



**PJX RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2017

## **PJX RESOURCES INC.**

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

The following discussion and analysis ("MD&A") of the operating results and financial condition of PJX Resources Inc. ("PJX" or the "Company") for the fiscal years ended December 31, 2017 ("Fiscal 2017") and December 31, 2016 ("Fiscal 2016") should be read in conjunction with the audited financial statements of the Company and notes thereto at December 31, 2017.

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

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

The date of this report is April 12, 2018.

#### **APPROVAL**

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

#### **FORWARD LOOKING INFORMATION**

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

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

## ***NATURE OF OPERATIONS 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 properties 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, Eddy, Zinger and West Basin). The Company also has the right to earn a 100% interest in the DD Property and the Gold Shear 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 2017**

### **Operations**

The Annual General and Special Meeting was held on June 30, 2017. The Shareholders of record:

1. approved the Audited Financial Statements;
2. set the number of directors of the Company at six and re-elected Messrs. John Keating, James Clare, Kent Pearson, Somerset Parker, Joseph Del Campo, and Ms. Linda Brennan;
3. appointed UHY McGovern Hurley LLP as Auditors of the Company for the ensuing year; and
4. approved the Company's Share Incentive Plan.

### **Exploration**

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

- Base metal exploration by PJX during 2017 continued to focus primarily on the **Vine Property**.
  - Gravity geophysical surveys have identified 2 separate large target areas (Eastern and Western gravity targets) with potential to host a Sullivan type zinc-lead-silver deposit.
  - Drilling results from late 2017 and early 2018 support Management's interpretation that the large Eastern Gravity anomaly may reflect a Sullivan Type Deposit at depth that has been folded along a syn-sedimentary fault similar to how the Broken Hill (zinc-lead-silver) deposit was formed in Australia.
  - Drilling on the East Gravity target has outlined a zone of anomalous sphalerite (zinc) mineralization that is at least 550 meters long and has a true thickness of 100 meters. The zinc mineralization, occurs within a block of folded sediments (phyllite) that has been transported along the syn-sedimentary Moyie fault. This latest drilling has narrowed down the target zone to what is considered favourable geology in an area approximately 800 metres wide and possibly up-to 3 kilometres of strike length.
- Teck Resources Limited (Teck) has an option to earn an interest in PJX Resource's **DD Property**.
  - Teck contracted Quantec Geoscience to undertake a Magnetotelluric (MT) geophysical survey during the fall of 2017.
  - In January 2018, PJX announced that the MT survey has identified a conductive anomaly in a geological environment that could host a Sullivan Type Deposit at depth on the DD Property. Teck is assessing the MT target for drilling and is in the process of applying for the relevant permits.

#### **Gold Potential**

Exploration during 2017 has greatly advanced PJX Resources' understanding of the gold deposit potential for the **Zinger** and **Dewdney Trail** Properties.

- Anomalous gold mineralization in rocks, soils and creeks occur over kilometres in scale and is associated with quartz-carbonate altered and locally brecciated sediments along regional fold structures on the Dewdney Trail and Zinger properties. Folds are locally intruded by Cretaceous and possibly Tertiary age felsic to mafic intrusives.
- This type of geological environment and gold mineralization support the potential for Orogenic type, Thermal Aureole Gold (TAG) and/or Sediment-Hosted gold deposits such as Muruntau, Sukhoi-Log or the Kazakhstan gold deposits.

**Zinger Property** has gold in bedrock and soils along a 6 km strike length.

- Soil sampling has identified 2 target areas (East and West soil grids) with considerable gold in soil. The East grid's gold anomaly is approximately 100 metres wide and over 300 metres long with gold values ranging from 100 ppb (parts per billion) to 4941 ppb (or 4.941 grams per tonne ("g/t")).
- Mapping and geophysics have identified a series of what appear to be stacked slope-dip structures that could control gold mineralization and the formation of gold deposits on these grids.
- Airborne geophysics has identified a potentially much larger slope-dip structure at depth that could control and influence gold deposit formation along the 6 km gold in bedrock trend seen at surface.

**Dewdney Trail Property** has anomalous gold in rock and soils along a 10 km trend.

- Recent mapping has identified evidence for large scale frontal and lateral thrust fault ramping at depth that appears to correlate with gold mineralization at surface.
- The potential to have multiple deposits on the Dewdney Trail Property is supported by this type of faulting combined with property wide folding; appearance of large intrusive bodies at depth as evidenced by mapping and geophysics; and the broad distribution of gold found in rocks, soils and creeks across the property.

