



**PJX RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2013

## **PJX RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis ("MD&A") of the operating results and financial condition of PJX Resources Inc. ("PJX" or the "Company") for the fiscal periods ended December 31, 2013 ("F2013") and twelve months ended December 31, 2012 ("F2012") should be read in conjunction with the financial statements of the Company and notes thereto at December 31, 2013.

The financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are expressed in Canadian dollars.

Additional information has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at [www.sedar.com](http://www.sedar.com).

The date of this report is April 15, 2014.

#### ***Approval***

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

#### ***Forward-looking Information***

The Company's MD&A contains statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking information includes, but is not limited to, information concerning PJX's exploration program and planned gold production as well as PJX's strategies and future prospects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Assumptions upon which such forward-looking information is based include, without limitation, availability of skilled labour, equipment, and materials. Many of these assumptions are based on factors and events that are not within the control of PJX and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in ore reserves, resources, grade or recovery rates, risks relating to international operations (including legislative, political, social, or economic developments in the jurisdictions in which PJX operates), economic factors, government regulation and approvals, environmental and reclamation risks, actual results of exploration activities, fluctuating metal prices and currency exchange rates, costs, changes in project parameters, conclusions of economic evaluations, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and the availability of skilled labour, failure of plant, equipment or processes to operate as anticipated, capital expenditures and requirements for additional capital, risks associated with internal control over financial reporting, and other risks of the mining industry as well as those risk factors discussed in the Long Form Prospectus of PJX available at [www.sedar.com](http://www.sedar.com). Although PJX has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be

other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. PJX undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

### ***Nature of Operations***

The principal activities of the Company are mineral exploration projects located near Cranbrook, British Columbia. The Company is considered to be in the exploration stage, has no producing properties and, consequently, has no current operating income or cash flow. Financing of the Company's activities to date has been obtained from equity issues.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing in order to fund its working capital and exploration requirements and eventually to generate positive cash flows either from operations or the sale of properties.

The Company's financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

### ***Company Overview***

The Company's principal business is the acquisition, exploration and development of mineral resource properties in Canada. The Company's goal is to build shareholder value and community opportunity through the exploration, discovery, and development of mineral resources.

The Company's principal mineral property is the Dewdney Trail Property. The Company holds 100% interest in the Dewdney Trail Property and 4 Other Properties (Vine, Eddy, Zinger and West Basin properties) in the Cranbrook area.

The Technical Report written by R.I. Thompson, PhD, P.Eng, a Qualified Person within the meaning of National Instrument 43-101, concludes that gold showings on the Dewdney Trail Property exhibit many features in common that support potential for a large tonnage deposit of the Sediment Hosted Vein type (SHV). SHV deposits are some of the largest gold producers in the world.

The Company also holds 100% interest in Vine Extension Property that was previously optioned under the Vine Extension Option Agreement (the "Vine Agreement") with Klondike Gold Corp. ("KG"). The Vine Extension Property (the "Vine Extension") is a 6,300 ha property that is contiguous with the Vine Property. See Acquisition of Mineral Properties – Subsequent Event.

### ***Highlights for 2013***

#### ***Operations***

- The Annual General and Special Meeting was held on June 26, 2013. The Shareholders of record:
  - approved the Audited Financial Statements;
  - set the number of directors of the Company at six and re-elected Messrs. John Keating, James Clare, Kent Pearson, Somerset Parker, Joseph Del Campo, and Ms. Linda Brennan;
  - reappointed PricewaterhouseCoopers LLP as Auditors of the Company for the ensuing year; and
  - approved the Company's Share Incentive Plan.

## *Exploration*

- The Company focused exploration on advancing priority target areas and consolidating ownership of properties in the Cranbrook area of British Columbia, Canada.
- Land holdings increased from 61,700 hectares to over 68,000 hectares, a 10% increase, at its gold and base metal properties. The new claims are contiguous with favorable geology hosting precious metal (gold, silver) and/or base metal (zinc, lead, copper) mineralization on the properties.
- In the course of completing a Purchase and Sale Agreement (the “P&S Agreement”), the Company now owns 100% of the Dewdney Trail, Vine, Eddy and Zinger properties.
- The Company also acquired 100% of the West Basin property subject to an underlying Net Smelter Return (“NSR”) of 2% for part of the property.
- Subsequent to year end, the Company completed a P&S Agreement for 100% of its Vine Extension Property, subject to an underlying NSR of 1%.
- Exploration has identified numerous target areas with gold potential on the Dewdney Trail, Zinger, and Eddy properties.
- Compilation of historical drill-hole data with new ground geophysical surveys has defined large targets areas with base metal and silver potential on the Vine and newly acquired West Basin Properties.
- All properties are road accessible and proximal to power lines, rail and communities with a mining history.

### Dewdney Trail Property

- Mapping to date has identified more than 15 kilometres (“km”) of favourable geology with potential to host gold mineralization.
- Gold mineralization is most often associated with the more altered, veined and fractured sections of the interbedded quartzites and argillites. The interbedded quartzite and argillite unit can be up to 250 metres (“m”) in true width
- Expert review supports the geological potential for Sediment Hosted Vein gold deposits on the Dewdney Trail Property.
- Exploration has identified 3 high priority large target areas with gold mineralization in soils and rocks for follow-up.

### Zinger Property

- Exploration has identified geological structures that appear to influence the distribution and concentration of gold mineralization along the 8 km long and 1.5 km wide trend of showings with up-to 39 grams per tonne (“g/t”) gold in rock grab samples.
- Compilation of historical and recent work has identified 3 priority areas with gold deposit potential for future follow-up.

### Vine Property

- The Vine Property has gold, silver, zinc, lead, and copper in a mineralized vein structure tested by over 50 historical drill holes. The mineralization appears to be open along strike and at depth.
- The Vine Property also has favourable geology with potential to host bedded massive sulphide mineralization (zinc, lead and silver) similar in style to Teck-Cominco’s former 150 million tonne Sullivan deposit located 35 km to the north.
- Excel Geophysics Inc. has identified a large positive gravity anomaly that may represent bedded massive sulphides. Two historical holes, drilled by previous operators in the 1990’s on the Vine Property, intersected bedded massive sulphides at depths of about 750 metres on the edge of the gravity anomaly. No other holes have been drilled to that depth in the anomaly area. Additional geophysics has been done to define targets for drilling.

### West Basin Property

- Excel Geophysics Inc. identified a second less well defined gravity anomaly 6 km southwest of the Vine anomaly.
- This anomaly is located on the western side of the Vine graben, and contains two known lead-zinc occurrences, called the Fors and Smoker.
- The Company consolidated over 3,400 hectares of land that covers the gravity anomaly, and the Fors and Smoker occurrences.

