PJX RESOURCES INC.
Financial Statements
Years ended December 31, 2015 and 2014

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

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

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

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

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

(signed)
John Keating
President and Chief Executive Officer

(signed)
Linda Brennan
Chief Financial Officer

Toronto, Canada
April 22, 2016

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

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 statement of financial position as at December 31, 2015, and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJX Resources Inc. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of PJX Resources Inc. for the year ended December 31, 2014, were audited by other auditors who expressed an unmodified opinion on those statements on April 29, 2015.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 22, 2016

PJX Resources Inc.

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

December 31,	**Note**	**2015**	2014
ASSETS			
Current assets			
Cash		**$ 847,107**	$ 599,703
Accounts receivable	**6**	**19,284**	13,172
Prepayments	**7(a)**	**8,500**	8,500
Total current assets		**874,891**	621,375
Non-current assets			
Deposits	**7(b)**	**66,572**	53,065
Property and equipment	**8**	**38,831**	-
Total non-current assets		**105,403**	53,065
Total assets		**980,294**	674,440
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**15**	**57,455**	64,555
Flow-through premium liability	**10(b)(i)**	**-**	41,672
Total current liabilities		**57,455**	106,227
Total liabilities		**57,455**	106,227
SHAREHOLDERS' EQUITY			
Share capital	**10(b)**	**5,685,010**	4,481,000
Warrants	**11**	**821,533**	778,009
Contributed surplus		**1,687,445**	998,790
Accumulated deficit		**(7,271,149)**	(5,689,586)
Total shareholders' equity		**922,839**	568,213
Total shareholders' equity and liabilities		**$ 980,294**	$ 674,440

Going concern (Note 1)

Commitments and contingencies (Notes 9 and 13)

Subsequent event (Note 16)

Approved by the Board of Directors:

(Signed) John Keating
John Keating, Director

(Signed) Linda Brennan
Linda Brennan, Director

See accompanying notes to the financial statements.

PJX Resources Inc.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

Years ended December 31,	**Note**	**2015**	2014
Expenses			
Exploration	**12(a)**	**$ 1,010,146**	$ 235,846
General and administration	**12(b)**	**528,481**	578,062
Share based compensation	**10(b)(ii)**	**244,188**	-
Depreciation	**8**	**6,853**	-
Other revenues		**-**	(1,919)
Loss before income taxes		**(1,789,668)**	(811,989)
Deferred tax recoveries	**14**	**208,105**	50,662
Net loss and comprehensive loss for the year		**$ (1,581,563)**	$ (761,327)
Basic and diluted loss per share		**($0.03)**	($0.02)
Weighted average number of shares outstanding		**49,041,542**	38,999,839

See accompanying notes to the financial statements.

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PJX Resources Inc.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

Years ended December 31,	Note	2015	2014
Share capital			
Balance, beginning of the year		**$ 4,481,000**	$ 3,882,335
Shares issued under private placement	**10(b)**	**578,448**	373,230
Shares issued to Klondike Gold Corp.	**9**	**-**	91,000
Flow-through shares issued	**10(b)**	**800,680**	236,692
Share premium on flow-through shares		**(128,000)**	(58,875)
Share issue cost	**10(b)**	**(47,118)**	(43,382)
Balance, end of the year		**5,685,010**	4,481,000
Warrants			
Balance, beginning of the year		**778,009**	978,170
Warrants issued on private placement	**11**	**526,424**	295,109
Warrants expired	**11**	**(482,900)**	(186,787)
Fair value adjustment on extended warrants		**-**	(308,483)
Balance, end of the year		**821,533**	778,009
Contributed surplus			
Balance, beginning of the year		**998,790**	528,269
Fair value adjustment on extended warrants		**-**	308,483
Warrants expired	**11**	**482,900**	186,787
Share based compensation	**10(b)(ii)**	**244,188**	-
Tax impact of expired compensation warrants		**(38,433)**	(24,749)
Balance, end of the year		**1,687,445**	998,790
Accumulated deficit			
Balance, beginning of the year		**(5,689,586)**	(4,928,259)
Net loss for the year		**(1,581,563)**	(761,327)
Balance, end of the year		**(7,271,149)**	(5,689,586)
Total shareholders' equity		**$ 922,839**	$ 568,213

See accompanying notes to the financial statements.

