PJX RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

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The following discussion and analysis ("MD&A") of the operating results and financial condition of PJX Resources Inc. ("PJX" or the "Company") for the three months ended June 30, 2017 ("Q2 F2017") and June 30, 2016 ("Q2 F2016") should be read in conjunction with the unaudited condensed interim financial statements of the Company and notes thereto at June 30, 2017.

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

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

The date of this report is August 24, 2017.

Approval

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

Forward-looking Information

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

Nature of Operations and Going Concern

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 Company is listed on the TSX Venture Exchange.

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

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 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. Management believes that the working capital is sufficient to support operations for the next twelve months.

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

COMPANY OVERVIEW

The Company's goal is to build shareholder value and community opportunity through the exploration, discovery, and development of mineral resources.

The Company's principal mineral property is the Dewdney Trail Property. The Company holds 100% interest in the Dewdney Trail Property and 4 additional properties (the Vine (including the Vine Extension), Eddy, Zinger and West Basin). The Company also has the right to earn a 100% interest in the DD Property. All properties are road accessible and proximal to power lines, rail and historical mining communities of Cranbrook and Kimberley, British Columbia.

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

Highlights for Q2 F2017

Exploration

Base Metal Potential (zinc, lead, silver, copper)

- Base metal exploration by PJX during Q2 F2017, continued to focus primarily on the Vine Property.
  - Vine Property gravity geophysical surveys have identified 2 separate large target areas (Eastern and Western gravity targets) with potential to host Sedimentary Exhalative (Sedex) massive sulphide (zinc, lead, silver) mineralization.
  - Drilling on the East Gravity target during Q1 F2017 outlined a zone of anomalous zinc mineralization that is at least 550 meters long and has a true thickness of 100 meters. The zinc mineralization, in the form of a mineral called sphalerite, occurs in the upper part of a phyllite rock unit and in the adjacent Lower Aldridge sediments. The sphalerite found in the zinc anomalous horizon may represent mineralization peripheral to a Sedex massive sulphide deposit that has been caught up, displaced, and distorted, by folding, foliation and brecciation produced by the Moyie Fault.
  - Drilling during Q2 F2017 to test an airborne electromagnetic anomaly approximately 2 kilometres ("km") southwest of the East Gravity anomaly encountered hydrothermal alteration and mineralization consistent with what would occur within the sedimentary basin around the Sullivan deposit. Reinterpretation of the gravity data suggests that the West Gravity anomaly may be part of a sedimentary basin linked to this area. Further drilling is required to test this potential basin and the East Gravity anomaly.

Gold Potential

- Exploration for gold on the Zinger Property has identified numerous gold showings along an 8 km strike length. Gold mineralization appears to be associated with quartz veining and/or flooding in folded and sheared siltstones and argillites. Soil sampling in one area has identified an anomaly approximately 100 metres wide and over 300 metres long with gold in soil values ranging from 100 ppb (parts per billion) to 4941 ppb (or 4.941 grams per tonne ("g/t")).
- Heavy mineral separation process undertaken at CF Minerals Research laboratory during Q1 F2017 recovered 898 grains and 256 grains of gold from 2 soil samples taken on the Zinger Property in late 2016.
- Geologist Dr. Charles (Chuck) Fipke, President of CF Minerals Research Ltd., stated, "This large population of gold grains range in size from 34 to 266 micrometres. The angularity and other morphological features of the gold grains suggest that they have not travelled far and that the bedrock source of the gold is estimated to be within 100 to 200 metres of the sample locations."
- Field work to follow-up on these and other gold targets commenced during Q3 F2017.

Strategy and Objectives

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

Exploration during 2016 identified multiple base metal target areas on the Vine Property. Drilling during 2016 and early 2017 supports the potential for a base metal deposit similar in style to the Sullivan deposit, located 35 km north of the Vine Property, and/or a Broken Hill deposit in Australia. Gold exploration has identified new targets in addition to numerous gold targets on the Dewdney Trail and Zinger Properties. Exploration during 2017 will focus on drilling, trenching and other techniques to vector in on the discovery of possible base metal and gold deposits on the Vine, Dewdney Trail and

Zinger Properties. This work will also help PJX assess the potential of the company's Eddy and West Basin Properties in the Cranbrook area.

Key Performance Drivers

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

Metal markets have strengthened recently with zinc prices rising from about $1.05 per pound a year ago to over $1.40 per pound in August, 2017. Market volatility, the price of metals and the appetite for risk cannot be controlled by the Company. However, the Company has assembled a team that has more than 100 years of working experience in the mining and exploration industry and meeting its related challenges.