### ***Financial***

- On November 20, 2013 the Company announced the undertaking of a non-brokered private placement (the "Offering"). Pursuant to the Offering, the first tranche was completed on November 27, 2013 which resulted in the issue of 485,000 flow through units (each a "Flow Through Unit") at a price of \$0.15 per flow through unit, and 3,334,000 non-flow through units (each a "Unit") at a price of \$0.125 per Unit for gross proceeds of \$489,500. Each Unit and Flow Through Unit consists of one Common Share of PJX and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant in connection with the first tranche of the Offering will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.20 until November 28, 2015. All securities issued under the first tranche of the Offering are subject to a statutory four-month hold period expiring on March 27, 2014.
- Subsequent to year-end, the final tranche of the Offering was completed on February 11, 2014 through the issuance of 260,000 Flow Through Units at a price of \$0.15 per Flow Through Unit, and 670,000 Units at a price of \$0.125 per Unit for gross proceeds of \$122,750. Each Warrant issued in connection with the final tranche of the Offering will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.20 until February 8, 2016. All securities issued under the Offering are subject to a statutory four-month hold period expiring on June 7, 2014.

### ***Strategy and Objectives***

PJX's strategy is to build opportunity by using innovative technology and approaches to explore and develop areas with high potential for world class gold and other metal deposits.

#### ***Objectives for 2014.***

- Gold, Silver and Base metal targets have been identified on all the properties. These targets will be prioritized for testing which could include further work to refine the target, trenching and/or drilling. The next target to test will be the Vine gravity anomaly.
- Finance the Company to support continued exploration
- Continue to communicate to existing and prospective shareholders the potential of the Cranbrook properties and how PJX will attempt to realize that potential.

### ***Key Performance Drivers***

The ability of the Company to continue exploration is dependent on the ability to raise capital in the market. Equity capital interest in PJX depends on the price of gold, exploration results and the market's appetite for risk.

2013 continued to be volatile for all stock markets. Market volatility, the price of gold and the appetite for risk cannot be controlled by the Company. However, the Company has assembled a team that has more than 100 years of working experience in the mining and exploration industry and meeting its related

challenges. Demand for gold, silver and base metals is forecast by some to remain relatively robust, while supply for some metals, such as zinc, is expected to decline as mines close in the coming years. PJX believes it is well positioned to attract investor interest given its 100% interest in a large land package with favourable geology to host world class deposits. In addition, the properties are road accessible, proximal to rail, hydro, and located in mining friendly communities with an experienced workforce. The prime objective is to focus resources on exploration activities to discover a gold deposit. Marketing activities will be continued to communicate PJX's exploration results and potential.

### ***Ability to Deliver Results***

PJX's Board is made up of members with experience in all aspects of the minerals and metals industry from early stage exploration through to production stage companies. In order to advance its exploration projects effectively, the Company contracts experienced mineral exploration professionals with many years of working experience specific to our geographic regions of interest.

## **Results of Operations**

### **Exploration**

During the year ended December 31, 2013, PJX incurred \$567,734 in exploration expenses compared with \$622,932 for the same period of fiscal 2012.

The following schedule describes exploration expenses incurred in each project for the year ended December 31, 2013 and 2012 as well as the balance since inception.

<b>Years ended December 31,</b>	<b>2013</b>	<b>2012</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 88,879	\$ 145,564	843,960
Eddy Property	64,104	253,101	497,482
Zinger Property	141,925	152,884	428,773
Vine Property	219,740	59,113	351,813
Vine Extension	22,073	9,875	31,948
West Basin	24,711	-	24,711
	<b>561,432</b>	<b>620,537</b>	<b>2,178,687</b>
<i>Other properties:</i>			
Gold Creek & Others	6,302	2,395	9,799
Bruyere	-	-	12,000
<b>Total exploration expenses</b>	<b>\$ 567,734</b>	<b>\$ 622,932</b>	<b>\$ 2,200,486</b>

### **Acquisition of the Mineral Properties**

On September 14, 2010, the Company entered into an Option Agreement (the "Cranbrook Properties Agreement") with Ruby Red Resources Inc. (now Spirit Gold Inc. ("SG")), whereby PJX could earn up to an 80% interest in 4 mineral properties owned by SG in the Cranbrook area of southeastern British Columbia. The 4 properties are the Dewdney Trail Property (gold), the Zinger Property (gold), the Eddy Property (gold), and the Vine Property (polymetallic [gold-silver-lead-zinc-copper]) (the "Cranbrook Properties"). To earn its interest, PJX was to complete a series of cash payments totalling \$215,000 and work commitments totalling \$2.5 million over a four year period. Once vested, the Company could earn up to 100% interest, subject to a 2% NSR with a buyback of 1% should SG decide not to participate in funding joint venture exploration programs.

On October 25, 2011 the Company entered into an amendment of the Cranbrook Properties Agreement. Under the terms of the amended agreement the parties agreed to add to the area of the property thirty-eight (38) additional claims owned by SG, representing approximately 12,800 additional hectares adjacent to the original Cranbrook Properties, at no additional cost to PJX and no change to the Terms of the Cranbrook Property Agreement.

On October 17, 2013, PJX closed the P&S Agreement, originally entered on July 8, 2013 with SG, and acquired 100% ownership in the Cranbrook Properties with no NSR or other retained interest by SG. PJX does not have to complete approximately \$725,000 in remaining work commitments. Acquisition terms required PJX to make the remaining cash payments of \$125,000 (paid) that would have had to be made under the SG Agreement, and issue 500,000 PJX common shares (issued on October 16, 2013) to SG. 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.

The Cranbrook Properties are all accessible by road and located within a 40 km radius of Cranbrook and Kimberley, British Columbia. Three properties (Dewdney Trail, Zinger and Eddy) cover historical gold showings and have the potential to host large tonnage gold deposits. The fourth property (Vine Property) has an historical resource estimate of 1.3 million tonnes averaging 2.2 g/t gold, 36.3 g/t silver, 3.12% lead, 3.12% zinc and 0.11% copper. This historical resource was not prepared using resource categorizations as set out in NI 43-101.

On April 26, 2012 PJX entered into the Vine Extension Option Agreement (the “Vine Agreement”) with Klondike Gold Corp. (“KG”). Under the terms of the Vine Agreement, PJX can earn a 50% interest in KG’s 6,300 hectare property by completing \$1.5 million in work, with at least \$1 million of the \$1.5 million spent on drilling, and make share payments to a maximum total of 200,000 common shares over a 5 year period. Once PJX has exercised the option the companies will form a Joint Venture (“JV”) owned 50% by PJX and 50% by KG; with PJX as operator. If either company decides not to participate in the JV their interest is 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. The issuance of shares was approved by the TSX-Venture Exchange on May 9, 2012. On March 26, 2013, the Agreement was amended by deferring the work commitments, and share payments to 24 and 36 months, respectively, from April 26, 2012.

Subsequent to year end, on February 27, 2014, PJX announced that it has completed a P&S Agreement with Klondike Gold Corp. to acquire a 100% interest in the Vine Extension Property as referred in Note 15 of the Company’s audited financial statements for the year ended December 31, 2013.