PJX Resources Inc.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Years ended December 31,	**Note**	**2015**	2014
Cash flows from operating activities			
Net loss for the year		**$ (1,581,563)**	$ (761,327)
Items not involving cash:			
Share based compensation	**10(b)(ii)**	**244,188**	-
Depreciation	**8**	**6,853**	
Deferred tax recoveries	**14**	**(208,105)**	(50,662)
Shares issued to Klondike Gold Corp.	**9**	**-**	91,000
Changes in non-cash working capital:			
Deposits		**(13,507)**	18,200
Accounts receivable and prepayments		**(6,112)**	(2,070)
Accounts payable and accrued liabilities		**(7,100)**	(1,483)
Net cash used in operating activities		**(1,565,346)**	(706,342)
Cash flow from investing activities			
Acquisition of property and equipment	**8**	**(45,684)**	-
Net cash used in investing activities		**$ (45,684)**	$ -
Cash flow from financing activities			
Proceeds on issuance of common shares and warrants	**10(b)**	**889,500**	551,781
Proceeds on issuance of flow-through shares and warrants	**10(b)**	**1,036,000**	353,250
Share issue cost	**10(b)**	**(47,118)**	(43,382)
Share issue cost allocated to warrants	**11**	**(19,948)**	-
Net cash generated by financing activities		**1,858,434**	861,649
Net change in cash		**247,404**	155,307
Cash, beginning of the year		**599,703**	444,396
Cash, end of the year		**$ 847,107**	$ 599,703

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 Company's corporate offices are located at 5600 One First Canadian Place, Toronto, Ontario.

The principal activities of the Company are the exploration of mineral projects located near Cranbrook, British Columbia. To date, the Company has not earned mining revenues. The Company is considered to be in the exploration stage.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, expropriation of properties, and political uncertainty.

The financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2015, the Company incurred a loss of $1,581,563 or $0.03 per share, (December 31, 2014: $761,327 or $0.02 per share), and reported an accumulated deficit of $7,271,149 (December 31, 2014: $5,689,586). As at December 31, 2015 the working capital of the Company was $817,434 (December 31, 2014: $515,148). Management believes that the working capital is sufficient to support operations for the next twelve months.

These financial statements were approved by the Board of Directors for issue on April 22, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

(a) Basis of presentation

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

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

(b) Financial assets and liabilities

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

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

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

Loans and receivables:

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

Other financial liabilities:

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

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

Impairment of financial assets:

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

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

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amounts are reduced through the use of an allowance account. When accounts 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 financial assets at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. This policy is not applicable for the current period.

Financial instruments recorded at fair value:

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

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – valuation techniques using inputs of the asset or liability that are not based on observable market data (unobservable inputs).

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

(c) Exploration and evaluation expenditures

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

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

(d) Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. There were no such onerous contracts as at December 31, 2015 and 2014.

(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 except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(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 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: 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. During the periods presented, outstanding stock options and warrants were not included in the calculation of diluted loss per share as their effect would be anti-dilutive.

(i) Segmented reporting

The Company operates in one business segment, the business of acquiring and exploring mineral properties in Canada. The Chief Executive Officer determines the reportable operating segments by reviewing various factors including geographical location, quantitative threshold and managerial structure.

(k) Flow-through shares:

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

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

(l) Significant accounting judgments and estimates

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

Critical accounting estimates and judgements

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

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

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

- The inputs used in accounting for share purchase warrants transactions in the statement of financial positions. PJX estimates the warrants issued using a standard valuation method.

Several assumptions including volatility, risk-free interest rate and expected warrant life are significant assumptions used in determining the values of warrants.

- Contingencies – See Note 13.

Changes in accounting policies:

The Company did not adopt new or changed current accounting policies during fiscal 2015, except for Property and Equipment policies described under Note 2*(m)*.