Demand for gold, silver and base metals is forecast to continue to grow, while supply for some metals, such as zinc, is expected to decline as a number of mines have closed or are planning to close due to ore reserve depletion. Gold, silver, lead and zinc prices strengthened during 2017 and the zinc price is forecast to remain strong by some analysists due to supply shortages in the coming years.

PJX believes it is well positioned to attract investor interest given its 100% interest in a large land package with favourable geology to host world class deposits. In addition, the properties are road accessible, proximal to rail, hydro, and located in mining friendly communities with an experienced workforce. The prime objective of the Company is to focus resources on exploration activities to discover a gold or base metal deposit. Marketing activities will be continued to communicate PJX's exploration results and potential.

Ability to Deliver Results

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

Exploration

Acquisition of the Mineral Properties

In July, 2015, PJX optioned the DD Property. PJX also staked over 1900 hectares of land with mineral potential adjacent to the 440 hectare DD Property. PJX has an option to acquire 100% interest in the DD Property by granting an aggregate total of 250,000 PJX common shares over a 5 year option period (50,000 shares per year to be issued on or before the anniversary date of the option agreement (50,000 issued in 2016 and 50,000 issued subsequent to the Q2 F2017)). Once the option is exercised, DD Property the optionors, Doug Anderson (50%) and Dave Pighin (50%), will be granted an aggregate net smelter return ("NSR") of 2% in respect of the DD Property and adjacent claims staked by the Company. PJX will have the right to purchase 50% of such NSR for $1,000,000, and the remaining 50% NSR for $1,000,000.

The Cranbrook Properties are all accessible by road and located within a 40 km radius of Cranbrook and Kimberley, British Columbia. Three properties (Dewdney Trail, Zinger and Eddy) cover historical gold showings and have the potential to host large tonnage gold deposits. The Vine Property has an historical resource estimate of 1.3 million tonnes averaging 2.2 g/t gold, 36.3 g/t silver, 3.12% lead, 3.12% zinc and 0.11% copper. This historical resource was not prepared using resource categorizations as set out in NI 43-101. PJX is uncertain about the relevance or reliability of the resource estimate. PJX is not treating the historical estimate as current mineral resources or reserves, as a qualified person has not done sufficient work to classify the historical estimate. The West Basin Property contains two known zinc-lead occurrences (Fors and Smoker). Historical drilling by other companies adjacent to the DD Property intersected zinc-lead-silver mineralization at the Sullivan-time-horizon. The DD Property was never drilled to that depth.

DEWDNEY TRAIL PROPERTY

The large Dewdney Trail Property straddles Wildhorse Creek and is considered to be one of the most prospective because of gold discoveries found in geology favourable for hosting large tonnage SHV or Orogenic type gold deposits. The large road accessible property is over 13000 hectares in size and is located 29 km northeast of Cranbrook, British Columbia.

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

Mapping to date has identified more than 15 km of favourable geology with potential to host gold mineralization. The favourable gold bearing quartzite-argillite unit ranges from 75 to over 200 m true width. Rock grab samples of the unit from prospecting and mapping contain gold concentrations up to 15 g/t. This target unit is pervasively altered (sericite-quartz-pyrite-Fe oxide-Fe carbonate) and veined throughout its length and width. Veins are locally closely spaced (centimetre scale), have widths ranging from millimetres to centimetres, and range in length from centimetres to a metre. Given the significant size potential of the sedimentary unit, PJX considers the Dewdney Trail Property to have great gold deposit potential.

In December 2010, RIT Minerals Corp. completed a 43-101 Technical Report (the “43-101”) on the Dewdney Trail Property for the Company. A copy of the Technical Report was filed on SEDAR on May 24, 2011 and is available in the Company’s filings on SEDAR (www.sedar.com). The 43-101 concludes that the Dewdney Trail Property contains: i) 3 large-tonnage SHV gold prospects called Spirit, Tac (“Tackle”) and Lewis; ii) a vein-type prospect called Jack Leg, and iii) a skarn and stockwork Cu-Au (possible porphyry) prospect called Dew Drop.

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

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

Compilation work and mapping have also identified bedded and fracture controlled copper mineralization (chalcopyrite, malachite) in white sandstone and siltstone. This style of mineralization supports the potential for a Montanore, Rock Creek or Spar Lake type sediment hosted copper deposit on the property.

Recent exploration has identified a new target area with gold deposit potential. Heavy mineral sampling for gold on has identified a new area that could be a source for the gold that placer miners are extracting down-stream from the property. Three heavy mineral samples were sent to CF Mineral Research Ltd. in Kelowna for gold separation and Scanning Electron Microscope (SEM) analysis. Thirty-six grains of gold were extracted from the samples. Mr. Charles (Chuck) Fipke, President of CF Minerals Research Ltd., states, “The angularity and other morphological features of the gold grains suggest that they have not travelled far and that the bedrock source of the gold is likely within 200 metres to 600 metres of the sample locations. In addition, the chemistry of the residue material suggests that the gold may be associated with felsic intrusive rocks and/or sericite alteration.”

