. at an exercise price of $0.20 for 24 months following completion of the Offering. The private placement, and any modifications to it, is subject to compliance with applicable securities laws and to receipt of the approval of the TSX Venture Exchange.

In accordance with the terms of the Offering the Company issued 4,562,500 warrants exercisable at a price of $0.20 and expiring 24 months from the time of their issuance.

All securities issued under the Offering are subject to a statutory four- month hold period.