Future accounting changes:

IFRS 9, 'Financial instruments: classification and measurement' – IFRS 9 as issued reflects the IASB's work to date on the replacement of IAS 39, Financial instruments: recognition and measurement (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. IFRS 9 (2013) is effective for annual periods beginning on or January 1, 2018. Earlier adoption is permitted.

IAS 1, 'Presentation of Financial Statements' – IAS 1 was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

(m) Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment loss. Depreciation is provided using the following rate:

Vehicles: Declining balance 30% with half of the depreciation rate applied the year of acquisition and disposal.

Property and equipment are assessed for future recoverability or impairment on an annual basis by estimating future net discounted cash flows and residual values or by estimating value in use. When the carrying amount of property and equipment exceeds the estimated net recoverable amount, the asset is written down to the extent the carrying amount exceeds the estimated net recoverable amount with a charge to income in the period that such determination is made.

(n) Government Assistance

Government assistance is recognized as a recovery of exploration expenses in the statement of loss when there is reasonable assurance that the Company will comply with the conditions attached to them and that the assistance will be received.

3. CAPITAL MANAGEMENT

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, contributed surplus and accumulated deficit, which as at December 31, 2015 totaled $922,839 (December 31, 2014 – $568,213). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

4. FINANCIAL RISK FACTORS

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

<u>Credit risk</u>

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 deposits. Cash is held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. Deposits are held with the British Columbia Ministry of Energy and Mines, from which management believes that the credit risk is minimal.

<u>Liquidity risk</u>

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, 2015, the Company had a cash balance of $847,107 (December 31, 2014: $599,703) to settle current liabilities of $57,455 (December 31, 2014: $106,227). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. In addition, refer to Note 3 for the Company’s approach to capital management.

<u>Market risk</u>

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. At December 31, 2015, the Company did not have any amounts invested in interest bearing accounts.

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.

(Expressed in Canadian dollars)

Based on Management's knowledge and experience in the financial markets, the Company believes that it 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, 2015, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at December 31, 2015, the carrying value approximates the fair value amounts of the Company's financial instruments. The Company has not disclosed the fair value of deposits, accounts payable, accrued liabilities and cash because the carrying values approximate fair values.

6. ACCOUNTS RECEIVABLE

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

7. PREPAYMENTS & DEPOSITS

a) Prepayments totalling $8,500 (December 31, 2014: $8,500) represents advanced payments to suppliers.

b) At December 31, 2015, the Company has deposits with the British Columbia Ministry of Finance for $65,000 (December 31, 2014: $52,300) representing remediation cost bonds associated with its properties; and other advances totalling $1,572 (December 31, 2014: $765).

8. PROPERTY AND EQUIPMENT

December 31,	**2015**	2014
Vehicle		
Balance, beginning of the year	**$ -**	$ -
Acquisitions	**45,684**	-
Balance end of the year	**$ 45,684**	$ -
Accumulated depreciation		
Balance, beginning of the year	**$ -**	$ -
Depreciation expense	**6,853**	-
Balance end of the year	**6,853**	-
Net book value	**$ 38,831**	$ -

9. MINERAL PROPERTIES

The Company has 100% ownership in five properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property and the West Basin Property, all located in the Cranbrook area of British Columbia, Canada. In addition, the Company had entered into the following arrangements:

(I) Vine Extension Option Agreement:

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

Under the purchase and sale agreement with KG, PJX has purchased full ownership of the property by issuing 700,000 PJX common shares, valued at $91,000 to KG, based on the quoted market price of the shares at the time of issue. 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 ending from the closing date (February 20, 2016). If, at any time for a period of 1 year from the closing date, KG wished to assign, sell or transfer the shares, KG was required to notify PJX and PJX had 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.

(II) DD Property Agreement:

On July 26, 2015, PJX announced that it has entered into an option agreement with Doug Anderson and Dave Pighin (the "Optionors"), to acquire 100% of the DD Property, near Cranbrook, British Columbia. The Company has also staked land adjacent to the DD Property.

Under the DD Property Agreement (the "Agreement"), PJX is required to issue to the Optionors on or before each anniversary day of the Agreement, 50,000 PJX common shares over a 5 year period to a maximum of 250,000 shares.

