



PJX RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2018 and 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 three and nine months ended September 30, 2018 ("Q3 F2018") and September 30, 2017 ("Q3F2017") should be read in conjunction with the unaudited condensed interim financial statements of the Company and notes thereto at September 30, 2018.

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 November 08, 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 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 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, forward-looking information if circumstances or management's estimates or opinions 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.
should change

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 5 additional properties (the Vine, Eddy, Zinger, Parker Copper 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.

HIGHLIGHTS FOR Q3F2018

Corporate

On July 25, 2018, the Company announces, with deepest regret, the sudden death of one of the Company's Directors, Mr. Somerset Parker. Mr. Parker was a member of the Audit Committee and Chair of the Compensation Committee.

Financial

On August 20, 2018, the Company granted stock purchase options to certain directors, employees and consultants to acquire an aggregate of 1,925,000 common shares at an exercise price of \$0.25, expiring August 19, 2023.

Exploration

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

- Quantec Geoscience was contracted to do 4 Magnetotelluric (“MT”) Survey test lines over the East and West Gravity target areas on the Vine Property during Q2. Two Dimensional (“2D”) and Three Dimensional (“3D”) modelling of the data identified multiple MT anomalies.
- Re-interpretation of the gravity data by 3D modelling during Q3 has also identified a gravity anomaly that is locally coincident with the MT anomalies.
- Holes completed during Q3 to test the shallowest part of the Vine Property geophysical targets support the potential for a massive sulphide body and this drilling may have intersected mineralization peripheral to that body. Additional MT geophysics is planned prior to the next phase of drilling.
- Teck Resources Limited (“Teck”) has an option to earn an interest in PJX Resource’s DD Property. In January 2018, PJX announced that an MT survey carried out by Quantec Geoscience has identified a conductive anomaly in a geological environment that could host a Sullivan Type Deposit at depth on the DD Property. Teck received the permits to drill the target in Q3. During Q4, Teck drilled a 1,425 metre hole as the first test of the MT target. The drill core is being logged and analyzed. Results of this work and next steps will be announced when the analysis is completed.
- Prospecting during Q3 discovered an extensive horizon of sediment hosted copper mineralization. The style of copper mineralization and geological environment support the potential for sediment-hosted copper type deposits similar to the Montanore, Spar Lake and Rock Creek copper-silver deposits located across the border in the United States. The copper mineralized horizon has been traced on surface for over 800 metres.
- Over 6,000 hectares of new mineral claims have been staked to cover additional favourable geology for copper mineralization. This new 100% PJX owned property has been called the Parker Copper Property in memory of PJX Director Somerset Parker who passed away unexpectedly this Summer.

Gold Potential

- Permits were received to drill and trench gold targets on the Zinger Property during Q2.
- Geological mapping, bedrock sampling and soil sampling on the Zinger Property have identified a 6 kilometre (“km”) gold in bedrock trend along a vertically dipping fold zone. Soil sampling has identified two target areas with anomalous gold in soil (up-to 4,900 ppb or 4.9 grams per tonne (“g/t”). Drilling to test these and other targets commenced during Q3. Subsequent to the period ended September 30, 2018, PJX completed 7 drill holes totalling 1,224 metres as a preliminary test of 2 of the numerous gold targets on the Zinger Property. The drill core is being logged and analyzed. Results of this work and next steps will be announced when the analysis is completed.
- Exploration work for gold on the Eddy and Dewdney Trail Properties was carried out during Q3 and results will be announced when information is available.

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.

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 in the long term, while supply for some metals, such as zinc, is expected to decline as a number of mines have closed and new world class deposits are not being discovered. Gold, silver, lead, zinc and copper prices may plateau or soften in the short term as demand wanes in response to trade conflicts and other issues. However, metal prices are expected to strengthen in the long term as trade war concerns are resolved and demand for metals increases in step with expanding economies.

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.

Exploration

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.

