PJX RESOURCES INC.

Financial Statements

Years ended December 31, 2018 and 2017

UHY McGovern Hurley LLP
Chartered Professional Accountants

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Independent Auditor's Report

To the Shareholders of PJX Resources Inc.

Opinion

We have audited the financial statements of PJX Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $2,439,581 during the year ended December 31, 2018 and, as of that date, the Company's working capital is not expected to be sufficient to support operations for the next twelve months. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that casts significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Koko Yamamoto.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 25, 2019

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

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

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

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

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

(signed)
John Keating
President and Chief Executive Officer

(signed)
Linda Brennan
Chief Financial Officer

Toronto, Canada
April 25, 2019

PJX Resources Inc.

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

Years ended December 31,	Note	2018	2017
ASSETS			
Current assets			
Cash		**$ 2,224,670**	$ 572,886
Amounts receivable	**6**	**19,591**	26,799
Prepayments	**7(a)**	**43,009**	52,941
Total current assets		**2,287,270**	652,626
Non-current assets			
Deposits and prepayments	**7(b)**	**162,053**	100,888
Property and equipment	**8**	**3,884**	15,533
Total non-current assets		**165,937**	116,421
Total assets		**2,453,207**	769,047
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**16(c)**	**137,360**	63,290
Flow-through premium liability	**10(b)(i)**	**314,889**	-
Total current liabilities		**452,249**	63,290
Reclamation obligation	**7(c)**	**24,500**	-
Total liabilities		**476,749**	63,290
SHAREHOLDERS' EQUITY			
Share capital	**10(b)**	**10,311,876**	7,778,989
Warrants	**11**	**1,970,313**	1,387,195
Contributed surplus		**3,359,905**	2,765,628
Accumulated deficit		**(13,665,636)**	(11,226,055)
Total shareholders' equity		**1,976,458**	705,757
Total shareholders' equity and liabilities		**$ 2,453,207**	$ 769,047

Going concern (Note 1)
Commitments and contingencies (Notes 9 and 14)
Subsequent events (Note 17)

Approved by the Board of Directors:

(Signed) John Keating
John Keating, Director

(Signed) Linda Brennan
Linda Brennan, Director

See accompanying notes to the financial statements.

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

Years ended December 31,	**Note**	**2018**	2017
Expenses			
Exploration	**12(a)**	**$ 1,470,013**	$ 1,747,852
General and administration	**12(b)**	**750,575**	593,283
Share based compensation	**10(b)(ii)**	**343,345**	11,862
Depreciation	**8**	**11,649**	11,649
Total operating expenses		**2,575,582**	2,364,646
Interest revenue		**(5,208)**	-
Other revenues	**13**	**(25,529)**	-
Loss before income taxes		**(2,544,845)**	(2,364,646)
Deferred flow-through tax recoveries	**10(b)(i), 15**	**105,264**	159,949
Net loss and comprehensive loss for the year		**$ (2,439,581)**	$ (2,204,697)
Basic and diluted loss per share		**($0.03)**	($0.03)
Weighted average number of shares outstanding		**85,887,420**	75,806,082

See accompanying notes to the financial statements.

PJX Resources Inc.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

Years ended December 31,	**Note**	**2018**	2017
Share capital			
Balance, beginning of the year		**$ 7,778,989**	$ 7,646,928
Shares issued under private placement	**10(b)(i)**	**3,187,610**	-
Share premium on flow-through shares	**10(b)(i)**	**(420,153)**	-
Warrants exercised and other adjustments	**11**	**20,606**	123,811
Shares issued on property option payment	**10(b)(iii)**	**14,500**	8,250
Share issue cost	**10(b)(i)**	**(269,676)**	-
Balance, end of the year		**10,311,876**	7,778,989
Warrants			
Balance, beginning of the year		**1,387,195**	1,913,620
Warrants issued on private placement	**11**	**779,292**	-
Compensation warrants issued	**11**	**58,364**	-
Warrants exercised	**11**	**(3,606)**	(34,156)
Warrants expired	**11**	**(250,932)**	(492,269)
Balance, end of the year		**1,970,313**	1,387,195
Contributed surplus			
Balance, beginning of the year		**2,765,628**	2,252,452
Warrants expired and other adjustments	**11**	**250,932**	501,314
Share based compensation	**10(b)(ii)**	**343,345**	11,862
Balance, end of the year		**3,359,905**	2,765,628
Accumulated deficit			
Balance, beginning of the year		**(11,226,055)**	(9,021,358)
Net loss for the year		**(2,439,581)**	(2,204,697)
Balance, end of the year		**(13,665,636)**	(11,226,055)
Total shareholders' equity		**$ 1,976,458**	$ 705,757