Upon the deemed exercise of the option, the Optionors will be granted an aggregate NSR of 2% in respect of the DD Property and on certain claims owned by PJX, under certain predefined terms. The Company will have the right to purchase 50% of such NSR [being a 1% NSR (0.5% from each individual comprising the Optionors)] for $1,000,000, and the remaining 50% of such NSR [being a 1% NSR (0.5% from each individual comprising the Optionors)] for $1,000,000.

Should the Company enter during the option period into an third-party agreement (the "Third-Party Agreement") to option out the DD Property, and the Third-Party Agreement includes the receipt by PJX of cash option payments (that do not relate to work or other commitments), the Company will pay to the Optionors 5% of the cash payment received from the third party during the option period or until the option is exercised, whichever occurs first.

10. SHARE CAPITAL

(a) Authorized capital

The authorized share capital of the Company is an unlimited number of common shares with no par value.

(Expressed in Canadian dollars)

(b) Issued capital

The following schedule describes the share transactions during the years ended December 31, 2014 and 2015:

	# of Shares		Value
Balance, December 31, 2013	36,344,201	$	3,882,335
Shares issued under private placement	4,414,245		551,781
Value allocated to warrants			(178,551)
			373,230
Flow-through shares issued under private placement	2,355,000		353,250
Value allocated to warrants			(116,558)
			236,692
Share premium on flow-through shares			(58,875)
Shares issued to Klondike Gold Corp. (Note 9(l))	700,000		91,000
Share issue cost			(43,382)
Balance, December 31, 2014	43,813,446	$	4,481,000
Shares issued under private placement	4,447,500		889,500
Value allocated to warrants			(311,052)
			578,448
Flow-through shares issued under private placement	5,180,000		1,036,000
Value allocated to warrants			(235,320)
			800,680
Share premium on flow-through shares			(128,000)
Share issue cost			(47,118)
Balance, December 31, 2015	**53,440,946**	**$**	**5,685,010**

(i) Private placements

On February 11, 2014, PJX closed the second tranche of a private placement originally announced on November 23, 2013, where 670,000 non-flow-through units at $0.125 and 260,000 flow-through units at $0.15 were sold for gross proceeds of $122,750.

On August 22, 2014, the Company announced a private placement of 4,800,000 units through the issuance of flow-through and non-flow-through units at a price of $0.15 per flow-through unit and $0.125 per non-flow-through unit. Each flow-through unit consisted of one flow-through share and one non-transferable common share purchase warrant. Each non-flow-through unit consisted of one common share and one non-transferable common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or non-flow-through unit, will entitle the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

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

On October 9, 2014, the Company announced that it had amended its previously announced nonbrokered private placement (August 22, 2014) from 4,800,000 units to up to 6,000,000 units. On November 5, 2014, PJX issued 1,905,000 flow-through units at a price of $0.15 per flow-through unit, and 1,094,245 non-flow-through units at a price of $0.125 per unit for gross proceeds of $422,531.

(Expressed in Canadian dollars)

As the value of the flow-through unit at the time of the transactions was $0.15, compared to the non-flow-through unit value of $0.125, a premium on flow-through shares of $58,875 was recorded. The premium has been deducted from capital and a flow-through tax liability premium for the same amount was recorded. The premium is amortized as the flow-through funds are utilized in qualified exploration programs.

On April 8, 2015, the Company announced the completion of a private placement for gross proceeds of $1,273,000 by issuing 3,605,000 flow-through units at a price of $0.20 per flow-through unit, and 2,760,000 non-flow-through units at a price of $0.20 per unit. Each flow-through unit consisted of one flow-through share and one half of one non-transferable warrant. Each non-flow-through unit consisted of one common share and one non-transferable warrant. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

As the proceeds received by the Company for a flow-through unit and non-flow though unit at the time of the transaction were the same ($0.20) and, as the flow-through investors received one half of one non-transferable warrant less than the non-flow-through investors, a premium on flow-through shares of $128,000 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium was subsequently amortized as the flow-through funds were utilized in qualified exploration programs.