Outlook

This new target area is in addition to the Lewis, Tackle and M1 target areas on the Dewdney Trail Property. CF Minerals analyses of the gold grains suggest that there is a specific type of rock within 600 metres of our sample locations that could be the source of the gold. More detailed exploration to define the source of the gold in this new target area will be undertaken along with assessment of the other target areas prior to trenching and/or drilling.

ZINGER PROPERTY

The road-accessible Zinger Property is located 24 km west of Cranbrook, British Columbia. The large property, comprised of over 10000 hectares of land, is located on the north flank of Perry Creek, directly upstream from the historic Perry Creek placer gold deposits. PJX plans to explore the Zinger Property to determine whether it may have been a source for the placer gold.

Over an estimated $1 million in exploration work has been spent by other explorers prior to PJX acquiring the property. The majority of this work has been collected and compiled by PJX’s consulting geologists. This work has since been complemented by airborne and ground geophysics, soil and rock sampling, mapping and drilling.

Data compilation and mapping have identified a trend of gold mineralization in bedrock samples that is at least 8 km long and 1.5 km wide. Over 1,380 bedrock grab sample analyses were compiled. Approximately 750 samples reported analyses above 20 ppb (0.02 g/t) gold. Of these, 86 samples ranged from 500 ppb (0.5 g/t) to 1000 ppb (1.0 g/t), 101 samples ranged from 1000 ppb (1.0 g/t) to 5000 ppb (5.0 g/t), and 37 samples were equal to or greater than 5000 ppb (5.0 g/t) gold. The highest value reported was 39597 ppb (39.6 g/t) gold. Gold mineralization appears to be associated with folding in Proterozoic age sediments. Characteristics common to gold mineralized zones include: sericite-quartz-pyrite alteration; multiple vein sets on the millimetre and centimetre scale; brick red hematite staining; extensive silicification.

PJX’s drill hole (Hole ZG12-02) intersected 2.92 g/t gold over 2 m within a broader interval of 0.50 g/t gold over 22.38 m from a depth of 2.62 m (bedrock) down to 25 m.

Two soil grids (West and East grids) established over 1 km south of Hole ZG12-02 have identified the potential for gold mineralization in the Gold Run Lake area on the property. Highly anomalous soil results ranging up-to 743 ppb and 4941 ppb (equivalent to 4.9 g/t) gold were encountered on the West and East grids, respectively. The soil anomalies are each approximately 100 m wide and over 300 m long. The gold anomalies appear to coincide with established geological trends and structures that are often associated with gold mineralization.

Subsequent to the year end, the Company announced heavy mineral separation done at CF Minerals Laboratory recovered 898 grains and 256 grains of gold from 2 soil samples taken on the East soil grid. This large population of gold grains range in size from 34 to 266 micrometres. The angularity and other morphological features of the gold grains suggest that they have not travelled far and that the bedrock source of the gold is estimated to be within 100 or 200 m of the sample locations. Further analysis of the gold grains by Scanning Electron Microscope will be undertaken to help assess the source of the gold.

Compilation work and mapping have also identified bedded and fracture controlled copper mineralization (chalcopyrite, secondary chalcocite, malachite) in white to green colored sandstone and siltstone. This style of mineralization supports the potential for a Montanore, Rock Creek or Spar Lake type sediment hosted copper deposit on the property.

Outlook
Exploration to date has identified multiple gold target areas. A prime focus for 2017 will be to explore to discover the source of the unusually anomalous large number of gold grains found in soils. Work will include additional overburden sampling and surface exploration followed by trenching and drilling when permits are received. This work will also be used to help assess the potential of the many other gold targets on the Zinger Property.

EDDY PROPERTY

The road accessible Eddy Property is located 14 km south west of Cranbrook, British Columbia and 6 km southeast of the Zinger Property. The large property is comprised of more than 10000 hectares of land on the north flank of the Moyie River. The Eddy Property hosts a succession of gold-mineralized quartz veins which occur along shear zones within the fold hinge of a regional anticline that is at least 9.5 km long. A total of 64 grab samples of bedrock have returned values up to 57 g/t gold and demonstrate the potential for high-grade gold concentrations along the shear zones.

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

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

Outlook
Exploration to date combined with historical work has identified multiple target areas with gold potential. The company's increased knowledge and understanding of the geological controls for gold mineralization on the Dewdney Trail and Zinger Properties will be used to review and prioritize gold targets for follow-up exploration on the Eddy Property.

VINE PROPERTY

The road-accessible Vine Property is located 11 km south of Cranbrook, British Columbia. The property is over 8000 hectares in size.