See accompanying notes to the financial statements.

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

Years ended December 31,	**Note**	**2018**	2017
Cash flows from operating activities			
Net loss for the period		**$ (2,439,581)**	$ (2,204,697)
Items not involving cash:			
Depreciation	**8**	**11,649**	11,649
Deferred tax recoveries	**10(b)(i)**	**(105,264)**	(159,949)
Share based compensation	**10(b)(ii)**	**343,345**	11,862
Shares issued on option payment	**10(b)(iii)**	**14,500**	8,250
Interest income		**(5,208)**	-
Changes in non-cash working capital:			
Deposits		**(61,165)**	18,112
Amounts receivable and prepayments		**17,140**	(51,036)
Accounts payable and accrued liabilities		**74,070**	(147,460)
Reclamation obligation		**24,500**	-
Net cash used in operating activities		**(2,126,014)**	(2,513,269)
Cash flow from investing activities			
Purchase of GIC		**(1,600,000)**	-
Redemption of GIC		**1,605,208**	-
Net cash generated by investing activities		**5,208**	-
Cash flow from financing activities			
Proceeds on issuance of shares and warrants	**10(b)(i)**	**1,190,775**	98,700
Proceeds on issuance of flow-through shares and warrants	**10(b)(i)**	**2,776,127**	-
Proceeds on issuance of exercised warrants	**11**	**17,000**	-
Issue costs	**10(b)(i)**	**(211,312)**	-
Net cash generated by financing activities		**3,772,590**	98,700
Net change in cash		**1,651,784**	(2,414,569)
Cash, beginning of the year		**572,886**	2,987,455
Cash, end of the year		**$ 2,224,670**	$ 572,886

Supplementary information:

Compensation warrants issued:			
Units		**1,169,054**	**-**
Value	**10(b)(i)**	**$ 58,364**	$ -

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

PJX Resources Inc. (the "Company" or "PJX") is a Canadian corporation incorporated under the laws of Alberta on April 22, 2010, originally under the name of 1532063 Alberta Inc. On March 7, 2011, the Company obtained a Certificate of Continuance from the Registrar of Corporations for the Province of Alberta changing its jurisdiction to the Province of Ontario. On the same date the Company changed its name to PJX Resources Inc. The Company's corporate offices are located at 5600 One First Canadian Place, Toronto, Ontario, M5X 1C9.

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

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

The financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2018, the Company incurred a loss of $2,439,581 or $0.03 per share, (December 31, 2017: $2,204,697 or $0.03 per share), and reported an accumulated deficit of $13,665,636 (December 31, 2017: $11,226,055). As at December 31, 2018 the working capital of the Company was $1,835,021 (December 31, 2017: $589,336). Additional financing is currently required to allow the Company to continue operating and to fund its planned exploration and development programs. The Company will continue to explore financing alternatives to raise capital. Although PJX has been successful in these activities in the past, the Company has no assurance on the success or sufficiency of these initiatives in the immediate future or that such financing will be available on acceptable terms. The above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial positions classifications that might be necessary were the going concern assumption is inappropriate. These adjustments could be material.

These financial statements were approved by the Board of Directors for issue on April 25, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

(a) Basis of presentation

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

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

(b) Financial instruments

Financial assets

Accounting policy under IFRS 9 applicable from January 1, 2018

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the effective interest rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in operations.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in operations. The Company's cash is classified as a financial asset at FVTPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, which are measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Accounting policy under IAS 39 applicable prior to January 1, 2018
The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, was substantially the same as the accounting policy adopted in 2018.