Subsequent to year end, PJX acquired an option to earn 100% interest in the **Gold Shear Property** that hosts the high-grade David gold occurrence. The property is road accessible and located 29 km southwest of Cranbrook, British Columbia.

- Gold mineralization appears to be associated with quartz carbonate alteration and veining along a shear zone cutting clastic sediments.
- High grade gold mineralization, such as 196.69 g/t gold over 0.8 metre core length, can be found to occur with very fine grained almost sooty pyrite and galena.
- It is reported that drilling in the 1990's outlined one continuous zone of gold mineralization over a strike length of 150 metres and to a depth of more than 100 metres; thickness averages 2.35 metres. The David occurrence was last drilled in 1996. The gold mineralized zone appears to be open at depth.

### ***Financial***

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.

### ***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 base metal deposits.

The Company has strategically consolidated a large land package in an historical mining district where the world class Sullivan zinc-lead-silver mine had operated for over 90 years before being closed in 2001, and where placer gold has been mined from local creeks since 1864 around Cranbrook, British Columbia. Teck-Cominco's Trail Metallurgical Complex, located about 120 km west of Cranbrook produced some 8 million tonnes of zinc, 9 million tonnes of lead, and over 285 million ounces of silver from processing Sullivan Mine concentrate.

The Company has collected and compiled an estimated \$20 million of historical data. New exploration technologies and more advanced mapping and sampling techniques have been used to fill gaps in the data that can be used to vector exploration toward making a deposit discovery. This work has identified new

untested gold and base metal target areas on PJX's large land holdings. The Company is now systematically testing these target areas for gold, zinc, lead, silver or copper deposit potential.

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

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

Metal markets have strengthened during 2017 with zinc and lead prices climbing to US\$1.52/lb and over US\$1.16/lb, respectively by year end. 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 analysts due to supply shortages in the coming years.

Management 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.

## **RESULTS OF OPERATIONS**

### ***Exploration***

During the year ended December 31, 2017, PJX incurred \$1,747,852 in exploration expenses compared with \$639,967 in exploration expenses during the same period of Fiscal 2016.

The following schedule describes exploration expenses incurred in each property for the years ended December 31, 2017 and 2016 as well as the balances since inception.

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 146,219	\$ 128,135	\$ 1,183,553
Eddy Property	22,416	6,189	529,501
Zinger Property	90,818	121,340	669,546
Vine Property	1,479,419	374,322	3,551,741
DD Property	8,250	9,000	25,598
Others	730	981	51,982
	<b>1,747,852</b>	<b>639,967</b>	<b>6,011,921</b>
<i>BC refundable tax credits received</i>	-		(149,878)
<b>Total exploration expenses</b>	<b>\$ 1,747,852</b>	<b>\$ 639,967</b>	<b>\$ 5,862,043</b>

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

### ***Properties***

The Cranbrook Properties are all accessible by road and located within a 40 km radius of Cranbrook and Kimberley, British Columbia. Four properties (Dewdney Trail, Zinger, Eddy, and Gold Shear) cover historical gold showings and have the potential to host large tonnage and/or high grade 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. MT geophysics has identified a conductive anomaly that could be associated with a Sullivan type deposit at depth. The DD Property has never drilled to the Sullivan time horizon depth.

### ***Subsequent Event***

On January 22, 2018, the Company announced it has acquired an option to earn 100% interest in the Gold Shear Property that hosts the high-grade David gold occurrence. PJX can acquire 100% ownership in the property by making cash and share payments totalling \$45,000 cash and 200,000 shares on or before January 22, 2020. Once vested, PJX will grant the current property owner a Net Smelter Royalty (“NSR”) of 2% in respect of the Gold Shear Property. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for \$1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for \$1,000,000.

## **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 Orogenic type, Thermal Aureole Gold (TAG) and/or Sediment-Hosted (SHV) gold deposits such as Muruntau, Sukhoi-Log or the Kazakhstan 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.