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 13,000 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 NI43-101 Technical Report, Geology, Exploration Programs and Results from the Dewdney Trail Program with Recommendations for Further Exploration, (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 (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 million oz), and Amantaytau, Daugiztau, Kumtor, Bakirchik, Olimpiada, Nezhdaninskoe, Natalka and Maysky (all > 5 million oz); in Australia, deposits of the Victorian gold fields include the: Bendigo (> 20 million 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 metres 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 10,000 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 1,000 ppb (1.0 g/t), 101 samples ranged from 1,000 ppb (1.0 g/t) to 5,000 ppb (5.0 g/t), and 37 samples were equal to or greater than 5,000 ppb (5.0 g/t) gold. The highest value reported was 39,597 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 metres within a broader interval of 0.50 g/t gold over 22.38 metres from a depth of 2.62 metres (bedrock) down to 25 metres.

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 4,941 ppb (equivalent to 4.9 g/t) gold were encountered on the West

and East grids, respectively. The soil anomalies are each approximately 100 metres wide and over 300 metres 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 metres 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.

Permits to drill and trench gold targets on the Zinger Property have been received and preliminary drilling of gold targets commenced during Q3.

Outlook

Mapping and geophysics have identified structures that appear to correlate with high concentrations of gold mineralization in soil and bedrock along a 6 km trend. Preliminary drilling to test multiple gold targets commenced during Q3. Subsequent to the period ended September 30, 2018, PJX completed 7 drill holes totaling 1,224 metres to test 2 of the numerous gold targets on the property. The drill core is being logged and analyzed. Results of this preliminary drill program and next steps will be announced when the analysis is completed.

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 10,000 hectares of land on the north flank of the Moyie River. The Eddy Property hosts a succession of gold-mineralized quartz veins which occur along shear zones within the fold hinge of a regional anticline that is at least 9.5 km long. A total of 64 grab samples of bedrock have returned values up to 57 g/t 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.

Prospecting, mapping and geophysics were carried out to identify and define gold targets across the Eddy Property during the Summer and Fall, 2018. Numerous new gold target areas have been identified and a new zone of sediment-hosted copper mineralization was discovered. Additional mineral claims were staked to cover favourable geology with potential to host copper mineralization. The new 100% PJX owned claims are called the Parker Copper Property (see below).

Outlook

Exploration to date combined with historical work has identified multiple target areas with gold potential. The David Occurrence on the Gold Shear Property is adjacent to, and on strike with, the Eddy Property. Recent exploration work will be compiled when analyses are received. Results of this work will be used to review and prioritize gold targets for follow-up exploration on the Eddy Property. Application has been made for the relevant permits to drill and trench gold targets.

VINE PROPERTY

The road-accessible Vine Property is located 11 km south of Cranbrook, British Columbia. The property is over 8,000 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 metre 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 km 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.

Recently completed 3D modelling of geophysics by Quantec Geoscience has identified a gravity anomaly that is coincident with a 2D MT anomaly. Drilling during Q3 to test the shallowest part of the geophysical target supports the potential for a massive sulphide body and recent drilling may have intersected mineralization peripheral to that body.

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. Recent drilling supports the potential for a massive sulphide body. Additional MT geophysics is planned further define the large targets with the potential to host zinc-lead and copper. The results of this work will be used to plan the next phase of drilling.

WEST BASIN PROPERTY

The road accessible West Basin Property is located approximately 16 km southwest of Cranbrook, British Columbia. The 4,000 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 metres and is composed of breccia fragments in a matrix of siltstone. The breccia contains zones of weak to abundant disseminated galena (lead), sphalerite (zinc) and pyrrhotite (iron sulphide) associated with intense albite and sericite alteration."

Outlook

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

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 (150,000 paid to date)). 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.

On March 5, 2018, 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.

During Q3, Teck received a 5 year permit to drill on the DD Property.

Outlook

Subsequent to Q3, Teck drilled a 1,425 metre hole as a first test of the MT target. The drill core is being logged and analyzed. Results of this work and next steps will be announced when the analysis is completed.