In the late 1970s, Cominco discovered lead, zinc and silver mineralization on the Vine Property. The following summary of the Vine occurrence is quoted from the B.C Ministry of Energy Mines, and Petroleum Resources' Minfile Record Summary (082GSW050):

> *"The Vine 1 occurrence is a shear-related vein system in Middle Aldridge Formation argillites and quartzites.*
>
> *Recent drilling (1990) of the Vine structure (630 metres depth) has intersected 3 massive sulphide veins. The upper vein has a true width of 4 metres, the middle vein a true width of 2*

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

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

Kokanee Exploration Ltd.’s resource estimate reported above is a historical estimate and was not prepared using the resources categorizations set out in NI 43-101. The Company is not aware of any more recent resource estimate for this property. The Company is uncertain as to the relevance or reliability of the historical estimate. PJX is not treating the historical estimate as current mineral resources or reserves, as a qualified person has not done sufficient work to classify the historical estimate. Data compilation and modeling of historical drilling suggest the mineralized Vine vein structure continues to depth and along strike beyond previous drilling.

Data compilation also suggests the potential for bedded massive sulphide mineralization at depth that would be more consistent with a Sedex style massive sulphide as opposed to the Vine vein. Drilling by Kokanee Exploration in 1991 intersected massive sulphide at the base of a rock unit called the Footwall Quartzite. The 3.5 m interval of massive sulphide reportedly averaged 2.08% zinc, 4.34% lead and 42 g/t silver.

Dr. Trygve Hoy (P.Eng), former research economic geologist with the British Columbia Department of Mines, noted in a report to PJX about the regional and local geological significance of the Vine and West Basin Properties that, “In summary, the Vine and West Basin area has potential for discovery of a significant lead-zinc-silver Sedex deposit. The area is within a highly favourable structural and metallogenic belt, has characteristics and controls that are similar to those in the Sullivan camp area, has known Proterozoic-age lead-zinc-silver mineralization, and a prominent geophysical target.”

Ground geophysical surveys have identified 2 large positive gravity anomalies (eastern and western). PJX believes that the gravity target areas have potential to host Sedex massive sulphide (zinc, lead, silver) mineralization similar in style to the Sullivan deposit located 35 km to the north. Massive sulphide mineralization containing zinc, lead, silver and iron sulphides are often more dense than surrounding rocks and this density contrast can appear as a positive gravity anomaly.

Drilling on the Eastern Target intersected Proterozoic age Lower Aldridge sediments that contain anomalous sphalerite (zinc sulphide) and pyrrhotite (iron sulphide) mineralization along fractures and disseminated in sedimentary beds that are locally altered by sericite, chlorite, albite, silica and occasional garnets. The presence of anomalous sphalerite mineralization with alteration supports the potential for massive sulphides to be deposited in the basin at the target sedimentary horizon called the Footwall Quartzite.

Drilling on the Western Gravity anomaly suggests that syn-sedimentary faulting has created restricted basins that could host a Sedex deposit. Preliminary testing in one area intersected multiple narrow bands of Sedex Style bedded massive pyrrhotite (iron) and pyrite (iron) sulphide mineralization over a 10.3 meter interval. Another area, encountered anomalous disseminated sphalerite (zinc) and thin layers of bedded sphalerite and pyrrhotite mineralization in the same geological unit.

Given the initial positive results on the Eastern and Western Gravity anomaly targets, the company applied for and received an expanded permit during 2016 to drill or trench anywhere within and between the large anomalies for the next 5 years.

Drilling on the East Gravity target in 2017 has outlined a zone of anomalous zinc mineralization that is at least 550 meters long and has a true thickness of 100 meters. The zinc mineralization, in the form of a mineral called sphalerite, occurs in the upper part of a phyllite rock unit and the overlying Lower Aldridge sediments. The sphalerite found in the zinc anomalous horizon may represent mineralization peripheral to a Sedex massive sulphide deposit that has been caught up, displaced, and distorted, by folding, foliation and brecciation produced by the Moyie Fault. This latter style of folded and vertically oriented mineralization along a shear zone would be more similar to the Broken Hill deposit in Australia.

Outlook

Exploration continues to encounter mineralization and alteration that support the potential for a Sedex zinc-lead-silver type deposit on the Vine Property. Results from each drill hole are being used to guide exploration and vector in on the location of a possible deposit. Drilling in 2017 has intersected the most significant sphalerite (zinc mineralization) and galena (lead mineralization) to date. These results combined with geological and geophysical data will be used to plan additional drilling during 2017.