In December 2010, RIT Minerals Corp. completed a 43-101 Technical Report (the “43-101”) on the Dewdney Trail Property for the Company. A copy of the Technical Report was filed on SEDAR on May 24, 2011 and is available in the Company’s filings on SEDAR ([www.sedar.com](http://www.sedar.com)). The 43-101 concludes that the Dewdney Trail Property contains: i) 3 large-tonnage SHV gold prospects called Spirit (M1), 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 and TAG 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, Fosterville and Stawell; in New Zealand: the Macraes plus numerous smaller deposits; in South America there are enumerable small to medium deposits; and in North America numerous small to medium deposits occur in the Meguma terrane of Nova Scotia.

The Company has 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 identified more than 15 km of favourable geology with potential to host a gold deposit. 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.

Heavy mineral sampling for gold in the creeks has identified a possible source area 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.”

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.”

Mapping by Dr. Trygve Hoy and Michael Seabrook has identified geology that suggests the Lewis, Tackle and M1 target areas are located above frontal and lateral ramps of a major thrust fault at depth. This type of structural environment combined with property wide folding, appearance of large intrusive bodies at depth (as evidenced by mapping and geophysics), and the broad distribution of gold found in rocks, soils and creeks across the property support the potential for multiple gold deposits to occur along a 10 km gold trend.

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.

#### *Outlook*

Lewis, Tackle and M1 target areas are the main focus for gold deposit potential on the Dewdney Trail Property. CF Minerals analyses of the gold grains found in the creeks suggest that the bedrock source of the gold in the Tackle target areas is within 600 metres of the sample locations. Mapping suggests that a major structural trap to form gold deposits may be associated with thrust fault ramping at depth. The possible depth of the ramp or ramps will be assessed for the target areas prior to possible drilling. Copper mineralization discovered in sediments will also be assessed 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.

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.

Mapping and geophysics have identified a series of what appear to be stacked slope-dip structures that could control gold mineralization and the formation of gold deposits on the East and West soil grids. Airborne geophysics has identified a potentially much larger slope-dip structure at depth that could control and influence gold deposit formation along the 6 km gold in bedrock trend seen at surface.

Prospecting 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*

Mapping and geophysics have identified structures that appear to correlate with high concentrations of gold mineralization in soil and bedrock. The potential of these structures and others to influence gold mineralization along a 6 km trend is being assessed to develop targets for trenching and/or drilling.

## **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 Western Gravity anomaly suggests that syn-sedimentary faulting has created restricted basins that could host a Sedex deposit at depth. 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.

Drilling on the East Gravity target during 2017 and early 2018 has outlined a zone of anomalous sphalerite (zinc) mineralization that is at least 550 meters long and has a true thickness of 100 meters. The zinc mineralization, occurs within a block of folded sediments (phyllite) that has been transported along the syn-sedimentary Moyie fault. This latest drilling has narrowed down the target zone to what is considered favourable geology in an area approximately 800 metres wide and possibly up-to 3 kilometres of strike length.

This latest drilling on the East Gravity target supports Management’s interpretation that the large Eastern Gravity anomaly may reflect a Sullivan Type Deposit at depth that has been folded along a syn-sedimentary fault similar to how the Broken Hill (zinc-lead-silver) deposit was formed in Australia.

#### *Outlook*

The significant increase in thickness of the phyllite rock unit that hosts sphalerite (zinc) mineralization at the East Gravity anomaly appears to be due to folding where the phyllite may have wrapped around a body such as a massive sulphide. Additional drilling is planned to test the fold zone along strike and down dip.

### **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 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). Once the option is exercised, the DD Property optionors will be granted an aggregate 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.

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 Property.

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.

Subsequent to December 31, 2017, the Company announced that Teck has completed a Magnetotelluric (MT) geophysical survey which identified a conductive anomaly in a geological environment favourable to host a Sullivan Type deposit on the DD Property. The anomaly occurs on the DD Property within a sedimentary basin called the Panda Basin that is geologically similar to the Sullivan Basin hosting the Sullivan deposit located about 45 km to the north. The Sullivan horizon has never been drilled on the DD Property.

### *Outlook*

Teck is assessing the MT target for drilling and is in the process of applying for the relevant permits. Management is looking forward to testing the significant and sizable MT anomaly.

## **GOLD SHEAR PROPERTY**

Subsequent to December 31, 2017, on January 22, 2018, the Company announced it has acquired an option to earn 100% interest in the Gold Shear Property that hosts the high-grade David gold occurrence.