On October 26, 2015, the Company announced the completion of a private placement for gross proceeds of $652,500 by issuing 1,575,000 flow-through units at a price of $0.20 per flow-through unit, and 1,687,500 non-flow-through units at a price of $0.20 per unit. Each flow-through unit consists of one common share of the Company and one non-transferable common share purchase warrant exercisable at $0.25 on or before October 25, 2017. Each non-flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at $0.25 on or before October 25, 2017.

The following schedule describes the flow-through premiums and amortization for the years ended December 31, 2015 and 2014:

December 31,		**2015**		2014
Premium Balance - Opening		**41,672**		8,710
Premium on issued flow-through shares		**128,000**		58,875
Premium amortization		**(169,672)**		(25,913)
Unamortized premium balance	**$**	**-**	$	41,672

(ii) Share based compensation

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

On July 21, 2015 the Company granted an aggregate of 1,615,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of $0.19 per share. The options are fully vested on granting and exercisable until July 20, 2020. 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: expected dividend yield of 0%, expected volatility of 113%; risk-free interest rate of 0.7%; and an expected average life of 5 years. The estimated fair value of $244,188 was recorded as share-based compensation within the statement of loss and was credited to contributed surplus.

(Expressed in Canadian dollars)

The following schedules describe the options outstanding at December 31, 2015 and 2014:

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 6, 2016	$0.30	0.85	2,233,500	2,233,500
November 15, 2018	$0.15	2.88	1,018,500	1,018,500
July 20, 2020	$0.19	4.56	1,615,000	1,615,000
Balance at December 31,2015		**2.50**	**4,867,000**	**4,867,000**

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 6, 2016	$0.30	1.85	2,233,500	2,233,500
November 15, 2018	$0.15	3.88	1,018,500	1,018,500
Balance at December 31, 2014		2.49	**3,252,000**	**3,252,000**

The following schedule describes the options transactions for the years ended December 31, 2015 and 2014:

	Number of stock options	Weighted average exercise price
Balance at December 31, 2013 and 2014	**3,252,000**	**$0.25**
Granted during fiscal 2015	1,615,000	0.19
Balance at December 31, 2015	**4,867,000**	**$0.23**

11. WARRANTS

Warrants issued under private placements:

As part of the second tranche financing closed on February 11, 2014 and described under Note 10(b)(i), the Company issued 930,000 warrants with a fair value of $40,571. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

As part of the first tranche financing closed on September 23, 2014 and described under Note 10(b)(i), the Company issued 2,840,000 warrants with a fair value of $114,721. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

In connection with the financing completed on November 5, 2014 the Company issued 2,999,245 warrants with a fair value of $139,817. Each warrant issued in connection with the financing will entitle the holder thereof to purchase one Common Share at an exercise price of $0.20 for 24 months following completion of the offering.

In connection with the financing completed on April 8, 2015 the Company issued 4,562,500 warrants, with a fair value of $315,780. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

(Expressed in Canadian dollars)

In connection with the financing completed on October 26, 2015 the Company issued 3,262,500 warrants, with a fair value of $210,644. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 for 24 months following completion of the offering.

Warrants amended:

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

On August 22, 2014 the Company also announced that it had amended the exercise price of 6,319,500 of the aforementioned 8,939,500 warrants. The amended warrants would have been exercisable at $0.20 per share. The remaining 2,620,000 warrants, held by insiders of the Company, were not re-priced and remained exercisable at $0.25 per share. These warrants expired unexercised.

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

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

Warrants expired:

During the year ended December 31, 2015 the following warrants expired unexercised:

Expiry Date	Number of Warrants	Exercise price	Value
September 25, 2015	6,319,500	$ 0.20	$ 215,864
September 25, 2015	2,620,000	0.25	74,200
December 27, 2015	750,000	0.25	50,243
November 28, 2015	3,334,000	0.20	120,056
November 28, 2015	485,000	0.20	22,537
	13,508,500	$ 0.21	$ 482,900

During the year ended December 31, 2014 the following warrants expired unexercised:

Expiry Date	Number of Warrants	Exercise price	Value
September 9, 2014	1,210,000	$ 0.20	$ 130,029
September 9, 2014	507,360	0.25	56,758
	1,717,360	$ 0.21	$ 186,787