WEST BASIN PROPERTY

The road accessible West Basin Property is located approximately 16 km southwest of Cranbrook, British Columbia. The 4000 hectare property was acquired to cover favorable geology with potential to host Sedex mineralization similar in style to the Sullivan deposit. Interpretation of the Vine and regional gravity data identified a poorly defined gravity anomaly 6 km southwest of the Vine anomaly. The large 2 km wide by 5 km long anomaly is located on the West Basin Property, and covers two known lead-zinc occurrences, called the Fors and Smoker.

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

Outlook

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

DD PROPERTY

In July 2015, PJX optioned the 440 ha DD Property near Cranbrook, British Columbia. PJX also staked over 1900 ha of land with mineral potential adjacent to the DD Property. Historical drilling proximal to the DD Property intersected zinc-lead mineralization at the same time horizon that the Sullivan Sedex deposit was formed, which is located approximately 45 km north of the DD Property. The historical mineralization combined with the Company’s new insight on geological controls for mineralization on the Vine Property supports the potential for a Sedex type deposit on the DD Property. The property is road accessible and close to rail, power and a local workforce.

On May 16, 2016, the Company announced that it has entered into an option agreement (the “Agreement”) with Teck Resources Limited (“Teck) whereby Teck has been granted an option to acquire up to a 75% interest in the DD zinc-lead-silver Property which is located in the Cranbrook area of British Columbia.

The Agreement provides for Teck to earn an interest in the property as follows:

Stage 1: Teck has an initial option to earn a 51% interest in the DD Property by incurring $4 million of expenditures by January 31, 2021 (the “First Option”).

Stage 2: Teck may elect to earn an additional 24% interest in the Property, thereby increasing its interest to 75%, by incurring an additional $4 million of expenditures by January 31, 2024 (the “Second Option”).

Provided that Teck has exercised the First Option, a joint venture shall be deemed to be formed on the date upon which the earlier of the following occurs: (i) Teck declines or advises that it is no longer pursuing the Second Option; (ii) Teck delivers a notice to PJX notifying PJX of the exercise of the Second Option; or (iii) January 31, 2024. If either party's interest in the joint venture is diluted to less than 10%, their interest shall be converted to a 5% Net Profits Royalty.

Outlook
The Company believes that the DD Property has the next best potential to host a Sedex type deposit after the Vine and West Basin Properties. Geological data from historical drilling by other companies in the area is being used to assess potential target areas for future drilling on the DD Property.

In conclusion, the Company remains focused on advancing priority gold, silver, zinc, lead, and copper targets to test and make a discovery. The Vine Property zinc, lead, silver targets and gold targets on the Dewdney Trail and Zinger Properties are expected to continue to be the main focus for exploration.

RESULTS OF OPERATIONS

Exploration

The following schedule describes exploration expenses for each project for the three and six month periods ended June 30, 2017 and 2016.

	Three months			Six months		
Periods ended June 30,	**2017**	2016	Change	**2017**	2016	Change
Dewdney Trail Property	**$ 13,051**	$ 10,747	2,304	**$ 21,706**	$ 19,666	2,040
Eddy Property	**8,690**	75	8,615	**10,505**	150	10,355
Zinger Property	**7,885**	1,840	6,045	**13,030**	1,915	11,115
Vine Property	**491,047**	183,729	307,318	**929,859**	256,004	673,855
Others	**730**	-	730	**730**	-	730
	$ 521,403	$ 196,391	$ 325,012	**$ 975,830**	$ 277,735	$ 698,095

Exploration expenses incurred during the three and six months ended June 30, 2017 increased by $325,012 and $698,095, respectively, when compared to the same periods of fiscal 2016. The Company continued to concentrate its exploration efforts on the Vine Property and incurred some limited exploration expenditures on the rest of its property.

For the three months ended June 30, 2017, expenses incurred on the Vine Property relate principally to drilling with $456,646 compared to $147,839 incurred during the second quarter of fiscal 2016. In addition expenditures of $21,118 were incurred in geophysical work during Q2 F2017 (Q2 F2016: $22,564).

For the six months ended June 30, 2017, expenses incurred on the Vine Property relate principally to drilling with $837,386 compared to $211,168 incurred during the second quarter of fiscal 2016. In addition expenditures of $62,011 were incurred in geophysical work during the six months ended June 30, 2017, and $27,447 for the same comparative period.

The following schedule describes the exploration expenses, segregated by nature, incurred by PJX during the three and six months ended June 30, 2017 compared to the same period of fiscal 2016.