Under the P&S Agreement, which replaces the original Option Agreement, PJX does not have to complete the remaining \$1.4 million on exploration work or pay the 200,000 shares (none paid to date). PJX has purchased full ownership of the Property by issuing 700,000 PJX common shares to KG (issued). In addition to receiving the Shares, KG retains a royalty equal to 1% NSR 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.



## DEWDNEY TRAIL PROPERTY

The Dewdney Trail Property is the largest in size and considered to be one of the most prospective because of gold discoveries found in geology favourable for hosting large tonnage SHV gold deposits. The large property is over 21,000 hectares in size and is located 29 km northwest of Cranbrook, British Columbia.

Placer gold provided the first exploration interest in the area, starting in the mid to late nineteenth century, with deposits on the Wild Horse Creek proving large and profitable. Anecdotal information suggests at least 1.5 million ounces (46.7 million grams) of gold have been recovered from the creek; however, no corresponding lode gold deposits of any size have been discovered in the rock, suggesting the Wildhorse Creek Area has undeveloped potential for gold deposits. The Dewdney Trail Property is located upstream from placer deposits in Wildhorse Creek and may host the source of the placer gold.

Mapping to date has identified more than 15 km of favourable geology with potential to host gold mineralization. The favourable gold bearing quartzite-argillite unit ranges from 75 to over 200 m true width and has not been systematically explored or drilled. Rock grab samples of the unit from prospecting and mapping contain gold concentrations up to 15 g/t. This target unit is pervasively altered (sericite-quartz-pyrite-Fe oxide-Fe carbonate) and veined throughout its length and width. Veins are locally closely spaced (centimetre scale), have widths ranging from millimetres to centimetres, and range in length from centimetres to a metre. Given the significant size potential of the sedimentary unit, PJX considers the Dewdney Trail Property to have great gold deposit potential. In December 2010, RIT Minerals Corp. completed a 43-101 Technical Report (the “43-101”) on the Dewdney Trail Property for the Company. A copy of the Technical Report was filed on SEDAR on May 24, 2011 and is available in the Company’s filings on SEDAR ([www.sedar.com](http://www.sedar.com)).

The 43-101 concludes that the Dewdney Trail Property contains: i) 3 large-tonnage SHV gold prospects called Spirit, Tac (“Tackle”) and Lewis; ii) a vein-type prospect called Jack Leg, and iii) a skarn and stockwork Cu-Au (possible porphyry) prospect called Dew Drop. In the author’s opinion, exploration emphasis and expenditures should focus on the Spirit and Lewis showings as they exhibit many features in common that support potential for a large tonnage deposit of the SHV type. These zones have the following characteristics that make them suitable as bulk tonnage targets: (i) stratigraphic continuity measured in kms; (ii) large, intense alteration systems featuring sericite-quartz-pyrite-Fe carbonate-Fe oxide; (iii) centimetre scale spaced fractures throughout the host unit; (iv) evidence of resurgence; and (v) gold distributed throughout the host unit.

SHV deposits contain some of the largest gold reserves in the world. In Asia they include: Muruntau (>80M oz), SukHöy Log (>20 M oz), and Amantaytau, Daugiztau, Kumtor, Bakirchik, Olympiada, Nezhdaninskoe, Natalka and Maysky (all > 5 M oz); in Australia, deposits of the Victorian gold fields include the: Bendigo (> 20 M oz), Ballarat, Fosterville and Stawell; in New Zealand: the Macraes plus numerous smaller deposits; in South America there are enumerable small to medium deposits; and in North America numerous small to medium deposits occur in the Meguma terrane of Nova Scotia.

The Company has since compiled historical data; undertaken an airborne geophysical survey, surface mapping, soil and rock sampling; along with targeted trenching and drilling to help identify the most promising areas to host potential gold deposits. This work has confirmed the geological characteristics, such as folding, faulting, alteration, host rocks, and proximity to placer gold creeks that support the potential for SHV type gold deposits. Three large target areas (Lewis, Tackle and M1) have been identified as priorities for future exploration. Dr. Paul Klipfel (PGeo) with Mineral Resources Inc. is an expert in SHV deposits and has visited many of the deposits around the World. Dr. Klipfel’s assessment, after reviewing PJX’s data and visiting the property in October 2013, is that “the dimensions of the M1, Tackle, and Lewis target areas in the Dewdney Trail Property are of sufficient size to host a significant SHV deposit. The presence of multiple targets is also consistent with SHV deposits as the mineralizing processes happen over regional-scaled areas with formation of numerous mineralized zones.”



### *Outlook*

The Lewis, Tackle and M1 target areas are the primary focus for exploration on the Dewdney Trail Property. Geological mapping continues to define the structural and geological controls that may influence gold deposit formation along the 15 km trend of gold mineralization in surface showings. Detailed surficial exploration within the large target areas is required to define specific target locations for testing by trenching and/or drilling.

## **ZINGER PROPERTY**

The road-accessible Zinger Property is located 24 km west of Cranbrook, British Columbia. The large property, comprised of over 14,000 hectares of land, is located on the north flank of Perry Creek, 5 km directly upstream from the historic Perry Creek placer gold deposits. PJX plans to explore the Zinger Property to determine whether it may have been a source for the placer gold.

Bedrock samples taken in 2008 and 2009 from the Zinger Property contain gold concentrations. The zone with mineralization is at least 8 km long and 1.5 km wide. Approximately 1,380 grab samples of bedrock were collected and assayed. Approximately 750 samples reported analyses above 20 ppb (0.02 g/t) gold. Of these, 86 samples ranged from 500 ppb (0.5 g/t) to 1000ppb (1.0 g/t), 101 samples ranged from 1000 ppb (1.0 g/t) to 5000 ppb (5.0 g/t), and 37 samples were equal to or greater than 5000 ppb (5.0 g/t) gold. The highest value reported was 39,597 ppb (39.6 g/t) gold.

Characteristics common to sample sites include: sericite-quartz-pyrite alteration; multiple veins sets on the millimetre and centimetre scale; brick red hematite staining; extensive silicification.

At one locality, the anomalous exposure was pressure-washed and channel sampled in an effort to better understand the distribution of gold within the exposure. One channel, cut oblique to bedding and across intense micro-veining and alteration, averaged 4.95 g/t Au over 3 m. The host Creston Formation quartzite is non-sulphide bearing; hence the presence of disseminated pyrite in association with gold represents an exploration vector.

Airborne electromagnetic (EM) and magnetic geophysical surveys were undertaken by Aeroquest in the Heart Lake area in 2010 and a follow-up VTEM survey by Geotech (2011) covered most of the 8 km long trend of gold in rock grab samples. The VTEM EM survey identified resistive zones that appear to correlate with the majority of the gold mineralization. In addition, the airborne magnetic data has identified a 5 km long magnetic trend that is somewhat coincident with the trend of gold analyses in rock.

Mapping in 2012 and 2013 identified structural fold/flexures where sub-vertically dipping sediments warp or flex into a flat orientation and then return to a steep dip angle. These flexures in the sediments combined with cross faults appear to influence the location of alteration zones and possibly gold mineralization.

