PJX Resources Inc.
(formerly 1532063 Alberta Inc.)

Financial Statements
Year ended December 31, 2011 and
eight months ended December 31, 2010

April 16, 2012

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, 2011 and December 31, 2010 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year end December 31, 2011 and the eight months ended December 31, 2010, 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 (IFRS), and for such internal control as management determines is necessary to enable the preparation of the 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 audits 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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of PJX Resources Inc. as at December 31, 2011 and December 31, 2010 and its results of operations and its cash flows for the year ended December 31, 2011 and the eight months ended December 31, 2010 in accordance with IFRS.

Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about PJX Resources Inc.'s ability to continue as a going concern.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

The accompanying financial statements of PJX Resources Inc. (formerly 1532063 Alberta 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 using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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 16, 2012

PJX Resources Inc.
(Formerly 1532063 Alberta Inc.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	Year ended December 31, 2011	Eight months ended December 31, 2010
Expenses			
Exploration	9(a)	$ 689,097	$ 320,723
General and administration	9(b)	741,584	298,800
Share based compensation	8(b(v))	189,942	-
Net loss and comprehensive loss for the period		$ (1,620,623)	$ (619,523)
Basic and diluted loss per share		($0.12)	($0.21)
Weighted average number of shares outstanding		13,981,728	3,011,864

See accompanying notes to the financial statements.

PJX Resources Inc.
(Formerly 1532063 Alberta Inc.)

STATEMENTS OF FINANCIAL POSITION

December 31,	Note		2011		2010
ASSETS					
Current assets					
Cash		$	**821,353**	$	350,988
Accounts receivable	**5**		**137,269**		5,079
Prepayments	**6**		**30,499**		145
Total current assets			**989,121**		356,212
Non-current assets					
Deposits	**6**	$	**25,600**	$	-
Total non-current assets			**25,600**		-
Total assets			**1,014,721**		356,212
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities			**91,769**		25,100
Other liabilities			**80,000**		-
Total current liabilities			**171,769**		25,100
Total liabilities			**171,769**		25,100
SHAREHOLDERS' EQUITY					
Share capital	**8(b)**		**2,763,127**		950,635
Warrants	**8(b(iv))**		**130,029**		-
Surplus	**8(b(v))**		**189,942**		-
Deficit			**(2,240,146)**		(619,523)
Total Equity			**842,952**		331,112
Total equity and liabilities		$	**1,014,721**	$	356,212

See accompanying notes to the financial statements.

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 10)

Approved by the Board of Directors:

(Signed) John Keating
John Keating, Director

(Signed) Linda Brennan
Linda Brennan , Director

PJX Resources Inc.
(Formerly 1532063 Alberta Inc.)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Year ended December 31, 2011	Eight months ended December 31, 2010
Share capital		
Balance, beginning of period	**$ 950,635**	$ -
Seed share capital issued	**-**	88,000
Shares issued under private placement	**-**	381,150
Shares issued on initial public offering	**2,100,000**	-
Shares issued under agency agreement	**-**	48,000
Share premium on flowh-through shares	**(80,000)**	-
Flow-through shares issued	**400,000**	446,205
Share issue cost	**(607,508)**	(12,720)
Balance, end of period	**2,763,127**	950,635
Warrants		
Balance, beginning of period	**-**	-
Warrants issued on initial public offering	**130,029**	-
Balance, end of period	**130,029**	-
Surplus		
Balance, beginning of period	**-**	-
Share based compensation	**189,942**	-
Balance, end of period	**189,942**	-
Deficit		
Balance, beginning of period	**(619,523)**	-
Net income (loss) for the period	**(1,620,623)**	(619,523)
Balance, end of period	**(2,240,146)**	(619,523)
Total equity	**$ 842,952**	$ 331,112

See accompanying notes to the consolidated financial statements.