Periods ended June 30,	Three months 2017	2016	Change	Six months 2017	2016	Change
Geology, geophysics and geochemistry	**$ 42,821**	$ 34,922	7,899	**$ 100,512**	$ 39,804	60,708
Permitting	**9,240**	-	9,240	**9,240**	-	9,240
Land rights, claims and environmet	**5,128**	1,208	3,920	**5,128**	9,326	(4,198)
Drilling	**456,646**	147,839	308,807	**837,385**	211,168	626,217
Laboratory	**-**	825	(825)	**(2,129)**	825	(2,954)
Camp cost and exploration supplies	**27**	606	(579)	**3,347**	709	2,638
Exploration - travel and transportation	**3,976**	9,330	(5,354)	**11,886**	13,192	(1,306)
Exploration- meals	**720**	1,361	(641)	**3,189**	2,111	1,078
Rent - field office	**2,845**	300	2,545	**7,272**	600	6,672
	$ 521,403	$ 196,391	$ 325,012	**$ 975,830**	$ 277,735	$ 698,095

The exploration expenses increase for the three months ended June 30, 2017, when compared to the same period of fiscal 2016, segregated by nature, are as follows:

- The increase in drilling cost of $308,807 is related to an increase in the Vine property drilling costs.
- The increase in geology, geophysics and geochemistry work for $7,899 is related to an increases at the Dewdney property for $2,294, the Eddy property for $6,883, the Zinger property for $1,419 and certain reversal adjustments related to the Vine property for approximately $2,697;
- The increase in permitting expenses are related to permits related to the Vine property for $6,305, Zinger for $1,855, Eddy for $360, Dewdney for $360 and $360 for West Basin;
- The increase in rent expenses is the result of additional rental fees related to a new exploration office in Cranbrook.

For the six months ended June 30, 2017, the most significant changes, when compared to the same period of fiscal 2016 were as follow:

- Increase in drilling expenses are all related to the drilling program carried in the Vine property;
- Geology, Geophysics and geochemistry changes for $60,708 are related to increases in this line item at the Dewdney property for approximately $11,000, Eddy for approximately $8,000, Zinger for approximately $3,500 and Vine for approximately $37,000;
- The increase in rent expenses is the result of additional rental fees related to a new exploration office in Cranbrook.

General and administration ("G&A")

The following schedule describes the general and administration expenses incurred by PJX during the three and six month periods ended June 30, 2017 compared to the same periods of fiscal 2016:

Periods ended June 30,	Three months 2017	2016	Change	Six months 2017	2016	Change
Insurance	**$ 3,125**	$ 3,208	$ (83)	**$ 6,250**	$ 6,583	$ (333)
Interest, bank charges and penalties	**15**	60	(45)	**76**	160	(84)
Investor relations	**37,932**	25,636	12,296	**83,297**	52,939	30,358
Listing and regulatory fees	**13,427**	3,217	10,210	**26,747**	13,158	13,589
Office expenses	**3,507**	2,203	1,304	**9,103**	5,871	3,232
Professional fees	**10,030**	11,215	(1,185)	**16,030**	21,415	(5,385)
Rent	**2,922**	3,757	(835)	**5,844**	5,814	30
Salaries and benefits	**66,368**	68,848	(2,480)	**142,398**	139,763	2,635
Travel and transportation	**3,808**	3,135	673	**4,675**	7,711	(3,036)
	$ 141,134	$ 121,279	$ 19,855	**$ 294,420**	$ 253,414	$ 41,006

The most significant changes in general and administration expenses during the three months ended June 30, 2017, when compared to the same period of fiscal 2016, were:

- The increase in investor relation charges of $12,296 is comprised of increased investor relation services contracted during the period;
- The increase in listing and regulatory fees for $10,210 is due to increased annual general meeting costs and fees.

The most significant changes in general and administration expenses during the six months ended June 30, 2017, when compared to the same period of fiscal 2016, were:

- The increase in investor relation charges of $30,358 is the result of increases in investor relation services contracted during the period for approximately $26,800 and increase in travel expenses for approximately $2,000 and an increase in meals and entertainment expenses of approximately $1,500;
- The increase in listing and regulatory fees for $10,210 is mainly due to annual general meeting costs of approximately $9,000 and general regulatory fee increases for approximately $4,000;
- The decrease in professional fees of $5,385 is related to a decrease in legal fees for approximately $3,000, an increase in accounting fees of approximately $1,000 and a decrease in taxation services for $3,000;
- The increase in salaries and benefits is related to increases workers compensation payment charges not incurred during fiscal 2016.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a breakdown of the most significant components of the exploration expenses and the G&A costs of the Company for each of the eight most recently completed quarters.