The newly discovered possible structural controls to the alteration and gold mineralization will need to be tested to identify areas that could host gold deposits. Two preliminary holes were drilled as a first phase to test separate sedimentary horizons with gold mineralization potential and to validate gold intersected in previous drilling by Chapleau Resources Inc. ("Chapleau") in 2003. Historical data obtained from the Government of British Columbia's Geological Survey Branch Assessment Reports Maps show Chapleau's hole intersected 0.48 g/t gold over 17.5 m in altered sediments from 7.5 m to 25 m.

PJX's hole (Hole ZG12-02), drilled behind and beneath Chapleau's hole, intersected 2.92 g/t gold over 2 m within a broader interval of 0.50 g/t gold over 22.38m from a depth of 2.62 m (bedrock) down to 25 m. Additional anomalous gold mineralization was intersected sporadically in the 188 m long hole including a 9 m section with a weighted average grade of 0.38 g/t gold from 158 to 167 m. The gold mineralization appears to be associated with quartz veining and/or flooding in folded and sheared siltstones and argillites.

The sediments are variably silicified and altered with sericite, chlorite and iron-carbonate. This gold mineralized zone supports the geological model for gold distribution that has been developed based on surface mapping.

#### *Outlook*

The broad zone of gold mineralization intersected by drilling supports the potential for structurally controlled gold deposits on the Zinger Property. Drilling results will be compiled with recent work and historical data to help define the strike and depth continuity of gold mineralization discovered and identify new targets for trenching and drilling on strike.

### **EDDY PROPERTY**

The road accessible Eddy Property is located 14 km south west of Cranbrook, British Columbia and 6 km southeast of the Zinger Property. The large property is comprised of more than 20,000 hectares of land on the north flank of the Moyie River. The Eddy Property hosts a succession of gold-mineralized quartz veins which occur along shear zones within the fold hinge of a regional anticline that is at least 9.5 km long. A total of 64 grab samples of bedrock have returned values up to 57 g/t Au and demonstrate the potential for high-grade gold concentrations along the shear zones.

The fold hinge and associated shears are breached by placer-bearing streams (e.g. Weaver Creek) that flow southeast or south into the Moyie River, a site of historical placer operations. Visible gold in shear-related quartz veins is commonplace, suggesting the shear zones may be the source of the placer gold. Alteration assemblage on the Eddy Property consists of quartz-sericite-pyrite-Fe carbonate, similar to the Dewdney Trail Project.

Prime geological targets for ore-body sized gold concentrations may occur at offsets along the Old Baldy shear fault system which traverses the Eddy Property for a distance exceeding 10 km. Several offsets in the fault system are consistent with releasing bends where shoot-like dilation zones for hosting gold may exist.

In October 2010, PJX contracted Aeroquest to conduct detailed 75 m line-spacing airborne geophysical (Electromagnetic and Magnetic) test surveys over 2 separate parts of the Eddy Property. The airborne survey identified potential structures and geology that may be associated with gold mineralization. In October 2011, the company contracted Geotech to fly a 695 km VTEM airborne magnetic and electromagnetic survey over additional sections of the Eddy Property.

Compilation of historical data with the new survey information has identified 4 large VTEM conductivity anomalies. Four preliminary holes drilled in late 2012 to test the geophysical anomalies were inconclusive as the source of the anomalies could not be defined by the geology in the holes. Down hole geophysics on 2 of the holes (ED12-01, ED12-04) has identified moderate to strong conductors that may represent mineralized zones off to the side of the holes.

#### *Outlook*

Results from drilling and geophysics during 2012 have been compiled with historical work and have identified multiple areas with gold and base metal potential for further testing. Additional work will be required to better define the geophysical anomalies and geological controls prior to further testing.

### **VINE PROPERTY (including the Vine Extension)**

The road-accessible Vine Property is located 11 km south of Cranbrook, British Columbia. The property was initially 459 hectares in size and has since been expanded to over 8,000 hectares through staking and optioning the Vine Extension.

In the late 1970s, Cominco discovered lead, zinc and silver mineralization in Proterozoic aged Middle Aldridge Formation argillites and quartzites on the Vine Property. In 1989, Kokanee Exploration Ltd. optioned the Vine Property from Cominco. The claims were allowed to lapse over time. Supergroup Holdings Ltd. staked the claims in 2000 and sold the Vine Property to SG in 2005.

The following summary of the Vine occurrence is quoted from the B.C Ministry of Energy Mines, and Petroleum Resources' Minfile Record Summary (082GSW050):

*"The Vine 1 occurrence is a shear-related vein system in Middle Aldridge Formation argillites and quartzites. Trenching and drilling has exposed massive and disseminated sulphides (pyrite, sphalerite and galena) within a sheared vein system striking about 120 degrees and dipping 45 to 85 degrees to the northwest. Stringer and disseminated sulphides are conspicuous in the shear zone for several metres on either side of the massive sulphides. The mineralized Vine structure has been traced for over 1000 metres along strike and a downdip extension of at least 700 metres.*

*Recent drilling (1990) of the Vine structure (630 metres depth) has intersected 3 massive sulphide veins. The upper vein has a true width of 4 metres, the middle vein a true width of 2 metres and the lower vein a true width of 3.4 metres. The upper vein averages 2.94 per cent lead, 0.2 per cent zinc and 29.13 grams per tonne silver across 4 metres. The middle vein averages 36.24 per cent lead, 12.16 per cent zinc, 229.67 grams per tonne silver and 0.34 grams per tonne gold across 2 metres. The lower vein averages 4.7 per cent lead, 2.09 per cent zinc, 0.36 per cent copper and 35.3 grams per tonne silver across 3.4 metres. The lower vein represents a new sulphide zone within the Vine structure (George Cross News Letter #224 (November), 1991).*

*Proven and probable reserves for the Vine property are 1,300,000 tonnes grading 2.2 grams per tonne gold, 36.3 grams per tonne silver, 3.12 per cent lead, 3.12 per cent zinc and 0.11 per cent copper (MDAP - Kokanee Exploration Ltd. Prospectus (1990))."*

Kokanee Exploration Ltd.'s resource estimate reported above is a historical estimate and was not prepared using the resources categorizations set out in NI 43-101. The Company is not aware of any more recent resource estimate for this property. The Company is uncertain as to the relevance or reliability of the historical estimate.

As a first stage of exploration the Company contracted Geotech to fly a VTEM airborne survey over the Vine Property. This survey identified a large conductive body to the southwest of the Vine vein structure.

In 2012 Terralogic Exploration Services, geologic consultants for PJX, completed entering historical Vine deposit drilling data into a digital format for computer modeling. Rock and soil samples were taken during 2012 to assess potential mineralized trends at surface. Compilation and modeling suggest the mineralized Vine vein structure continues to depth and along strike beyond previous drilling. The compilation also suggests the potential for bedded massive sulphide mineralization at depth. This flat lying mineralized zone may correlate with a large VTEM conductivity anomaly near surface approximately 1.5 km away and up-dip.