PJX Resources Inc.
(Formerly 1532063 Alberta Inc.)
STATEMENT OF CASH FLOWS

	Year ended December 31, 2011	Eight months ended December 31, 2010
Cash flows from operating activities		
Net loss for the period	**$ (1,620,623)**	$ (619,523)
Items not involving cash:		
Shares issued under agency agreement	**-**	48,000
Share based compensation	**189,942**	-
Premium on flow-through shares	**(80,000)**	-
Changes in non-cash working capital:		
Deposits	**(25,600)**	-
Accounts receivable and prepayments	**(162,544)**	(5,224)
Other liabilities	**80,000**	-
Accounts payable and accrued liabilities	**66,669**	25,100
Net cash used in operating activities	**(1,552,156)**	(551,647)
Cash flow from financing activities		
Issuance of common shares (net of issue costs)	**1,622,521**	456,430
Proceeds on issuance of flow-through shares	**400,000**	446,205
Net cash generated by financing activities	**2,022,521**	902,635
Net change in cash and cash equivalents	**470,365**	350,988
Cash and cash equivalents, beginning of period	**350,988**	-
Cash and cash equivalents, end of period	**$ 821,353**	$ 350,988

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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 mineral exploration 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 100 King street west suite 100, Toronto, Ontario.

These financial statements have been prepared in Canadian dollars, the Company's functional currency, 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 for the foreseeable future. For the year ended December 31, 2011, the Company incurred a loss of $1,620,623 or $0.12 per share (from date of inception to December 31, 2010: loss of $619,523 or $0.21 per share), and reported an accumulated deficit of $2,240,146 (December 31, 2010 $619,523). As at December 31, 2011 the working capital of the Company was $817,352 (December 31, 2010: $331,112). Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness ultimately of the use of accounting principles applicable to a going concern, given the Company is not yet able to generate revenue from operations.

After its incorporation the Company raised seed capital totalling $88,000 and closed in November 2010 a private placement for gross proceeds of $827,355 by issuing 5,515,700 common shares. During fiscal 2011, on September 9, 2011 PJX closed an Initial Public Offering ("IPO") for gross proceeds of $2.5 million by issuing 12,100,000 common shares.

PJX's financing efforts to date are not sufficient in and of themselves to enable the Company to fully fund all aspects of its operations and commitments and there is no assurance that future financing initiatives will be successful or sufficient.

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. These 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.

These financial statements were approved by the board of directors for issue on April 16, 2012.

2. SUMMARY OF SIGNIFICANT 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 period presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company was incorporated on April 22, 2010 and initiated operations only during the third quarter of 2010.

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(i).

(b) Financial assets and liabilities

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

Financial assets:	**Classification:**
Cash and cash equivalents	Loans and receivables
Account receivable and prepayments	Loans and receivables
Financial liabilities:	**Classification:**
Accounts payable and accrued liabilities	Other financial liabilities
Other 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 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).

(c) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, 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.

(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) 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.

<u>Critical accounting estimates</u>

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 recoverability of sales taxes receivable which are included in the statements of financial position. The Company recognizes all sale tax debits generated. The Company cannot be certain of the full recoverability of these amounts which could be material.

- 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.

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

(j) Accounting standards and amendments issued but not yet adopted

The following disclosure includes a summary of all IFRS standards that have been issued but not adopted by PJX. Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013, except for IFRS 9 that is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

(i) IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

(ii) IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

(iii) IFRS 11, Joint Arrangements, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

(iv) IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

(v) IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that 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. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

3. 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 year ended December 31, 2011. 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, 2011, the Company had a cash balance of $821,353 (December 31, 2010: $350,988) to settle current liabilities of $91,769 (December 31, 2010: $25,100). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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.

Commodity 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.

Sensitivity analysis

As of December 31, 2011, 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 the following movements are "reasonably possible" over a three month period:

i) Cash is subject to minimum floating interest rates. As at December 31, 2011, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended December 31, 2011 would have varied by approximately $8,214, as a result of the variance in interest income from cash and cash equivalents. Similarly, as at December 31, 2011, shareholders' equity would have varied by $8,214 as a result of the variance in interest income from cash due to a 1% variance in interest rates.

ii) Commodity price risk 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, 2011, 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.

Carrying value of financial instruments

The carrying values of the financial assets and liabilities at December 31, 2011, 2010 is as follows:

	2011	2010
Financial Assets		
At fair value through profit or loss		
Cash	$ 821,353	$ 350,988
Deposits	25,600	-
Loans and receivable		
Measured at amortized cost		
Accounts receivable and prepaids	$ 167,768	$ 5,224

5. ACCOUNTS RECEIVABLE

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

6. PREPAYMENTS & DEPOSITS

a) Prepaid totaling $30,499 represents advanced payments to suppliers.

b) The Company has deposits with the British Columbia Ministry of Finance for $25,600 (2010: Nil) representing a remediation cost bond associated with its properties.