GOLD SHEAR PROPERTY

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 1,600 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.

Mapping, prospecting and detailed VLF Geophysics was carried out over the Gold Shear Property and David Occurrence during Q2 and Q3. The data is being modelled to help map potential structures associated with gold mineralization.

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. Detailed mapping is planned for Q3 to compile with VLF geophysics and all available historical data to help define structural and other controls for gold mineralization. Recent exploration work will be compiled when analyses are received. Results of this work will be used to define targets to drill at depth and on strike with the David gold zone. Application has been made for the relevant permits to drill the David Gold Occurrence and other targets.

PARKER COPPER PROPERTY

Prospecting for gold on the Eddy Property discovered an extensive horizon of sediment hosted copper mineralization during Q3. The style of copper mineralization and geological environment support the potential for sediment-hosted copper type deposits similar to the Montanore, Spar Lake and Rock Creek copper-silver deposits located across the border in the United States.

The copper mineralized horizon is open in all directions. Over 6,000 hectares of new mineral claims have been staked to cover favourable geology with copper mineralization potential. These new 100% PJX owned

mineral claims will be called the Parker Copper Property in memory of PJX Resources' Director Somerset Parker who passed away unexpectedly this Summer.

Outlook

Copper mineralization has been traced in outcrop for at least 800 metres. The new discovery has never been explored. Prospecting, mapping and geophysics are planned to define targets to test on strike and at depth.

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, Parker Copper Property, and gold targets on the Dewdney Trail, Zinger, Eddy and Gold Shear properties are expected to continue to be the main focus for exploration by PJX. Drill core from the first hole to test the MT target on the DD Property is being logged and analyzed by Teck. Results of this work and next steps will be announced when the analysis is completed.

RESULTS OF OPERATIONS

Exploration

The following schedule describes exploration expenses for each project for the three and nine-month periods ended September 30, 2018 and 2017.

| Periods ended September 30, | Three months | | | | Nine months | | |
|-----------------------------|-------------------|-------------------|-------------------|--------------|------------------|------------------|------------------|
| | 2018 | 2017 | Change | %Change | 2018 | 2017 | Change |
| Dewdney Trail Property | \$ 36,372 | \$ 66,931 | (30,559) | -45.7% | \$ 75,144 | \$ 88,638 | (13,494) |
| Eddy Property | 40,805 | 10,915 | 29,890 | 273.8% | 58,210 | 21,420 | 36,790 |
| Zinger Property | 236,478 | 60,559 | 175,919 | 290.5% | 247,927 | 73,589 | 174,338 |
| Vine Property | 380,134 | 235,082 | 145,052 | 61.7% | 704,642 | 1,164,940 | (460,298) |
| DD Property | 11,201 | 8,250 | 2,951 | 0.0% | 18,101 | 8,250 | 9,851 |
| Gold Shear | 39,194 | - | 39,194 | 0.0% | 75,435 | - | 75,435 |
| Parker Copper | 9,504 | - | 9,504 | 0.0% | 9,504 | - | 9,504 |
| Others | - | - | - | 0.0% | - | 730 | (730) |
| | \$ 753,688 | \$ 381,737 | \$ 371,951 | 97.4% | 1,188,963 | 1,357,567 | (168,604) |

Exploration expenses incurred during the three and nine months ended September 30, 2018, when compared to the same fiscal periods of 2017, increased by \$371,951 for the comparative three-month periods, and decreased by \$168,604 for the comparative nine-month periods.

The Company continued to concentrate its exploration efforts on the Zinger and Vine Properties and incurred some limited exploration expenditures on its recently acquired Gold Shear property and Dewdney Trail, Eddy, and Zinger properties.