(Expressed in Canadian dollars)

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

Expiry date	Number of Warrants	Dividend yield	Volatility *	Risk free interest rate	Expected average life (years)	Value
February 8, 2016	670,000	Nil	111%	1.01%	2	$ 27,681
February 8, 2016	260,000	Nil	111%	1.01%	2	12,890
September 22, 2016	190,000	Nil	111%	1.01%	2	9,088
September 22, 2016	2,650,000	Nil	111%	1.01%	2	105,633
November 4, 2016	1,905,000	Nil	125%	1.03%	2	94,580
November 4, 2016	1,094,245	Nil	125%	1.03%	2	45,237
April 7, 2017	4,562,500	Nil	128%	0.50%	2	315,780
October 25, 2017	3,262,500	Nil	128%	0.54%	2	210,644
	14,594,245					$ 821,533

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

The following schedule describes the warrants transactions during the years ended December 31, 2015 and 2014:

All warrants:	Number of Warrants	Exercise price	Value
Balance at December 31, 2013	15,225,860	0.23	$ 978,170
Issued on private placement	6,769,245	0.20	295,109
Warrants expired	(1,717,360)	0.21	(186,787)
Fair value adjustment on extended warrants	-	-	(308,483)
Balance at December 31, 2014	20,277,745	0.22	$ 778,009
Issued on private placement	7,825,000	0.22	526,424
Warrants expired	(13,508,500)	0.21	(482,900)
Balance at December 31, 2015	**14,594,245**	**0.21**	**$ 821,533**

The following schedules describe the warrants outstanding at December 31, 2015:

Expiry Date	Number of Warrants	Exercise price	Value
February 8, 2016	670,000	$ 0.20	$ 27,681
February 8, 2016	260,000	0.20	12,890
September 22, 2016	2,650,000	0.20	105,633
September 22, 2016	190,000	0.20	9,088
November 4, 2016	1,094,245	0.20	45,237
November 4, 2016	1,905,000	0.20	94,580
April 7, 2017	4,562,500	0.20	315,780
October 25, 2017	3,262,500	0.25	210,644
Balance at December 31, 2015	**14,594,245**	**$ 0.21**	**$ 821,533**

(Expressed in Canadian dollars)

The following schedule describes the warrants outstanding at December 31, 2014:

Expiry Date	Number of Warrants	Exercise price	Value
February 8, 2016	670,000	$ 0.20	$ 27,681
February 8, 2016	260,000	0.20	12,890
September 22, 2016	2,650,000	0.20	105,633
September 22, 2016	190,000	0.20	9,088
November 4, 2016	1,094,245	0.20	45,237
November 4, 2016	1,905,000	0.20	94,580
Balance at December 31, 2014	**20,277,745**	**$ 0.22**	**$ 778,009**

12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) Exploration Expenses:

The following schedules describe exploration expenses incurred by property during the years ended December 31, 2015 and 2014 and since inception.

Year ended December 31,	**2015**	2014	%Change	since inception
Dewdney Trail Property	**$ 32,185**	$ 33,055	-2.6%	$ 909,200
Eddy Property	**1,476**	1,938	-23.8%	500,896
Zinger Property	**916**	27,699	-96.7%	457,388
Vine Property	**994,581**	319,656	211.1%	1,697,998
DD Property	**8,348**	-	100.0%	8,348
Others	**387**	3,376	-88.5%	50,273
	1,037,893	385,724	169.1%	3,624,103
BC refundable tax credits received	**(27,747)**	(149,878)	-81.5%	(177,625)
Total exploration expenses	**$ 1,010,146**	$ 235,846	328.3%	$ 3,446,478

The following schedule describes exploration expenses incurred during the years ended December 31, 2015 and 2014, segregated by nature:

(Expressed in Canadian dollars)