In November 2012, Quantec Geoscience Ltd. was contracted to undertake a geophysical program on the Vine Extension Property in vicinity of the up-dip conductor. The survey identified a somewhat flat-lying, 10 m thick conductive body at depth.

In April 2013, a preliminary drill hole was completed to test on strike of a somewhat flat lying mineralized horizon that may be similar in style of mineralization to the Sullivan deposit. The hole intersected a fault at the target depth. The fault appears to have offset the favourable horizon. Subsequent Electromagnetic and

Gravity geophysical surveys were undertaken to locate where the fault may have moved the favourable horizon.

The preliminary gravity geophysical work conducted by Excel Geophysics Inc. has identified a positive gravity anomaly, located north of the Vine vein occurrence that defines an area approximately 2 km in width and 3-4 km in length with an apparent shallow dip to the north. The gravity anomaly identifies more dense material that could represent massive sulphides. It appears to parallel stratigraphy within Proterozoic-age Aldridge Formation sedimentary rocks that correlate with those that hosted the Sullivan lead-zinc-silver massive sulphide deposit, located 35 km north of the property.

The interpreted sulphide potential is supported by two historical holes drilled by Kokanee Explorations Ltd. in 1990 and Consolidated Ramrod Gold Corporation in 1994. Each of the holes intersected lead-zinc-silver mineralization in massive sulphides at depths of approximately 700 m and are located on the western edge of the gravity anomaly. The geophysics has identified multiple targets for testing.

#### *Outlook*

The last significant drilling done on the Vine Property was between 1989 and 1992. PJX plans to carry out additional geophysics and utilize the recent and historical data to define the potential size, and depth extent of the new gravity targets prior to drilling.

### **WEST BASIN PROPERTY**

The road accessible West Basin Property is located approximately 16 km southwest of Cranbrook, British Columbia. The 3400 hectare property was acquired to cover favorable geology with potential to host Sedex (sedimentary exhalative) massive sulphide mineralization similar in style to the Sullivan mine. Interpretation, by Excel Geophysics Inc., of the Vine and regional gravity data identified a poorly defined gravity anomaly 6 km southwest of the Vine anomaly. The large 2 km wide by 5 km long anomaly is located on the western side of the Vine grabben, and covers two known lead-zinc occurrences, called the Fors and Smoker.

The British Columbia Geological Survey describes the Fors as a “well preserved example of a small, high grade lead-zinc-silver sedimentary exhalative and vein deposit”. The BC Ministry of Energy, Mines and Petroleum Resources’ Minfile Record Summary (082GSW041) describes the Smoker occurrence as “A vent complex measures 400 by 100 metres and is composed of breccia fragments in a matrix of siltstone. The breccia contains zones of weak to abundant disseminated galena (lead), sphalerite (zinc) and pyrrhotite (iron sulphide) associated with intense albite and sericite alteration.”

#### *Outlook*

Detailed ground geophysics is required to further define the large gravity anomaly and its possible relationship to existing lead-zinc-silver occurrences (Fors and Smoker) and to identify potential deposits on strike and at depth within the anomaly.

### **OTHER PROPERTIES**

PJX staked 1,069 hectares of land in British Columbia (Arrow Lake Property) to review historical data and determine if gold and other metal potential of those areas warrants exploration programs. No significant expenditures are proposed for these project generative properties at this time.

The Company remains focused on advancing priority targets to test and make a discovery. The Company relinquished the Gold Creek Property in British Columbia and the Bruyere Property in Ontario to focus resources on other priority targets at this point in time.

## Selected Annual Information

The following table provides selected financial information and should be read in conjunction with the Company's audited financial statements.

<b>Years ended December 31,</b>	<b>2013</b>	<b>2012</b>
Revenue	\$ -	\$ -
Loss for the year	<b>(1,211,974)</b>	(1,476,139)
Loss per share	<b>(0.04)</b>	(0.06)
Total assets	<b>535,263</b>	1,229,621
Non-current assets	<b>71,265</b>	50,900
Total liabilities	<b>74,748</b>	171,496
Long-term liabilities	-	-
Shares issued and outstanding	<b>36,344,201</b>	32,025,201

The Company generated a net loss of \$1,211,974 for the year ended December 31, 2013 ("fiscal 2013") compared with a loss of \$1,476,139 for the same period of fiscal 2012.

The main drivers of fiscal 2013 losses were general and administration expenses ("G&A") and exploration expenditures as detailed below.

### General and administration:

<b>December 31,</b>	<b>2013</b>	<b>2012</b>	<b>% change</b>
Insurance	\$ 13,744	\$ 13,693	0.4%
Interest, bank charges and penalties	608	235	158.7%
Investor Relations	119,234	186,627	-36.1%
Listing and regulatory fees	28,921	26,988	7.2%
Office expenses	14,167	23,645	-40.1%
Professional fees	104,906	137,355	-23.6%
Rent	1,703	1,497	13.8%
Salaries and benefits	271,922	339,107	-19.8%
Travel & transportation	27,361	23,792	15.0%
	<b>\$ 582,566</b>	<b>\$ 752,939</b>	<b>-22.6%</b>

An overall reduction in G&A expenses was achieved in fiscal 2013 mainly due to managements' focus on reducing non-essential expenditures. The most significant elements of G&A for fiscal 2013 were investor relations, professional fees and salaries, fees related to travel, and investor relations activities.

Investor relations expenses for the year ended December 31, 2013, were \$119,234 compared to \$186,627 for the same period of fiscal 2012. The reduction in these expenses were generated by a decrease in traveling related expenses for approximately \$37,600, meals and entertainment of approximately \$ 15,000 and other related investor relation charges for approximately \$15,000.

The decrease in professional fees of \$32,449 in fiscal 2013, when compared to fiscal 2012 was the result of a reduction in accounting fees of approximately \$9,100, an increase in legal fees of approximately \$3,600 and a decrease in other professional fees of approximately \$25,000 paid to IBK Capital during fiscal 2012 for financing advisory services.

The reduction in salaries of \$67,185 during fiscal 2013 when compared to fiscal 2012 was the result of bonuses paid to senior management during fiscal 2012 totaling \$66,000. No bonuses were paid during fiscal 2013.

### Exploration:

<b>December 31,</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
Geology, geophysics and geochemistry	\$ 198,860	\$ 284,199	(85,339)
Exploration-Other Accomodations	-	2,440	(2,440)
Permitting	1,858	6,370	(4,512)
Land rights & claim management	19,441	5,266	14,175
Drilling	95,717	204,725	(109,008)
Laboratory	4,467	45,919	(41,452)
Roads and surface preparation	977	10,060	(9,083)
Camp cost and exploration supplies	1,054	3,827	(2,773)
Exploration - Travel & transportation	23,213	7,703	15,510
Exploration- Meals	1,703	3,625	(1,922)
Rent - Field office	6,900	4,915	1,985
Surface sampling and mapping	-	3,883	(3,883)
Legal expenses	3,544	-	3,544
Option payments	210,000	40,000	170,000
	<b>\$ 567,734</b>	<b>\$ 622,932</b>	<b>\$ (55,198)</b>

Exploration expenses during fiscal 2013 decreased by \$55,198 when compared to the same period of fiscal 2012. The most significant reductions were related to drilling, with a reduction of \$109,008, geology and geophysics with a reduction of \$85,339 and laboratory expenses of \$41,452.