The following is a description of the main changes in exploration expenses incurred during the **three** months ended September 30, 2018 compared to the three months ended September 30, 2017:

- For the three months ended September 30, 2018 expenses incurred at the Dewdney Trail property were mainly related to geology, geophysics and geochemistry ("GG&G") with \$34,293 incurred during Q3F2018 where during Q3F2017 \$58,879 were incurred. During the same comparative periods laboratory related expenses incurred were \$Nil and \$4,606, respectively.
- At the Eddy property GG&G expenses incurred during the three months ended September 30, 2018 were \$27,657, compared to \$9,530 for the same period of Fiscal 2017. Laboratory expenses were \$11,926 for Q3F2018 and only \$826 for Q3F2017.
- At the Zinger property, the principal expenses incurred during the three months ended September 30, 2018 related to drilling expenses of \$211,878 compared to \$Nil for Q3F2017. GG&G expenses during Q3F2018 were \$15,140, compared to \$30,401 incurred during Q3F2017.

- At the Vine property, GG&G expenses incurred during the three months ended September 30, 2018 were \$24,730 compared to \$11,242 for Q3F2017 while drilling cost was \$349,338 for Q3F2018 compared to \$212,230 for Q3F2017.
- Expenses incurred during the Q3F2018 at the recently acquired Gold Shear property were mainly related to GG&G expenses of \$28,683; \$8,001 in laboratory charges was also incurred during the quarter.
- The Company also incurred \$9,504 on claim management expenses in its new Parker Copper property during the three months ended September 30, 2018.

The following is a description of the principal exploration expenses incurred in PJX properties for the nine months ended September 30, 2018 compared to the same period of Fiscal 2017:

- Expenses incurred at the Dewdney Trail property are mainly related to GG&G with \$61,112 incurred during Year to Date (“YTD”) F2018 and \$78,333 YTD F2017. During the same comparative periods laboratory related expenses incurred were \$7,014 for YTD F2018 compared to \$2,049 YTD Q3F2017.
- At the Eddy property GG&G incurred during the nine months ended September 30, 2018 were \$36,457, compared to \$17,747 for the same period of Fiscal 2017. The Company also incurred \$7,402 in claims management for YTD F2018 compared to \$735 for the comparative period; and \$12,110 for YTD Q3F2018 in laboratory compared to \$826 for the comparative period.
- At the Zinger property, the principal expenses incurred during the nine months ended September 30, 2018 related to GG&G, where \$21,306 were incurred compared to \$35,671 incurred in YTD Q3F2017. During the same periods, PJX incurred expenses of \$5,615 and \$5,084, respectively, for claim management. The Company also incurred \$211,878 in drilling expenses for the nine months ended September 30, 2018 on this property (YTD F2017 \$Nil) and \$6,868 in traveling, transportation and meal charges for YTD Q3F2018 compared to \$1,336 for YTD Q3F2017.
- At the Vine property, GG&G expenses incurred during the nine months ended September 30, 2018 were \$176,282 compared to \$78,444 for YTD F2017; while drilling cost was \$504,217 for YTD F2018 compared to \$1,049,706 for the comparative period. Laboratory expenses were \$10,516 for the YTD Q3F2018 compared to \$2,112 for YTD Q3F2017. Exploration, travel and meals for 2018 YTD was \$10,331 and \$27,195 for the comparative period.
- Expenses incurred during the nine months ended September 30, 2018 at the recently acquired Gold Shear property were mainly related to GG&G for \$50,086, laboratory for \$8,001, option payments for \$13,500 and claim management for \$7,816.

The following schedule describes the exploration expenses, segregated by nature, incurred by PJX during the three and nine months ended September 30, 2018 compared to the same period of Fiscal 2017.