Years ended December 31,	2015	2014	%Change	Balance Since inception
Geology, geophysics and geochemistry	**$ 173,255**	$ 169,069	2.5%	$ 1,409,573
Exploration-other accomodation	**-**	-	0.0%	2,440
Permitting	**5,912**	3,438	72.0%	46,212
Land rights and claim management	**8,820**	6,824	29.2%	61,066
Drilling	**792,986**	67,638	1072.4%	1,259,227
Laboratory	**8,439**	17,704	-52.3%	161,680
Roads and surface preparation	**-**	-	0.0%	70,944
Camp cost and exploration supplies	**1,387**	1,529	100.0%	11,033
Exploration - travel and transportation	**40,397**	21,720	86.0%	111,837
Exploration- meals	**5,209**	2,162	140.9%	16,242
Rent - field office	**1,488**	4,640	-67.9%	20,343
Surface sampling and mapping	**-**	-	0.0%	50,506
Option payments	**-**	91,000	-100.0%	403,000
	$ 1,037,893	$ 385,724	169.1%	$ 3,624,103
BC refundable tax credits received	**(27,747)**	(149,878)	-81.5%	(177,625)
Total exploration expenses	**$ 1,010,146**	$ 235,846	328.3%	$ 3,446,478

b) General and administration:

The following is a breakdown of the Company's general and administration expenses incurred during the years ended December 31, 2015 and 2014:

Years ended December 31,	2015	2014	Change
Insurance	**$ 15,712**	$ 13,437	$ 2,275
Interest, bank charges and penalties	**3,915**	761	3,154
Investor relations	**120,634**	104,588	16,046
Listing and regulatory fees	**25,124**	25,084	40
Office expenses	**10,592**	22,574	(11,982)
Professional fees	**75,665**	112,093	(36,428)
Rent	**1,317**	2,217	(900)
Salaries and benefits	**272,714**	287,256	(14,542)
Travel and transportation	**2,808**	10,052	(7,244)
	$ 528,481	$ 578,062	$ (49,581)

13. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to $411,000 to be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

The Company is required to incur qualified exploration expenditures of approximately $243,000 not later than December 31, 2016 as the result of the flow-through common shares issued during fiscal 2015 and the mining tax refund received from the British Columbia government during last fiscal year.

(Expressed in Canadian dollars)

14. INCOME TAXES

	2015	2014
Loss before income taxes	$(1,789,668)	$(811,989)
Expected recovery	(474,262)	(215,177)
Deferred tax recovery on expiry of warrants	(38,433)	(24,749)
Premium on flow-through shares (Note 10(b)(i))	(169,672)	(25,913)
Expenses non deductible for tax purposes	66,601	1,513
Share issue cost	47,306	44,424
Tax benefits not recognized	360,355	169,240
Recovery for income taxes	$ (208,105)	$ (50,662)

The applicable tax rate is 26.5% (2014: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized for non-capital losses of $3,299,000 (December 31, 2014: $ 3,572,230), expiring between 2029 and 2035, exploration and development expenses of $1,439,000 (December 31, 2014: $ 993,005) which have no expiry date, and share issue costs of $ 120,737 (2014: $ 232,183) which will be deducted between 2016 and 2019.

15. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Purchase of services:

During the years ended December 31, 2015 and 2014 the Company contracted legal services from a firm where a partner is also a director of PJX.

Years ended December 31,	2015	2014
Fees to a law firm where a director of the Company is a partner	$ 3,612	$ 9,006

b) Key management compensation:

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

Years ended December 31,	2015	2014
Salaries	$ 264,000	$279,000
Share-based compensation (See Note 13)	204,120	-
	$ 468,120	$279,000

(Expressed in Canadian dollars)

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

December 31,	2015	2014
Payable to a law firm where a director of the Company is a partner	$ 1,770	$ -

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

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

d) Participation in equity financings:

The following schedule describes directors' and officers' participation in equity financings pursued by the Company during the years ended December 31, 2015 and 2014:

Year ended December 31,	2015		2014	
	Units	Value	Unit	Value
Officers	-	$ -	90,000	$ 13,500
Directors	60,000	12,000	-	-
Total	60,000	$ 12,000	90,000	$ 13,500

16. SUBSEQUENT EVENT

Subsequent to December 31, 2015, 930,000 warrants exercisable at $0.20 expired unexercised.