Option payments for fiscal 2013 increased by \$170,000 when compared with payments made during fiscal 2012. The increase is mainly due to a payment to SG Spirit Gold (“SG”) of \$125,000 in cash and the issuance of 500,000 PJX shares valued at \$65,000 as previously detailed in the Acquisition of Properties section of this document.

The following schedule describes exploration expenses incurred for each project during the years ended December 31, 2013 and 2012:

<b>Years ended December 31,</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
Dewdney Trail Property	\$ 88,879	\$ 145,564	(56,685)
Eddy Property	64,104	253,101	(188,997)
Zinger Property	141,925	152,884	(10,959)
Vine Property	219,740	59,113	160,627
Vine Extension	22,073	9,875	12,198
West Basin	24,711	-	24,711
	<b>561,432</b>	<b>620,537</b>	<b>(59,105)</b>
<i>Other properties:</i>			
Gold Creek & Others	6,302	2,395	3,907
Bruyere	-	-	-
<b>Total exploration expenses</b>	<b>\$ 567,734</b>	<b>\$ 622,932</b>	<b>\$ (55,198)</b>

During fiscal 2013 the Company concentrated its exploration efforts in the Vine Property totaling exploration expenditures of \$219,740; and the Zinger Property with exploration expenditures totaling \$141,925. Exploration work was as well conducted at Dewdney, Eddy, Vine and West Basin. After reviewing preliminary exploration results at Gold Creek and Bruyere, the Company decided to abandon



these properties.

Expenses incurred at the Vine Property during fiscal 2013 were related to geophysical work for a total of \$57,278, drilling for \$94,161 and allocated payments of \$47,500 related to the acquisition from SG.

At the Zinger Property the most significant work performed was related to geological exploration totaling \$49,260 for fiscal 2013, and allocated option payment for \$47,500 related to the acquisition from SG.

Dewdney Trail and Eddy Gold Property charges were mainly related to the allocation charges related to the SG acquisition for \$47,500 to each of the properties. Limited geological work was done in these properties for a total of \$31,379 and \$16,604, respectively.

### ***Liquidity and Capital Resources***

On September 25, 2012 PJX closed the first tranche of a non-brokered private placement where the Company issued 5,814,500 units for gross proceeds of \$985,720 by issuing 1,385,000 flow through units ("Flow Through Unit") at a price of \$0.20 per flow through unit, and 4,429,500 non-flow through units ("Unit") at a price of \$0.16 per non-flow through unit.

On October 9, 2012, PJX closed the second tranche of a financing referred above for gross proceeds of \$500,000 by issuing 3,125,000 non-flow through units at \$0.16 per unit. Each unit consists of one common share and one non-transferable common share purchase warrant.

On December 28, 2012 the Company closed a non-brokered private placement for gross proceeds of \$150,000 by issuing 750,000 flow through units at a price of \$0.20 per unit.

On November 20, 2013 the Company announced the undertaking of a non-brokered private placement (the "Offering"). Pursuant to the Offering, the first tranche was completed on November 27, 2013 which resulted in the issue of 485,000 flow through units (each a "Flow Through Unit") at a price of \$0.15 per flow through unit, and 3,334,000 non-flow through units (each a "Unit") at a price of \$0.125 per Unit for gross proceeds of \$489,500. Each Unit and Flow Through Unit consists of one Common Share of PJX and one non-transferable common share purchase warrant (a "Warrant"). Each Warrant in connection with the first tranche of the Offering will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.20 until November 28, 2015. All securities issued under the first tranche of the Offering were subject to a statutory four-month hold period which expired on March 27, 2014.

Subsequent to year end, the final tranche of the Offering was completed on February 11, 2014 through the issuance of 260,000 Flow Through Units at a price of \$0.15 per Flow Through Unit, and 670,000 Units at a price of \$0.125 per Unit for gross proceeds of \$122,750. Each Warrant issued in connection with the final tranche of the Offering will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.20 until February 8, 2016. All securities issued under the Offering are subject to a statutory four-month hold period expiring on June 7, 2014.

As at December 31, 2013, the Company had \$463,998 in current assets (cash, receivables, prepaid and deposits) that will be used to for general and administrative expenses and continued exploration on its properties.

Even though the working capital of the Company have decreased from \$1,007,225 at December 31, 2012 to \$389,250 at December 31, 2013, its commitments have been reduced from \$2.6 million as at December 31, 2012 to \$nil at the date of this report. The Company has successfully secured its key properties and is not required to make any cash payments or conduct material exploration work. This provides PJX management with the flexibility to adapt its investment and operations decisions as best fit market conditions.

The Company has no producing properties and, consequently, has no current operating income or cash flow. The Company's access to capital may not be available on terms acceptable to the Company or at all. Financing of the Company's activities to date has been obtained from equity issues. The continuing short-term development of the Company's properties therefore depends on the Company's ability to obtain additional financing through equity investments. The Company's current cash position will enable it to fund the Corporation's planned exploration program, operating expenses and unallocated working capital into the fourth quarter of 2014, however, if required, the Company has the ability to extend current cash resources beyond the first quarter of 2015.

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth a breakdown of material components of the G&A costs of the Company for each of the eight most recently completed quarters

Quarter Ended	Revenue	Net income ( loss)		Exploration expenses	General and administration
		Total	Per Share		
December 31, 2013	Nil	\$ (369,903)	(\$0.01)	\$ 104,353	\$ 166,306
September 30, 2013	Nil	(350,557)	(0.01)	230,515	120,042
June 30, 2013	Nil	(317,900)	(0.01)	153,241	164,659
March 31, 2013	Nil	(173,614)	(0.01)	79,625	131,559
December 31, 2012	Nil	(496,474)	(0.02)	341,835	210,039
September 30, 2012	Nil	(336,589)	(0.01)	130,558	206,031
June 30, 2012	Nil	(243,879)	(0.01)	61,826	182,053
March 31, 2012	Nil	(399,197)	(0.02)	88,713	154,816

### Fourth Quarter

Three months ended December 31,	2013	2012
<b>Expenses</b>		
Exploration	\$ 104,353	\$ 341,835
General and administration	166,306	210,039
Share based compensation	102,659	-
Loss before income taxes	(373,318)	(551,874)
Deferred tax recoveries	3,415	55,400
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (369,903)</b>	<b>\$ (496,474)</b>
<b>Basic and diluted loss per share</b>	<b>(\$0.01)</b>	<b>(\$0.02)</b>
<b>Weighted average number of shares outstanding</b>	<b>33,891,125</b>	<b>31,332,266</b>

The following schedules describes the exploration expenses, by project, incurred by PJX during the fourth quarter of fiscal 2013 compared to the same period of fiscal 2012