7. MINERAL PROPERTIES

On September 14, 2010 the Company entered into an option agreement ("the Agreement") with Ruby Red Resources Inc. (SG Spirit Gold 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 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 Agreement the Company has the option to acquire 80% of these Properties over a four years term by making staged cash payments to the optionors totaling $215,000. The first option payment for $20,000 was paid on execution of the Agreement. The next payment of $30,000 was paid on September 14, 2011. Subsequent payments are due as follows: $40,000 on or before September 14, 2012, $50,000 on or before September 14, 2013, and $75,000 on or before September 14, 2014.

In addition, under the terms of the Agreement, the Company has entered into the following work commitments:

(a) Complete a cumulative work commitment of $250,000 on or before September 14, 2011, (completed) and maintain all SG Spirit Gold's Rockies claims and Purcell Claims (less the Luv Property claims) in good standing for 2010.

(b) Complete a cumulative work commitment of $750,000 to September 14, 2012; and

(c) Complete a cumulative work commitment of $1,250,000 on or before September 14, 2013; and

(d) Complete a cumulative work commitment of $2,500,000 on or before September 14, 2014.

Some of the cash required to fund the work commitments can be paid by in PJXs' shares priced at the previous 10 day volume weighted average trading price and subject to Regulatory approval. The amount of cash to be paid on a share basis is to be agreed upon by both parties.

If the Company has paid a cumulative $140,000 to the Optionor and completed a cumulative $1,250,000 in work on the Properties on or before September 14, 2013, the Company shall be deemed to have exercised one part of the Option and will have acquired an undivided 60% right, title and interest in and to the Property.

If the Company has paid a cumulative $215,000 to the Optionor and completed a cumulative $2,500,000 in work on the Properties on or before September 14, 2014, the Company shall be deemed to have exercised the Option and will have acquired an undivided 80% right, title and interest in and to the Property.

During the year ended December 31, 2011, PJX incurred in its Dewdney, Eddy, Vine and Zinger properties a total of $645,995 in exploration expenses, excluding $30,000 paid on option payments.

Upon completion of the Expenditures and Work Commitment by the Company, and exercise of the option at a 60% or 80% interest, as determined by the Company, the parties will negotiate in good faith and enter into a Joint Venture (JV) Agreement substantially in the form of Form 5A of the Rocky Mountain Mineral Law Foundation. The JV Agreement will provide that each party will contribute to the costs of the JV in proportion to its respective interests in the JV and the Agreement will contain other normal and customary terms, covenants, representations and warranties.

During the term of the Option and any subsequent JV, the Company will be the operator for purposes of developing and executing exploration programs.

During the JV period, if either party decides not to participate (Non-participant) in funding the projects then its interest in the JV will be diluted on a pro-rata basis, in accordance with the JV agreement entered into, to a 2% Net Smelter Royalty (NSR), calculated and payable from the Property in accordance with the provisions of the Agreement. The participating company (Participant) will have the right to purchase ½ of the 2% NSR for $1,000,000, leaving the Non-participant with a 1% NSR.

On October 25, 2011 the Company entered into an amendment of the Original Cranbrook Properties Agreement, dated September 14, 2010, signed between SG Spirit Gold Inc. (formerly Ruby Red Resources Inc.) and PJX Resources Inc. Under the terms of the Amended Agreement the parties agreed to add to the area of the Property thirty eight (38) new claims, representing approximately 12,800 additional hectares adjacent to the Original Cranbrook Properties, for no additional cost to PJX.

8. SHARE CAPITAL

(a) Authorized capital

As at December 31, 2010 the capital structure of the Company was composed by an unlimited number of authorized common shares with no par value. The following schedule is a summary of the Company's authorized shares and its rights at that date:

Class	Voting right	Dividend rights	Property on liquidation	Redeemable by Corporation
A	Yes	As declared	Pro-rata	No
B	Yes	As declared	Pro-rata	No
C	No	As declared	Pro-rata	No
D	No	As declared	Pro-rata	No
E	No	When declared 0.5%/month; non-cumulative	Before A,B,C and D	$ 1.00
F	Rights and privileges determined by the Board of Directors when issued			
G	Rights and privileges determined by the Board of Directors when issued			

On March 3rd, 2011, the Company amended its capital structure as follows:

(i) Changing the designation of the authorized and issued Class A Shares of the corporation to common Shares 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.

(ii) Cancelling the authorized but unissued Class B,C,D,E,F and G shares.

(iii) Cancelling the restriction on transferability of the shares.