		Net loss		Exploration	General and
Quarter Ended	**Revenue**	**Total**	**Per Share**	**expenses**	**administration**
June 30, 2017	Nil	($622,220)	($0.01)	$521,403	$141,134
March 31, 2017	Nil	(565,283)	(0.01)	454,427	153,286
December 31, 2016	Nil	(998,670)	(0.01)	253,402	244,963
September 30, 2016	Nil	(236,165)	(0.00)	108,930	131,989
June 30, 2016	Nil	(320,583)	(0.01)	196,391	121,279
March 31, 2016	Nil	(194,791)	(0.00)	81,244	132,135
December 31, 2015	Nil	(287,452)	(0.01)	264,369	144,230
September 30, 2015	Nil	(561,411)	(0.01)	225,061	130,595
June 30, 2015	Nil	(488,460)	(0.01)	390,418	123,979

LIQUIDITY AND CAPITAL RESOURCES

On August 30, 2016, the Company completed a private placement where 6,883,284 units were issued for gross proceeds of $1,080,715 by issuing 2,411,117 flow-through units at a price of $0.17 per flow-through unit, and 4,472,167 non-flow-through units at a price of $0.15 per unit.

On October 31, 2016, the Company closed the first tranche of a private placement where 2,588,235 flow-through units at a price of $0.17 per flow-through unit were issued for gross proceeds of $440,000.

On November 18, 2016, the Company completed the second and final tranche of a private placement where 7,778,665 units at a price of $0.15 per unit were issued for gross proceeds of $1,166,800 and 4,678,766 flow-through units at a price of $0.17 per flow-through unit were issued for gross proceeds of $795,390.

On April 7, 2017, warrants holders exercised 493,500 warrants, each warrant convertible into one PJX common share at a price of $0.20 per common share, for gross proceeds of $98,700.

As at June 30, 2017, the Company had a current assets position of $1,760,156 (cash, receivables, prepaid and deposits) that will be used to for general and administrative expenses and continued exploration on its properties.

The working capital of the Company has increased from $276,287 at June 30, 2016 to $1,567,446 at June 30, 2017 and it has no exploration commitments as at the date of this report. The Company has successfully secured its key properties and is not required to make any option payments or conduct material exploration work. This provides PJX management with the flexibility to adapt its investment and operations decisions as best fit market conditions.

Outlook
The Company has no producing properties and, consequently, has no current operating income or cash flow. The Company's access to capital may not be available on terms acceptable to the Company or at all. Financing of the Company's activities to date has been obtained from equity issues. The continuing short-term development of the Company's properties therefore depends on the Company's ability to obtain additional financing through equity investments. The Company's current cash position will enable it to fund the Corporation's planned exploration program, operating expenses and unallocated working capital for the next twelve months.

The Company constantly reviews future exploration plans related to advancing its properties. The work plan will consider what work will be most beneficial for each project and the Company as balanced against the cash balance and market conditions affecting future funding. The Company is focused on ensuring capital resources are spent in the most efficient manner.

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

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:

	Three months		Six months	
Periods ended June 30,	**2017**	2016	**2017**	2016
Salaries	**$ 66,000**	$ 66,000	**$ 132,000**	$ 132,000
	$ 66,000	$ 66,000	**$ 132,000**	$ 132,000

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

COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company is a party to certain employment contracts. These contracts contain clauses requiring that $423,830 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the Company's June30, 2017 unaudited interim financial statements.

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

The Company is required to incur qualified exploration expenditures of approximately $390,000 not later than December 31, 2017 as the result of the flow-through common shares issued during fiscal 2016. Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

TREND INFORMATION

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

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

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.

Changes in accounting policies:
The Company did not adopt new or changed current accounting policies during the three months ended June 30, 2017.

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 Financial Instruments: Recognition and Measurement (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures. On July 24, 2014, the IASB issued the final version of IFRS 9 with an effective adoption date of January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

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

The book values of the cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.
A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

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

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and 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.

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 June 30, 2017 the Company had cash and cash equivalents balance of $1,675,224 (December 31, 2016: $2,987,455) to settle current liabilities of $192,710 (December 31, 2016: $370,699). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company does not have or expect to have a working capital deficiency. There is no default or arrears or significant risk of default or arrears on any payments (dividend, lease, principal or interest), on any debt covenants or on any redemption or retraction or sinking fund payments of PJX.

Market risk

Interest rate risk

The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. As at June 30, 2017, the Company did not have any amounts invested in interest bearing accounts.

Sensitivity analysis

As at June 30, 2017, both the carrying and fair value amounts of the Company's financial instruments are the same. Based on Management's knowledge and experience of the financial markets, the Company believes that is “reasonably possible” that commodity price fluctuation could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of mineral commodities. As at June 30, 2017, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Capital Management

When managing capital, the Company’s objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended June 30, 2017. 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.

DISCLOSURE CONTROLS AND PROCEDURES

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

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

(i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

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

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.

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

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

Liquidity and Capital Markets Risks
The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and evaluation of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and evaluation of the property interests of the Company with the possible dilution or loss of such interests.