<b>Three months ended December 31,</b>	<b>2013</b>	<b>2012</b>
Dewdney Trail Property	<b>15,362</b>	\$ 33,571
Eddy Property	<b>1,752</b>	205,939
Zinger Property	<b>38,041</b>	80,832
Vine Property	<b>11,866</b>	9,748
Vine Extension	<b>12,224</b>	9,875
West Basin	<b>20,000</b>	-
	<b>99,245</b>	339,965
<i>Other properties:</i>		
Gold Creek & Others	<b>5,108</b>	1,870
Bruyere	-	-
<b>Total exploration expenses</b>	<b>\$ 104,353</b>	\$ 341,835

The following schedule describes the exploration expenses, by function, incurred by PJX during the fourth quarter of fiscal 2013 compared to the same period of fiscal 2012

<b>Three months ended December 31,</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
Geology, geophysics and geochemistry	\$ <b>65,286</b>	\$ 93,713	\$ (28,427)
Land rights & claim management	<b>1,162</b>	4,743	(3,581)
Drilling	<b>435</b>	204,725	(204,290)
Laboratory	<b>254</b>	33,055	(32,801)
Roads and surface preparation	-	1,975	(1,975)
Camp cost and exploration supplies	<b>176</b>	412	(236)
Exploration - Travel & transportation	<b>13,945</b>	60	13,885
Exploration- Meals	<b>995</b>	1,325	(330)
Rent - Field office	<b>2,100</b>	1,200	900
Surface sampling and mapping	-	627	(627)
Option payments	<b>20,000</b>	-	20,000
	<b>\$ 104,353</b>	\$ 341,835	\$(237,482)

Exploration expenses during the fourth quarter of fiscal 2013 decreased by \$237,482. The main drivers of this reduction were drilling expenses were \$140,091 was incurred during fiscal 2012 at the Eddy Gold property and \$64,634 at the Zinger Gold property. No drilling programs were conducted during the fourth quarter of fiscal 2013. Laboratory expenses decreased accordingly, as no samples were processed during the fourth quarter of fiscal 2013.

The increase in option payments of \$20,000 was due to a one-time payment on the purchase of a portion of the West Basin Property.

Subsequent to year end the Company filed amended corporate and provincial tax returns for the years ended December 31, 2012 and 2011. The amended returns include claims for certain exploration tax credits from the government of British Columbia totalling \$95,425. Since the Company is uncertain of the result of these claims, PJX has not recorded a provision for this potential receivable in the Company's December 31, 2013 Audited Financial Statements.

The following schedule describes the general and administration expenses incurred by PJX during the fourth quarter of fiscal 2013 compared to the same period of fiscal 2012:

<b>Three months ended December 31,</b>	<b>2013</b>	2012	Change
Insurance	\$ 3,326	\$ 4,590	\$ (1,264)
Interest, bank charges and penalties	327	-	327
Investor Relations	29,336	51,457	(22,121)
Listing and regulatory fees	2,307	1,422	885
Office expenses	3,769	6,747	(2,978)
Professional fees	55,718	73,872	(18,154)
Rent	357	357	-
Salaries and benefits	67,017	66,848	169
Travel & transportation	4,149	4,746	(597)
	<b>\$ 166,306</b>	<b>\$ 210,039</b>	<b>\$ (43,733)</b>

The most significant reductions in general and administration expenses during the fourth quarter of fiscal 2013, when compared to the same period of fiscal 2012 were investor relations and professional fees. The reduction on investor relation expenses during the fourth quarter of fiscal 2013 was mainly the result of cost rationalization implemented during fiscal 2013. The reduction in legal fees during the fourth quarter of fiscal 2013 was the result of lower legal fees for approximately \$14,400 and lower accounting fees for approximately \$2,200.

### ***Related Party Transactions***

The following transactions were carried out with related parties:

#### ***a) Purchase of services:***

During the year ended December 31, 2013 and 2012 the Company contracted legal services from firms where a partner is also a director of PJX.

<b>Years ended December 31,</b>	<b>2013</b>	2012
Fees to legal firm where a director of PJX is a partner	\$ 21,228	\$ 19,201
	<b>\$ 21,228</b>	<b>\$ 19,201</b>

#### ***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 or payable to key management for employee services is shown below:

<b>Years ended December 31,</b>	<b>2013</b>	2012
Salaries	\$ 264,000	\$330,000
Stock-based compensation	80,635	226,858
	<b>\$ 344,635</b>	<b>\$556,858</b>

Payables to related parties are due thirty days after reception and bear no interest. All transactions with related parties are on an arm's length basis and recorded at exchange amounts.

## ***Commitments, Contingencies and Contractual Obligations***

The Company is a party to certain employment contracts. These contracts contain clauses requiring that \$462,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the Company's December 31, 2013 Audited Financial Statements.

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

As described under note 15(1) of the Company's December 31, 2013 Audited Financial Statements, On February 27, 2014 PJX announce that it has completed a P&S Agreement with Klondike Gold Corp. to acquire a 100% interest in the Vine Extension property.

Under the Purchase Agreement, which replaces the original Option Agreement, PJX will not have to complete the remaining \$1.4 million on exploration work or pay the 200,000 shares (none paid to date). PJX has purchased full ownership of the Property by issuing 700,000 PJX common shares ("Shares") to KG. Accordingly, at the date of this report, the Company has no commitments related to exploration obligations or option payments on property acquisitions.

The Company is required to incur qualified exploration expenditures of approximately \$135,000 not later than December 31, 2014 as the result of the flow through common shares issued in December 2013.

### ***Trend Information***

There are no major trends which are anticipated to have a material effect on the Company's financial condition and results of operations in the near future.

### ***Off-Balance Sheet Arrangements***

The Company has no off-balance sheet arrangements, capital lease agreements or long-term debt obligations.

### ***Proposed Transactions***

There are no proposed transactions that will materially affect the performance of the Company.

## ***Critical Accounting Estimates and Changes in Accounting Policies***

### ***Significant accounting judgments and estimates***

The preparation of PJXs' 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. The Company 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. The

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

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 and risk-free interest rate and expected option life are significant assumptions used in determining the values of options.
- 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 and 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.

### *Accounting Policies*

The accounting policies followed by the Company in the preparation of its financial statements are consistent with those of the previous financial year, except as described below.

For a detailed list of these policies please refer to Note 2 of the Company's Audited Financial Statements as at December 31, 2013.

### Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. The changes were made in accordance with the applicable transitional provisions.

- (i) IFRS 7, '*Financial instruments: Disclosures*' (amendment), on asset and liability offsetting. This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The implementation of these amendments did not have a material effect on the Company's financial statements.
- (ii) IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1,



2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status since it does not have any subsidiaries or investees.