(b) Issued capital

The following schedule describes the class A share transactions since inception:

	Units		Value
Opening balance	-	$	-
Initial subscription	1		-
Seed share capital issued	4,400,000		88,000
Shares issued under private placement	2,541,000		381,150
Flow -through shares issued under private placement	2,974,700		446,205
Share issue cost	-		(12,720)
Shares issued on agency agreement	320,000		48,000
Balance at December 31, 2010	10,235,701	$	950,635
Shares issued on IPO	10,500,000		2,100,000
Flow -through shares issued on IPO	1,600,000		400,000
Share premium on flow -through shares			(80,000)
Share issue cost:			
- Financing cost			(477,479)
- Fair value of broker w arrants issued			(130,029)
Balance, December 31, 2011	**22,335,701**	**$**	**2,763,127**

(i) Initial placement

During fiscal 2010, the Company obtained seed capital for total proceeds of $88,000 by issuing 4,400,000 shares at $0.02 per share. Funds raised were used to cover property acquisition and general and administrative expenses.

(ii) Private Placement

In November 2010, the Company closed a private placement for gross proceeds of $827,355 by issuing 2,974,700 flow-through shares at $0.15 for gross proceeds of $446,205 and 2,541,000, shares at $0.15

for gross proceeds of $381,150. The Company has used these proceeds for its exploration program in the Cranbrook, B.C. area properties and for general and operational expenses.

(iii) Shares issued under an agency agreement

On October 21, 2010 the Company entered into an Agency agreement with Union Securities Ltd. (“Union”) where Union was to provide corporate finance advice and introduce the Company to prospective investors, among others. As compensation, the Company agreed to pay Union $48,000 in cash and issued 320,000 common shares of the Company. These shares were issued in November 2010 and valued at $0.15 per share. The total expense recognized from the share based payment portion of the transaction was $48,000.

(iv) Initial Public Offering (IPO)

On September 9, 2011 the Company announced that it has closed an IPO where 10,500,000 common shares of the Company were issued at a price of $0.20 per share and 1,600,000 flow-through (“FT”) shares of the Company were issued at a price of $0.25 per share.

In connection with the offering, PJX paid to the agent $250,000 as cash commission and $25,000 corporate finance fee. In addition, PJX issued to the agent 1,210,000 compensation warrants entitling the holder thereof to acquire one common share of the Company at a price of $0.20 until September 9, 2014.

The fair value of the warrants issued to the agent was estimated at $130,029 by using a standard tree binomial model allowing for a dilution effect and using the following assumptions: dividend yield of 0%, expected volatility of 89.1%; risk-free interest rate of 0.93%; and an expected average life of 3 years.

v) 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 7, 2011 the Company granted an aggregate of 2,233,500 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 $0.30 per share. The options are exercisable over a period of five years and vest four months after granted. 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 184%; risk-free interest rate of 1.27%; and an expected average life of 5 years. The estimated fair value of $425,610 was classified as share-based compensation and is credited to surplus as the option vest. PJX accreted $189,942 of the fair value of these options for the period ended December 31, 2011.

9. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) **Exploration Expenses:**
The following schedules describe the exploration expenses incurred by PJX in each of its projects, and by nature, during the year ended December 31, 2011. Opening balances correspond to expenses incurred from inception to December 31, 2010.

	Opening Balance	**F2011**	Balance Since inception
Dewdney Trail Gold Property	$ 196,858	**$ 412,657**	$ 609,515
Eddy Gold Property	89,783	**90,497**	180,280
Zinger Gold Property	31,088	**102,875**	133,963
Vine Property	2,994	**69,966**	72,960
Gold Creek	-	**1,102**	1,102
Bruyere	-	**12,000**	12,000
Total exploration expenses	$ 320,723	**$ 689,097**	$ 1,009,820

The following schedule describes explorations expenses by nature:

	Opening Balance	**F2011**	Balance Since inception
Geology, geophysics and geochemistry	$ 245,999	**$ 335,347**	$ 581,346
Permitting	-	**28,634**	28,634
Land rights & claim management	16,192	**6,656**	22,848
Drilling	-	**98,871**	98,871
Laboratory	38,032	**47,119**	85,151
Roads and surface preparation	-	**59,907**	59,907
Camp cost and exploration supplies	-	**3,237**	3,237
Exploration - Travel & transportation	-	**18,804**	18,804
Rent - field office	-	**2,400**	2,400
Surface sampling and mapping	500	**46,122**	46,622
Option payments	20,000	**42,000**	62,000
	$ 320,723	**$ 689,097**	$ 1,009,820

b) General and administration:

The following is a breakdown of the Company's general and administration expenses incurred during the periods ended December 31, 2011 and since inception to December 31, 2010:

Years ended December 31,	2011	%	2010*	%
Insurance	**8,667**	**1.2%**	-	0.0%
Interest, Bank Charges and Penalties	**546**	**0.1%**	1,448	0.5%
Investor Relations	**100,145**	**13.5%**	8,889	3.0%
Listing and regulatory fees	**52,768**	**7.1%**	2,000	0.7%
Management fees (Note 11(a))	**183,588**	**24.8%**	135,138	45.2%
Office Expenses	**25,282**	**3.4%**	1,698	0.6%
Professional fees **	**244,739**	**33.0%**	124,265	41.6%
Non deductible taxes	**-**	**0.0%**	8,980	3.0%
Rent	**1,659**	**0.2%**	766	0.3%
Salaries and benefits	**84,246**	**11.4%**	-	0.0%
Travel	**39,944**	**5.4%**	15,616	5.2%
	$ 741,584	**100%**	$ 298,800	100%

* Eight months ended December 31, 2010

* * For fiscal 2011, this includes $160,591 in accounting and auditing fees and $84,148 in legal fees. For fiscal 2010 the amount includes $25,000 in accounting and auditing fees and $99,265 on financing advisory fees.

10. COMITMENTS AND CONTINGENCIES

The Company's contractual obligations to maintain its mineral property interests and other commitments over the next five years and thereafter are as follows:

By September 14,	2012	2013	2014	2015 and thereafter	Total
Option payments	40,000	50,000	75,000	-	165,000
Work commitments	-	302,180	1,250,000	-	1,552,180
	$ 40,000	$ 352,180	$ 1,325,000	$ -	$ 1,717,180

Although there are approximately $1.7 million in existing commitments, the payment of these commitments is dependent on the Company retaining the properties. If the Company decides to discontinue its interest in these properties the related commitment would cease to exist.

11. INCOME TAXES

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

	2011	2010
Loss and comprehensive loss for the year	**$(1,620,623)**	$(619,523)
Expected recovery	**(457,826)**	(177,803)
Impact of future tax rates	**19,647**	11,150
Expenses non deductible for tax purposes	**55,887**	-
Share issue cost	**36,494**	730
Tax benefits not recognized	**345,798**	165,923
Provision (recovery) for income taxes	**$ -**	$ -

The Company's has a deferred tax liability against which an asset has been recognized.

	2011	2010
Deferred tax asset	**$ 111,551**	$ -
Deferred tax liability	**(111,551)**	-
	-	-

The Company has temporary differences for which no deferred tax asset has been recognized of non-capital losses of $446,683 (2010: $301,344), exploration and development expenses of $563,615 (2010: $320,723) which have no expiry, and share issue cost of $501,471 (2010: $10,176) which expire between 2015 and 2016.

As at December 31, 2011 the Company has non-capital losses that expire as follows:

Year of expiry	**2011**	2010
2031	**$ 905,859**	$ -
2030	**301,344**	301,344
	$ 1,207,203	$ 301,344

12. RELATED PARTY TRANSACTION

All transactions with related parties are at arm's length basis.

The following transactions were carried out with related parties:

a) Purchase of services:

During the year ended December 31, 2011 the Company purchased management services from companies controlled by its senior and legal services from a firm where a partner is also director of PJX.

During the same period in fiscal 2010 the Company purchased consulting services from companies controlled by its senior officers.

The following schedule shows payments made during the years ended December 31, 2011 and 2010 to these companies.

Period ended December 31,		2011	2010*
Management fees	$	183,588	135,138
Fees paid to partnership where a director of PJX is a partner		246,865	-
	$	430,453	135,138

* Eight months period ended December 31, 2010

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:

Period ended December 31,		2011	2010*
Salaries	$	77,000	-
Stock-based compensation		182,839	-
	$	259,839	-

* Eight months period ended December 31, 2010

c) Period-end Balances arising from purchases of services:

		2011		2010
Salaries payable to key management	$	-	$	-
Fees payable to key management		-		-
Payable to a firm where a director of the Company is a partner		5,585		-
	$	5,585	$	-

Payables to related parties are due on 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.

13. SEGMENTED REPORTING

The Company operates in one business segment, the business of acquiring and exploring mineral properties in Canada.