PJX can earn its' interest in the property as follows:

- (a) pay \$10,000 cash and issue 25,000 common shares of PJX to the Optionor within 30 days of the date of the Agreement (paid) ; and

- (b) pay an additional \$10,000 cash for a cumulative amount of \$20,000 cash and issue an additional 75,000 common shares of PJX for a cumulative number of common shares as is equal to 100,000 of PJX on or before the date which is 12 months from the date of the Agreement; and
- (c) pay an additional \$25,000 cash for a cumulative of \$45,000 cash and issue an additional 100,000 common shares of PJX for a cumulative number of common shares equal to 200,000 of PJX on or before the date which is 24 months from the date of the Agreement.
- (d) Once vested, PJX will grant the current property owner a NSR of 2% in respect of the Gold Shear Property. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for \$1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for \$1,000,000.

According to B.C. Ministry of Energy Mines and Petroleum Minfile data, gold was first discovered in 1990 when an exposure of gold-mineralized quartz veining within a shear zone was chip sampled across 40 centimetres and assayed up to 144 g/t gold. The shear zone occurs within quartzites and siltstones of the Middle Aldridge Formation and has been traced along strike for 1600 metres and 150 metres downdip. The shear is also reported to contain anomalous gold values over this entire length. PJX Resources' Eddy Property is adjacent to and on strike with the shear zone on the Gold Shear Property.

“Drilling outlined one continuous zone of gold mineralization over a strike length of 150 metres and to a depth of more than 100 metres; thickness averages 2.35 metres. Inferred resources for this zone are 96,000 tonnes grading 13.08 grams per tonne gold (uncut) or 7.11 grams per tonne gold (cut). (Property Development Report by Bapty Research Ltd., 1991).” (Quoted from the B.C Ministry of Energy Mines, and Petroleum Resources' Minfile Record Summary (082FSE108)).

Bapty Research Ltd.'s resource estimate reported above is a historical estimate and was not prepared using the resource categorizations set out in NI 43-101. PJX management is not aware of any more recent resource estimate for this property and 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.

### *Outlook*

The Gold Shear Property has not been explored since it was last drilled in 1996. Management believes the untapped potential of the property is considered to be significant given the strike length of the shear, the shallow depth of historical drilling, the good gold grades and apparent continuity of the David occurrence. Activities are underway to compile all available historical data to help define structural and other controls for gold mineralization and then drill to expand the gold zone or zones on strike and at depth when permits are in place.

In conclusion, the Company remains focused on advancing priority gold, silver, zinc, lead, and copper targets to test and discover one or multiple deposits. The Vine Property zinc, lead, silver targets and gold targets on the Dewdney Trail, Zinger, and Gold Shear Properties are expected to continue to be the main focus for exploration by PJX. Teck is assessing an MT target for drilling on the DD Property, and is in the process of applying for the relevant permits.

## **SELECTED ANNUAL INFORMATION**

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

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Revenue	\$ -	\$ -	\$ -
Loss for the year	<b>(2,204,697)</b>	(1,750,209)	(1,581,563)
Loss per share	<b>(0.03)</b>	(0.03)	(0.03)
Total assets	<b>769,047</b>	3,162,341	980,294
Non-current assets	<b>116,421</b>	146,182	105,403
Total liabilities	<b>63,290</b>	370,699	57,455
Long-term liabilities	-	-	-
Shares issued and outstanding	<b>75,963,396</b>	75,419,896	53,440,946

The Company generated a net loss of \$2,204,697 for the year ended December 31, 2017 compared with a loss of \$1,750,209 for Fiscal 2016. The main drivers of Fiscal 2017 losses were general and administration expenses and exploration expenditures as detailed below.