| Periods ended September 30, | Three months | | | Nine months | | |
|---|--------------|------------|------------|--------------|--------------|--------------|
| | 2018 | 2017 | Change | 2018 | 2017 | Change |
| Geology, geophysics and geochemistry | \$ 130,502 | \$ 109,588 | 20,914 | \$ 349,292 | \$ 210,100 | 139,192 |
| Exploration-other accommodation | - | - | - | - | - | - |
| Permitting | - | (4,000) | 4,000 | - | 5,240 | (5,240) |
| Land rights, claims and environment | 10,916 | 3,375 | 7,541 | 23,258 | 8,503 | 14,755 |
| Drilling | 561,216 | 212,230 | 348,986 | 718,796 | 1,049,615 | (330,819) |
| Laboratory | 22,180 | 32,426 | (10,246) | 37,642 | 30,297 | 7,345 |
| Roads and surface preparation | - | - | - | - | - | - |
| Camp cost and exploration supplies | 627 | 1,242 | (615) | 2,933 | 4,589 | (1,656) |
| Exploration - travel and transportation | 8,966 | 12,442 | (3,476) | 19,920 | 24,328 | (4,408) |
| Exploration- meals | 3,145 | 3,947 | (802) | 5,900 | 7,136 | (1,236) |
| Rent - field office | 5,050 | 2,237 | 2,813 | 6,636 | 9,509 | (2,873) |
| Surface sampling and mapping | - | - | - | - | - | - |
| Option payments | 11,086 | 8,250 | 2,836 | 24,586 | 8,250 | 16,336 |
| | \$ 753,688 | \$ 381,737 | \$ 371,951 | \$ 1,188,963 | \$ 1,357,567 | \$ (168,604) |

The most significant components of the above listed exploration expenses, for the **three** months ended September 30, 2018 when compared to the same period of Fiscal 2017, segregated by nature, are as follows:

- Geology, geophysics and geochemistry expenses for the three months ended September 30, 2018 was composed of general geological activities for \$30,609 (Q3F2017: \$62,647); geophysics for \$ 60,918 (F2017: \$ 13,280) and prospecting activities for \$38,975 (F2017: \$34,125).
- Drilling expenditures of \$561,216 (F2017: \$212,230) was mainly conducted at the Vine property (\$349,338) and the Zinger property (\$211,878) where during the three months ended September 2017, \$212,230 in drilling expenditures were incurred at Vine property.

The most significant exploration expenses incurred during the **nine** months ended September 30, 2018 when compared to the same period of Fiscal 2017, segregated by nature, are as follows:

- The increase in geology, geophysics and geochemistry expenditures of \$139,192 was mainly composed of a reduction in general geological activities for \$11,114, an increase in geophysics of \$131,768 and an increase in prospecting activities of \$20,625.
- The main elements in the decrease in drilling expenses of \$348,986 were a reduction in drilling at the Vine property for \$545,488 and an increase at the Zinger property for \$211,878.
- Laboratory charges for the nine months ended September 30, 2018 increased by \$7,345. This increase is attributed to increases in laboratory processing costs for the Dewdney Trail (\$4,967), Vine (\$8,403), Gold Shear (\$8,001), and Eddy (\$11,284) properties, and a reduction at the Zinger property for \$25,757.
- The increase in option payments for the nine months ended September 30, 2018 is mainly related to \$10,000 cash and \$3,500 paid in PJX shares as part of the option on the new Gold Shear Property (YTD F2017: \$Nil), and a \$11,000 option payment on the DD property (YTDF2017: \$8,250).

General and administration (“G&A”)

The following schedule describes the general and administration expenses incurred by PJX during the three and nine month periods ended September 30, 2018 compared to the same period of Fiscal 2017:

| Periods ended September 30, | Three months | | | Nine months | | |
|--------------------------------------|--------------|------------|-----------|-------------|------------|-----------|
| | 2018 | 2017 | Change | 2018 | 2017 | Change |
| Insurance | \$ 2,083 | \$ 1,042 | \$ 1,041 | \$ 8,332 | \$ 7,292 | \$ 1,040 |
| Interest, bank charges and penalties | 182 | 327 | (145) | 797 | 403 | 394 |
| Investor relations | 72,329 | 50,730 | 21,599 | 188,114 | 134,029 | 54,085 |
| Listing and regulatory fees | 9,724 | 239 | 9,485 | 42,889 | 26,986 | 15,903 |
| Office expenses | 5,394 | 2,544 | 2,850 | 20,076 | 11,645 | 8,431 |
| Professional fees | 7,875 | 5,619 | 2,256 | 24,806 | 21,649 | 3,157 |
| Rent | (138) | 2,912 | (3,050) | 9,132 | 8,756 | 376 |
| Salaries and benefits | 69,153 | 66,000 | 3,153 | 213,887 | 208,398 | 5,489 |
| Travel and transportation | 1,122 | 938 | 184 | 4,465 | 5,613 | (1,148) |
| | \$ 167,724 | \$ 130,351 | \$ 37,373 | \$ 512,498 | \$ 424,771 | \$ 87,727 |

G&A expenses increased in the three and nine-month periods, when compared to the same period of Fiscal 2017 by \$37,373 and \$87,727 respectively. These cost increases were primarily related to investor relation activities, listing and regulatory fees and office expenses.

The most significant changes in general and administration expenses during the **three** months ended September 30, 2018 were:

- The increase in investor relation charges of \$21,599 is composed of an increase in meals and entertainment of approximately \$1,800 and in investor relation services contracted related to a European-investors campaign for \$16,000, with an increase in travel and accommodations for approximately \$3,700.

- The increase in listing and regulatory fees of \$9,485 is mainly related to annual regulatory and filing fees incurred during a different period during Fiscal 2017.

The most significant changes in general and administration expenses during the **nine** months ended September 30, 2018, when compared to the same period of Fiscal 2017, were:

- The increase in investor relation charges of \$54,085 is related to an increase expenses related to the development of European investors' base for approximately \$24,000, traveling expenses for approximately \$25,000 and meals and entertainment for approximately \$4,400.
- The increase in listing and regulatory fees of \$15,903 is primarily related to payments of financing fees paid to the TSX Venture Exchange for \$13,118.

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.

| Quarter Ended | Revenue | Net loss | | Exploration expenses | General and administration |
|--------------------|---------|---------------|-----------|----------------------|----------------------------|
| | | Total | Per Share | | |
| September 30, 2018 | Nil | (\$1,232,758) | (\$0.01) | \$753,688 | \$167,724 |
| June 30, 2018 | Nil | (\$532,128) | (0.01) | \$325,649 | \$203,566 |
| March 31, 2018 | Nil | (228,746) | (0.00) | 109,626 | 141,208 |
| 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 |

LIQUIDITY AND CAPITAL RESOURCES

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.

On May 17, 2018, the Company completed a private placement where 3,000,000 flow-through shares and 12,296,276 units were issued for gross proceeds of \$2,600,367. Under this transaction, PJX issued 3,000,000 flow-through shares at a price of \$0.17, 6,544,217 flow-through units at a price of \$0.17 per flow-through unit, and 5,752,059 non-flow-through units at a price of \$0.17 per unit.

As at September 30, 2018, the Company had total current assets of \$1,498,296 (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 increased from \$589,336 at December 31, 2017 to \$1,345,453 at September 30, 2018, principally due to a financing closed during the second quarter of Fiscal 2018 for approximately \$2.4 million. When compared to Q3F2017, current assets increased by \$300,503 for Q3F2018 and current liabilities increased by \$80,683 for the same comparative period, representing an increase in working capital of \$219,820 for the same comparative period.

As of September 30, 2018 PJX, has no exploration commitments. 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 100,000 PJX shares, as per the DD Property Agreement, and 200,000 PJX shares plus cash payments totalling \$45,000 for its Gold Shear Property option agreement entered on January 17, 2018.

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.

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:

| Periods ended September 30, | 2018 | 2017 | 2018 | 2017 |
|-----------------------------|-----------|-----------|------------|------------|
| Salaries | \$ 66,000 | \$ 66,000 | \$ 198,000 | \$ 198,000 |
| | \$ 66,000 | \$ 66,000 | \$ 198,000 | \$ 198,000 |

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 \$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 September 30, 2018 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.