- (iii) IFRS 11, *Joint Arrangements*, supersedes IAS 31, *Interests in Joint Ventures*, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures (amended in 2011)*. The Company currently has no joint arrangements and concluded that the adoption of IFRS 11 did not affect its accounting or reporting.
- (iv) IFRS 12, *'Disclosures of interests in other entities'* includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The Company currently has no interests in other entities and concluded that the adoption of IFRS 12 did not affect its accounting or reporting.
- (v) IFRS 13, *Fair value measurement*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.
- (vi) The Company has adopted the amendments to IAS 1 effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The adoption of the policy did not result in any adjustments as the company has no other comprehensive income items.

#### Future accounting changes:

- (i) IFRS 9 *'Financial Instruments: Classification and Measurement'* – IFRS 9 as issued reflects the IASB's work to date on the replacement of 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, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures. IFRS 9 (2013) does not have a mandatory effective date.
- (ii) 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.
- (iii) 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.

#### ***Financial Instruments and other instruments***

The Company's financial instruments include cash and cash equivalents, accounts receivable, deposits and advances, accounts payable and accrued liabilities. Cash and cash equivalents have been designated as held-

for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted.

### ***Fair Value***

Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of the cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

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

#### **(a) Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Board of Directors.

#### 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 cash equivalents, tax credit receivable and sales tax receivable. Cash and cash equivalents are 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. PJX is not involved in any situations involving extended payment terms.

#### 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, 2013 the Company had cash and cash equivalents balance of \$444,396 (December 31, 2012: \$1,119,490) to settle current liabilities of \$74,748 (December 31, 2012: \$171,496). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company does not have or expect to have a working capital deficiency. There is no default or arrears or significant risk of default or arrears on any payments (dividend, lease, principal or interest), on any debt covenants or on any redemption or retraction or sinking fund payments of PJX.

#### 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.

##### *Sensitivity analysis*

As of December 31, 2013, both the carrying and fair value amounts of the Company's financial instruments are the same. 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, 2013, 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.

### *Capital Management*

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 external financing to fund its 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 period ended December 31, 2013. The Company is not subject to externally imposed capital requirements.

### ***Disclosure Controls and Procedures***

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the 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.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate, which 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 MI 52-109. In particular, the certifying officers filing the 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 GAAP. The Company'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 MI 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.

## ***Risks and Uncertainties***

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

PJX's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future.

In addition to other information set forth elsewhere in the financial statements, readers should carefully consider the comprehensive list of risk factors, included in the Long Form Prospectus under "*Risk Factors*". The Long Form Prospectus is available in the Company's filings on SEDAR ([www.sedar.com](http://www.sedar.com)).

## ***Liquidity and Capital Markets Risks***

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and evaluation of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able 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 evaluation of the property interests of the Company with the possible dilution or loss of such interests.

## ***Outstanding Share Data***

Subsequent to December 31, 2013 the following capital transactions occurred:

- 1) As part of the P&S Agreement with Klondike Gold Corp. to acquire a 100% interest in the Vine Extension property, the Company issued 700,000 PJX common shares to KG.
- 2) In March, 2014 PJX closed the second and last tranche of a financing originally announced on November 20, 2013. The 2<sup>nd</sup> tranche for 930,000 units was composed of 670,000 Non-Flow Through Units and 260,000 Flow Through Units. 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.

Details about the Company's outstanding capital structure as April 15, 2014 are as follows:

Common shares issued and outstanding	37,974,201
Potential issuance of common shares - warrants	16,155,860
Stock based compensation	<u>3,252,000</u>
	57,382,061

The following schedule shows warrants issued since December 31, 2012 to the date of this report:

<i>All warrants:</i>	Type	Number of Warrants	Exercise price CAD\$
<b>Balance at December 31, 2012</b>		11,406,860	\$ 0.24
<b>Issued during fiscal 2013:</b>			
On private placement Flow -through Units	R	485,000	0.20
On private placement Non Flow -through Units	R	3,334,000	0.20
<b>Balance at December 31, 2013</b>		15,225,860	0.23
On private placement Flow -through Units	R	260,000	0.20
On private placement Non Flow -through Units	R	670,000	0.20
<b>Balance at April 15, 2014</b>		16,155,860	0.23

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 7, 2011, the Company granted an aggregate of 2,233,500 incentive stock options to employees, officers and directors of the Company, pursuant to the Plan, at an exercise price of CAD \$0.30 per share. The options are fully vested and exercisable until November 6, 2016.

No stock options were granted during fiscal 2012.

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. November 15, 2018.

The following schedule shows stock option transactions since December 31, 2012 to the date of this report:

	Number of stock options	Weighted average exercise price (CAD\$)
<b>Balance at December 31, 2011 and 2012</b>	2,233,500	\$0.30
Granted	1,018,500	0.15
<b>Balance December 31, 2013 and April 15, 2014</b>	<b>3,252,000</b>	<b>\$0.25</b>

### **Qualified Person**

The following scientific and technical information has been prepared or reviewed by John Keating, P.Geo., President and Chief Executive Officer of the Company. Mr. Keating also supervises all work associated with the Company's exploration programs and is a "qualified person" within the meaning of National Instrument 43-101.

## **Corporate information**

### **Directors**

John Keating, P.Ge<sup>(3)</sup>  
*President & CEO, PJX Resources Inc.*  
Ottawa, Ontario, Canada

Linda Brennan<sup>(1)(2)</sup>  
*CFO, PJX Resources Inc.*  
Toronto, Ontario, Canada

James Clare, LLB  
*Toronto, Ontario, Canada*

Kent Pearson, P.Ge<sup>(1)(2)</sup>  
*Toronto, Ontario, Canada*

Joseph Del Campo, CMA<sup>(1)</sup>  
*Toronto, Ontario, Canada*

Somerset Parker<sup>(1)(2)</sup>  
*Toronto, Ontario, Canada*

- (1) Audit Committee
- (2) Compensation Committee
- (3) Executive Chairman

### **Officers**

John Keating, P.Ge  
*President, CEO, PJX Resources Inc.*  
Ottawa, Ontario, Canada

Linda Brennan  
*CFO, PJX Resources Inc.*  
Toronto, Ontario, Canada

### **Stock Listing**

TSX Venture Exchange  
Tier 2 Company,  
Trading Symbol PJX  
CUSIP: 72585A 10 9

### **Auditors**

PricewaterhouseCoopers (PwC)  
Toronto, Ontario

### **Legal Counsel**

Bennett Jones LLP  
Toronto, Ontario

Fraser Milner Casgrain, LLP  
Vancouver, British Columbia

### **Registrar & Transfer Agent**

Computershare Trust Company of Canada  
Toronto, Ontario

### **Banker**

Royal Bank of Canada  
Toronto, Ontario

### **Executive Office**

100 King Street West  
Suite 5600  
Toronto, Ontario Canada  
M5X 1C9  
Telephone: (416) 799-9205  
Facsimile: (416) 644-8801  
E-mail: [info@pjxresources.com](mailto:info@pjxresources.com)

### **Investor Relations**

Further information about the Company  
is available on the Company's website at  
[www.pjxresources.com](http://www.pjxresources.com)

The Company's filings with Canadian securities  
regulatory authorities can be accessed on SEDAR at  
[www.sedar.com](http://www.sedar.com)