### **General and administration:**

The following schedule describes general and administration expenses incurred by the Company during the fiscal years ended December 31, 2017 and 2016:

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>
Insurance	\$ <b>12,501</b>	\$ 14,833
Interest, bank charges and penalties	<b>403</b>	794
Investor relations	<b>180,846</b>	126,759
Listing and regulatory fees	<b>27,882</b>	47,298
Office expenses	<b>16,657</b>	12,241
Professional fees	<b>61,074</b>	93,327
Rent	<b>12,203</b>	10,608
Salaries and benefits	<b>274,398</b>	311,763
Travel and transportation	<b>7,319</b>	12,743
	<b>\$ 593,283</b>	\$ 630,366

The most significant changes in general and administration expenses during the year ended December 31, 2017, when compared to the same period of Fiscal 2016, were:

- An increase in investor relations charges is mainly comprised of a decrease in meals and entertainment expenses of \$1,759; an increase in travel, hotel and accommodation of \$4,198 and an increase in other investor relation charges of \$51,648, the latter mainly related to investor relation services subcontracted by the Company.
- The decrease in listing and regulatory fees of \$19,416 is mainly associated to fees paid in relation to the Company's financings closed during Fiscal 2016; no financings were closed during Fiscal 2017.
- The decrease in professional fees of \$32,253 is mainly related to a decrease in legal fees of \$30,438.
- Bonuses were paid to senior officers of PJX during Fiscal 2016. No bonuses were paid during Fiscal 2017 resulting in an overall decrease of \$37,365 in salaries and benefits paid during Fiscal 2017.
- The decrease in travel and transportation of \$5,454 (non-investor relations segment), is related to reductions in travel costs incurred by senior executives during Fiscal 2017 when compared to the same period of Fiscal 2016.

## Exploration:

The following schedule describes exploration expenses incurred by the Company during the fiscal years ended December 31, 2017 and 2016:

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>%Change</b>	<b>Balance since inception</b>
Geology, geophysics and geochemistry	\$ 255,765	\$ 145,789	109,976	75.4%	\$ 1,811,127
Exploration-other accommodation	-	-	-	0.0%	2,440
Permitting	5,240	1,962	3,278	167.1%	53,414
Land rights, claims and environment	9,168	30,142	(20,974)	-69.6%	100,376
Drilling	1,345,742	380,142	965,600	254.0%	2,985,111
Laboratory	58,923	22,616	36,307	160.5%	243,219
Roads and surface preparation	-	-	-	0.0%	70,944
Camp cost and exploration supplies	5,237	3,025	2,212	73.1%	19,295
Exploration - travel and transportation	35,906	41,389	(5,483)	-13.2%	189,132
Exploration- meals	9,362	4,445	4,917	110.6%	30,049
Rent - field office	14,259	1,457	12,802	878.7%	36,059
Surface sampling and mapping	-	-	-	0.0%	50,505
Option payments	8,250	9,000	(750)	-8.3%	420,250
	<b>\$ 1,747,852</b>	<b>\$ 639,967</b>	<b>\$ 1,107,885</b>	<b>173.1%</b>	<b>\$ 6,011,921</b>
<i>BC refundable tax credits received</i>	-	-	-		(149,878)
Total exploration expenses	<b>\$ 1,747,852</b>	<b>\$ 639,967</b>	<b>\$ 1,107,885</b>	<b>173.1%</b>	<b>\$ 5,862,043</b>

The Company increased exploration by an aggregate of \$1,107,885 in Fiscal 2017 compared to Fiscal 2016. The most significant changes in exploration expenses during the year ended December 31, 2017, segregated by function, when compared to Fiscal 2016, were:

### *Geology, geophysics and geochemistry (“GG&G”)*

GG&G expenses increased by \$109,976 during Fiscal 2017. This change was principally composed by an increase of \$28,070 at the Dewdney Trail Property and an increase at the Eddy Property of \$16,918, an increase at the Zinger Property of \$27,562 and \$37,054 at the Vine property where the Company was undertaking a drilling program (see below).

### *Drilling*

The increase in drilling expenses of \$965,600 was the result of a reduction in drilling charges at the Zinger Property of \$69,584 and an increase in drilling expenses at the Vine Property of \$1,035,602.

### *Laboratory*

The principal components of the laboratory expenses increase of \$36,307 are composed of an increase in laboratory testing at the Dewdney Trail Property of \$12,830, an increase of \$17,368 at the Zinger Property and \$5,431 at the Vine property.

### *Rent – Field Office*

During Fiscal 2017, PJX rented new field office premises near its exploration projects in Cranbrook, BC. The increase in rental expenses for \$12,802 is mainly due to this event.