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) 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 September 30, 2018 the Company has approximately \$658,000 (December 31, 2017: \$Nil) commitments related to previous flow-through share

agreements entered into, based on exploration expenses incurred as of September 30, 2018.

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.

The following accounting changes were implemented during the three and nine months ended September

30, 2018. There was no impact with the implementation of such policies.

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. There was no material impact in PJX records with the implementation of such policy.

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. There was no material impact in PJX records with the implementation of such policy.

Future accounting changes:

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, 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 September 30, 2018 the Company had cash and cash equivalents balance of \$1,397,138 (December 31, 2017: \$572,886) to settle current liabilities of \$152,843 (December 31, 2017: \$63,290). 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 September 30, 2018, the Company did not have any amounts invested in interest bearing accounts. During the third quarter of Fiscal 2018 the Company realized a short-term investment in GIC's that generated interest income of \$5,208.

Sensitivity analysis

As of September 30, 2018, 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 September 30, 2018, 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 September 30, 2018. 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, 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 schedules reconcile shares, options and warrants issued subsequent to the quarter end as well as provide the fully diluted capital position of the Company as at the date of this report:

| | |
|--|--------------------|
| Shares issued and outstanding at December 31, 2017 | 75,963,396 |
| Shares issued on exercise of warrants | 85,000 |
| Shares issued on property option payment | 75,000 |
| Shares issued under private placement | 15,296,276 |
| Shares issued and outstanding at the date of this report | 91,419,672 |
| Total number of warrants issued and outstanding | 35,868,556 |
| Total number of options issued and outstanding | 7,938,500 |
| Fully diluted number of shares at the date of this report | 135,226,728 |

Warrants outstanding:

On July 11, 2018, warrants holders exercised 85,000 warrants, each warrant convertible into one PJX common share at a price of \$0.20 per common share, for gross proceeds of \$17,000.

Warrants expired:

On September 22, 2018, 2,780,000 warrants exercisable at a price of \$0.20, expired unexercised. In addition, subsequent to September 30, 2018, 2,974,245 warrants, exercisable at \$0.20, expired unexercised.

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

| Expiry Date | Number of Warrants | Exercise price | Value |
|---|---------------------------|-----------------------|---------------------|
| 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 |
| May 15, 2020 | 12,296,276 | 0.25 | 530,000 |
| May 15, 2020 | 836,454 | 0.25 | 76,944 |
| Balance at the date of this report | 35,868,556 | \$ 0.25 | \$ 1,739,601 |

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 August 20, 2018, the Company granted stock purchase options to certain directors, employees and consultants to acquire an aggregate of 1,925,000 common shares at an exercise price of \$0.25, expiring August 19, 2023.

The following schedule describes the options outstanding and vested at the day of this report.

| Expiry Date | Exercise price | Life remaining in years | Number outstanding | Number vested |
|---|-----------------------|--------------------------------|---------------------------|----------------------|
| November 15, 2018 | \$0.15 | 0.03 | 1,018,500 | 1,018,500 |
| July 20, 2020 | \$0.19 | 1.71 | 1,605,000 | 1,605,000 |
| November 17, 2021 | \$0.20 | 3.04 | 3,390,000 | 3,390,000 |
| August 20, 2023 | \$0.25 | 4.79 | 1,925,000 | 1,675,000 |
| Balance at the date of this report | \$0.20 | 2.81 | 7,938,500 | 7,688,500 |

QUALIFIED PERSON

The following scientific and technical information has been prepared or reviewed by John Keating, P.Ge., 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

On November 4, 2018, subsequent to quarter end, 2,974,245 warrants, exercisable at a price of \$0.20, expired unexercised.

Corporate information

Directors

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

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

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

Kent Pearson, P.Ge^{(1) (2)}
Toronto, Ontario, Canada

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

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

Officers

John Keating, P.Ge
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

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Executive Office

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E-mail: info@pjxresources.com

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