OUTSTANDING SHARE DATA

The following schedule reconciles shares and warrants and options issued as well as provide the fully diluted capital position of the Company as at June 30, 2017 and the date of this report:

Total number of shares issued and outstanding December 31, 2016	75,419,896
Shares issued on exercise of warrants during fiscal 2017	493,500
Balance at June 30, 2017	75,913,396
Shares issued on property option payment	50,000
Balance at the date of this report	75,963,396
Total number of warrants issued and outstanding	31,837,571
Total number of options issued and outstanding	6,023,500
Fully diluted number of shares at the date of this report	**265,701,259**

Warrants outstanding:

The following schedule describes the warrants outstanding at the date of this report:

Expiry Date	Number of Warrants	Exercise price	Value
September 23, 2017	2,840,000	$ 0.20	$ 114,721
October 25, 2017	3,262,500	0.25	210,645
November 4, 2017	2,999,245	0.20	139,817
August 30, 2019	6,883,284	0.25	335,045
October 31, 2019	2,795,293	0.25	135,561
November 18, 2019	13,057,249	0.25	662,051
Balance at June 30,2017	**31,837,571**	**$ 0.24**	**$ 1,597,840**

Warrants issued under private placements:

In connection with the financing completed on August 30, 2016, the Company issued 6,883,284 warrants, with a fair value of $335,045. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 for 36 months following completion of the offering.

In connection with the financing completed on October 31, 2016, the Company issued 2,588,235 warrants, with a fair value of $110,900. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 until October 31, 2019.

As part of the October 31, 2016, financing the Company issued 207,058 compensation warrants valued at $24,661 and expiring October 31, 2019. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 until October 31, 2019.

In connection with the financing completed on November 18, 2016, the Company issued 12,457,431 warrants, with a fair value of $584,975. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 until November 18, 2019.

As part of the November 18, 2016 financing, the Company issued 599,818 compensation warrants valued at $77,077 and expiring November 18, 2019. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 until November 18, 2019.

Warrants expired:

During the six months ended June 30, 2016 and 2017 the following warrants expired unexercised:

Expired during the six months ended June 30, 2017:

Expiry Date	Number of Warrants	Exercise price	Value
April 7, 2017	4,069,000	$ 0.20	$ 281,624.00
	4,069,000	$ 0.20	$ 281,624

Expired during the six months ended June 30, 2016:

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
	930,000	$ 0.20	$ 40,571

Warrants exercised:

During the second quarter of fiscal 2017, 493,500 warrants with an exercise price of $0.20 were exercised for net proceeds of $98,700.

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 18, 2016 the Company granted an aggregate of 3,390,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of $0.20 per share. Of these options, 3,315,000 are fully vested on granting and 100,000 vested as follows: 25% on granting and the remaining being amortized 25% after three month from granting, 25% after six month from granting and 25% after twelve month from granting. All options granted are exercisable until November 17, 2021. The fair value of each option estimated on the date of the grant was $536,298.

During the first quarter of fiscal 2017, 25,000 of these options vested, carrying a fair value of $3,955.

The following schedule describes the options outstanding and vested at the day of this report. There have been no stock option transactions since June 30, 2017 and the date of this report:

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 15, 2018	$0.15	1.22	1,018,500	1,018,500
July 20, 2020	$0.19	2.90	1,615,000	1,615,000
November 17, 2021	$0.20	4.23	3,390,000	3,365,000
Balance at the date of this report	**$0.19**	**3.37**	**6,023,500**	**5,998,500**

QUALIFIED PERSON

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

SUBSEQUENT EVENT

Subsequent to June 30, 2017, 50,000 common shares were issued at a price of $0.165. The shares were issued in relation to second payment of the 5 year option period for the DD Property. (See Outstanding Share Data section above).

Corporate information

Directors
John Keating, P.Geo(3)
President & CEO of PJX Resources Inc.
Toronto, Ontario, Canada

Linda Brennan, B.Comm(1) (2)
CFO, PJX Resources Inc.
Vancouver, British Columbia, Canada

James Clare, LLB
Partner, Bennett Jones LLP
Toronto, Ontario, Canada

Kent Pearson, P.Geo (1) (2)
Toronto, Ontario, Canada

Joseph Del Campo, CPA, CMA (1) (2)
Toronto, Ontario, Canada

Somerset Parker(1) (2)
Toronto, Ontario, Canada

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

Officers
John Keating, P.Geo
President, CEO, PJX Resources Inc.
Toronto, Ontario, Canada

Linda Brennan, B.Comm
CFO, PJX Resources Inc.
Vancouver, British Columbia, Canada

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

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Investor Relations
Further information about the Company is available on the Company's website at www.pjxresources.com

The Company's filings with Canadian securities regulatory authorities can be accessed on SEDAR at www.sedar.com