The following schedule describes exploration expenses incurred for each property during the years ended December 31, 2017 and 2016:

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>%Change</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 146,219	\$ 128,135	18,084	14.1%	\$ 1,183,553
Eddy Property	22,416	6,189	16,227	262.2%	529,501
Zinger Property	90,818	121,340	(30,522)	-25.2%	669,546
Vine Property	1,479,419	374,322	1,105,097	295.2%	3,551,741
DD Property	8,250	9,000	(750)	-8.3%	25,598
Others	730	981	(251)	-25.6%	51,982
	<b>1,747,852</b>	<b>639,967</b>	<b>1,107,885</b>	<b>173.1%</b>	<b>6,011,921</b>
<i>BC refundable tax credits received</i>	-	-	-	0.0%	(149,878)
<b>Total exploration expenses</b>	<b>\$ 1,747,852</b>	<b>\$ 639,967</b>	<b>\$ 1,107,885</b>	<b>173.1%</b>	<b>\$ 5,862,043</b>

Exploration expenses incurred during the year ended December 31, 2017, before refundable tax credits received, increased by \$1,107,885, when compared to the year ended December 31, 2016. During Fiscal 2017 the Company concentrated its exploration efforts on the Vine Property, where the principal expenses incurred were \$1,345,743 in drilling costs and \$71,143 in geophysics out of \$1,479,419 in total exploration expenses incurred in the property.

The Dewdney Trail Property was the second focus of exploration for the period where PJX spent \$146,219 on exploration. Principal activities included geological (\$54,328), geophysical (\$8,906) and laboratory expenditures (\$26,293), as well as prospecting expenses (\$44,950).

During the third quarter of Fiscal 2017 the Company issued 50,000 shares valued at \$8,250, representing the second option payment under the DD Agreement; the first payment of 50,000 shares valued at \$9,000, was paid during the third quarter of Fiscal 2016.

Further discussion of the work undertaken on each of these properties can be found in the Exploration section of this document.

## **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 December 31, 2017, the Company had total current assets of \$652,626 (cash, receivables, prepaid and deposits) that will be used for general and administrative expenses as well as exploration on its properties.

The working capital of the Company has decreased from \$2,645,460 on December 31, 2016 to \$589,336 on December 31, 2017, principally through operating activities. Net current assets decreased by \$2,363,533 and current liabilities decreased as well by \$307,409 with a net impact in working capital of \$2,056,124.

During Fiscal 2017, the Company issued shares on the exercise of warrants for total net cash proceeds of \$98,700, compared to net cash proceeds on shares issued of \$3,279,577 in fiscal 2016.

PJX 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, other than the commitment to issue up to 150,000 PJX shares, as per DD Agreement (See “Exploration – Acquisition of Mineral Properties” above), and 200,000 PJX shares plus cash payments totalling \$45,000 for its Gold Shear Property option agreement entered on January 17, 2018 (see Subsequent Events).

The Company has no commitments to conduct material exploration work. This provides PJX management with the flexibility to adapt its investment and operations decisions as best fit market conditions. Management believes that the currently available working capital and planned financing (see “Subsequent Events”) is sufficient to support operations for the next twelve months.

#### *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.

### **SUMMARY OF QUARTERLY RESULTS**

The following table sets forth a breakdown of the most relevant components of the Company’s costs and results of operations for each of the eight most recently completed quarters:

Quarter Ended	Revenue	Net loss		Exploration expenses	General and administration
		Total	Per Share		
December 31, 2017	Nil	(\$561,706)	(\$0.01)	\$390,285	\$168,512
September 30, 2017	Nil	(455,488)	(0.01)	381,737	130,351
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

## FOURTH QUARTER

The following schedule describes the operating results of PJX during the fourth quarter of Fiscal 2017 compared to the same period of Fiscal 2016:

Three months ended December 31,	2017	2016
<b>Expenses</b>		
Exploration	\$ 390,285	\$ 253,402
General and administration	168,512	244,963
Share based compensation	(3)	524,436
Depreciation	2,912	2,912
Loss before income taxes	(561,706)	(1,025,713)
Deferred tax recoveries	-	27,043
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (561,706)</b>	<b>\$ (998,670)</b>
<b>Basic and diluted loss per share</b>	<b>(\$0.01)</b>	<b>(\$0.01)</b>
<b>Weighted average number of shares outstanding</b>	<b>75,963,396</b>	<b>67,912,837</b>

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. Out of these options, 3,315,000 were fully vested on granting and 100,000 vested as follows: 25% on granting and the remaining being amortized 25% after three months from granting, 25% after six months from granting and 25% after twelve months from granting. All options granted are exercisable until November 17, 2021.

The following schedules describe the exploration expenses, by function and by project, incurred by PJX during the fourth quarter of Fiscal 2017 compared to the same period of Fiscal 2016:

Three months ended December 31,	2017	2016	Change	%Change
Geology, geophysics and geochemistry	\$ 45,665	\$ 39,936	5,729	14.3%
Permitting	-	1,962	(1,962)	-100.0%
Land rights, claims and environment	665	6,091	(5,426)	-89.1%
Drilling	296,127	168,524	127,603	75.7%
Laboratory	28,626	16,103	12,523	77.8%
Camp cost and exploration supplies	648	1,105	(457)	-41.4%
Exploration - travel and transportation	11,578	17,829	(6,251)	-35.1%
Exploration- meals	2,226	1,552	674	43.4%
Rent - field office	4,750	300	4,450	1483.3%
<b>Total</b>	<b>\$ 390,285</b>	<b>\$ 253,402</b>	<b>\$ 136,883</b>	<b>54.0%</b>

<b>Three months ended December 31,</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>%Change</b>
Dewdney Trail Property	\$ 57,581	\$ 26,221	31,360	119.6%
Eddy Property	996	1,098	(102)	-9.3%
Zinger Property	17,229	109,362	(92,133)	-84.2%
Vine Property	314,479	116,721	197,758	169.4%
	<b>\$ 390,285</b>	<b>\$ 253,402</b>	<b>\$ 136,883</b>	<b>54.0%</b>

Exploration expenses during the fourth quarter of Fiscal 2017 were concentrated on the Vine Property. The most relevant expenses during the period were drilling expenses for \$296,037, travel costs for \$7,150 and laboratory expense for \$3,943.

Expenses of \$57,581 incurred on the Dewdney Trail Property were primarily related to laboratory charges of \$24,246, geology related expenses of \$20,900, and geophysics expenses of \$8,358.

At the Zinger Property, the most significant expenses incurred during Q4 F2017 were \$12,867 for geology and \$3,648 in travel related expenses.

The following schedule describes the general and administration expenses incurred by PJX during the fourth quarter of Fiscal 2017 compared to the same period of Fiscal 2016:

<b>Three months ended December 31,</b>	<b>Three months</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
Insurance	\$ 5,209	\$ 5,125	\$ 84
Interest, bank charges and penalties	-	614	(614)
Investor relations	46,819	41,816	5,003
Listing and regulatory fees	896	18,533	(17,637)
Office expenses	5,010	3,877	1,133
Professional fees	39,425	62,493	(23,068)
Rent	3,447	2,684	763
Salaries and benefits	66,000	106,000	(40,000)
Travel and transportation	1,706	3,821	(2,115)
	<b>\$ 168,512</b>	<b>\$ 244,963</b>	<b>\$(76,451)</b>

The most significant changes in general and administration expenses for the three months ended December 31, 2017, when compared to the same period of Fiscal 2016 are:

- The increase in investor relation expenses of \$5,003 is related to additional investor relation services contracted during the period for approximately \$7,653 partially offset by a decrease in travel, meals and entertainment of \$2,650.
- The decrease in listing and regulatory fees is related to payments done during Fiscal 2016 to the TSX-V exchange for financings closed during Q4 F2016 and not applicable during Fiscal 2017.
- The decrease in professional fees during the quarter is related to a decrease in legal fees for approximately \$30,000 and an increase in accounting fees of \$1,000.
- The decrease in salaries is due to a bonus accrued to senior management during the fourth quarter of Fiscal 2016, totaling \$40,000.

## **RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

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

During the years ended December 31, 2017 and 2016, the Company contracted legal services from a firm

where a partner is also a director of PJX.

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>
Fees to a law firm where a director of the Company is a partner	\$ 1,261	\$ 31,700
	\$ 1,261	\$ 31,700

**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:

<b>Years ended December 31,</b>	<b>2017</b>	<b>2016</b>
Salaries and bonuses	\$ 264,000	\$304,000
Share-based compensation	-	462,735
	\$ 264,000	\$766,735

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

<b>December 31,</b>	<b>2017</b>	<b>2016</b>
Payable to officers of the Company	\$ 10,863	\$ 13,602
Bonuses payable to management	-	40,000
Payable to a law firm where a director of the Company is a partner	-	986
	\$ 10,863	\$ 54,588

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.

**COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS**

The Company is a party to certain employment contracts. These contracts contain clauses requiring that \$416,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the Company's December 31, 2017 audited financial statements.

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

Pursuant to the terms of certain 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) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into. The Company indemnifies 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. As at December 31, 2016 and 2017 the Company has no commitments related to previous flow-through share agreements entered into as it has incurred the required exploration expenditures within the stipulated timelines.

### **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 Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- 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 Fiscal 2017.

#### Future accounting changes:

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

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. The Company does not anticipate any material impact on its financial statements when implementing IFRS 9.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company’s financial instruments include cash and cash equivalents, amounts 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. Amounts 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 December 31, 2017 the Company had cash and cash equivalents balance of \$572,886 (December 31, 2016: \$2,987,455) to settle current liabilities of \$63,290 (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 December 31, 2017, the Company did not have any amounts invested in interest bearing accounts.

##### *Sensitivity analysis*

As of December 31, 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 of December 31, 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 years ended December 31, 2017 and 2016. 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](http://www.sedar.com)).

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

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

### **OUTSTANDING SHARE DATA**

The following schedules reconcile shares, options and warrants issued subsequent to year end as well as provide the fully diluted capital position of the Company as at 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
Shares issued on property option payment	50,000
Shares issued and outstanding at the date of this report	75,963,396
Total number of warrants issued and outstanding	28,575,071
Total number of options issued and outstanding	6,023,500
<b>Fully diluted number of shares at the date of this report</b>	<b>110,561,967</b>

### **Warrants outstanding:**

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

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
September 22, 2018	2,840,000	\$ 0.20	\$ 114,721
November 4, 2018	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
<b>Balance at the date of this report</b>	<b>28,575,071</b>	<b>\$ 0.24</b>	<b>\$ 1,387,195</b>

## 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. Out 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 months from granting, 25% after six months from granting and 25% after twelve months 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 Fiscal 2017, 25,000 of these options carrying a fair value of \$11,862 vested.

The following schedule describes the options outstanding and vested at the day of this report. There have been no stock option transactions since December 31, 2017 and the date of this report:

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
November 15, 2018	\$0.15	0.55	1,018,500	1,018,500
July 20, 2020	\$0.19	2.23	1,615,000	1,615,000
November 17, 2021	\$0.20	3.56	3,390,000	3,390,000
<b>Balance at the date of this report</b>	<b>\$0.19</b>	<b>2.70</b>	<b>6,023,500</b>	<b>6,023,500</b>

## QUALIFIED PERSON

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

## SUBSEQUENT EVENTS

Subsequent to December 31, 2017, on January 22, 2018 the Company announced it has acquired an option to earn 100% interest in the Gold Shear Property that hosts the high grade David gold occurrence. For additional details, see "Results of Operations – "Acquisition of the Mineral Properties" section on page 6 of this document.

On March 5, 2018 the Company announced that Teck Resources Limited ("Teck") has completed a Magnetotelluric (MT) geophysical survey which identified a conductive anomaly in a geological environment favourable to host a Sullivan Type deposit on the DD Property located in the Cranbrook area of British Columbia. For additional details, see page 11 of "Results of Operations – "Acquisition of the Mineral Properties" section on of this document.

## **Corporate information**

### **Directors**

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

Linda Brennan, B. Comm<sup>(1)(2)</sup>  
*CFO, PJX Resources Inc.*  
Vancouver, BC, Canada

James Clare, LLB  
*Toronto, Ontario, Canada*

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

Joseph Del Campo, CPA, CMA<sup>(1)(2)</sup>  
*Toronto, Ontario, Canada*

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

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

### **Officers**

John Keating, P. 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

### **Auditors**

UHY McGovern Hurley LLP  
Toronto, Ontario

### **Legal Counsel**

Bennett Jones LLP  
Toronto, Ontario

Fraser Milner Casgrain, LLP  
Vancouver, British Columbia

### **Registrar & Transfer Agent**

Computershare Trust Company of Canada  
Toronto, Ontario

### **Bank**

Royal Bank of Canada  
Toronto, Ontario

### **Executive Office**

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### **Investor Relations**

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

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