(c) Exploration and evaluation expenditures

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

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

(d) Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. There were no such onerous contracts as at December 31, 2018 and 2017.

(e) Share-based compensation transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that are expected to vest. Management estimates that none of the options granted will be forfeited given its short vesting period.

Share-based compensation for goods and services received other than those received from employees is determined directly by the fair value of the services received which are based on the market rate for those services except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(f) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted of amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(g) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development and ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charges against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

(h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. During the periods presented, outstanding stock options and warrants were not included in the calculation of diluted loss per share as their effect would be anti-dilutive.

(i) Segmented reporting

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

(j) Flow-through shares

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

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

(k) Property and equipment

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

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

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

(l) Government assistance

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

(m) Significant accounting judgments and estimates

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

<u>Critical accounting estimates and judgements</u>

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

- The inputs used in accounting for share-based payment transactions in profit or loss. PJX estimates the value of share-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.

- Contingencies – See Note 14.

(Expressed in Canadian dollars)

Changes in accounting policies:

During the year ended December 31, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 2, IFRS 9, and IFRIC 22. These new standards and changes did not have any material impact on the Company's financial statements.

IFRS 9 was updated by the IASB in November 2009 and addresses the classification and measurement of financial assets. The two measurement categories for financial assets include amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments — Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. On January 1, 2018, the Company adopted these amendments. In accordance with the transitional provisions in both standards, the Company adopted this standard retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018. There were no effects on opening balances at January 1, 2018 with respect to the adoption of this standard.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The impact on the classification and measurement of its financial instruments is set out below.

Classification	**IAS 39**	**IFRS 9**
Cash	FVTPL	FVTPL
Amounts payable and accrued liabilities	Amortized cost	Amortized cost

Future accounting changes:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

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.

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.

3. CAPITAL MANAGEMENT

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, contributed surplus and accumulated deficit, which as at December 31, 2018 totaled $1,976,458 (December 31, 2017 – $705,757). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2018 and 2017. The Company is not subject to externally imposed capital requirements.

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

4. FINANCIAL RISK FACTORS

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and 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, 2018, the Company had a cash balance of $2,224,670 (December 31, 2017: $572,886) to settle current liabilities of $452,249 (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. In addition, refer to Note 3 for the Company's approach to capital management.

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. At December 31, 2018 and 2017, the Company did not have any amounts invested in interest bearing accounts.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market affecting PJX's capacity to obtain future financings. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to the mineral commodities to determine the appropriate course of action to be taken by the Company.

Based on Management's knowledge and experience in the financial markets, the Company believes that it is "reasonably possible" that commodity price fluctuation could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of mineral commodities. As of December 31, 2018 and 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.

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at December 31, 2018 and 2017, the carrying values approximate the fair value amounts of the Company's financial instruments. The Company has not disclosed the fair value of amounts receivable, accounts payable, accrued liabilities and cash because the carrying values approximate fair values.

(Expressed in Canadian dollars)

6. AMOUNTS RECEIVABLE

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

7. PREPAYMENTS AND DEPOSITS

a) Prepayments totalling $43,009 (December 31, 2017: $52,941) represents advanced payments to suppliers.

b) At December 31, 2018, the Company has deposits with the British Columbia Ministry of Finance for $134,900 (December 31, 2017: $100,500) representing remediation cost bonds associated with its properties; and other advances totalling $27,153 (December 31, 2017: $388).

c) During the year ended December 31, 2018, the Company assumed obligations relating to an excavated trail located in the Zinger Property, in exchange for cash consideration of $25,000. The decommissioning liabilities are estimated based on the estimated costs to reclaim the excavation trails and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that the total undiscounted cash flows required to settle the obligations will be $27,000. These obligations have been discounted using a risk-free rate of 3% and an inflation rate of 2% per year. Most of this obligation is not expected to be paid until approximately 5 years in the future and have already been fully funded with a refundable deposit, held on account with the British Columbia Ministry of Finance. Included under deposits are $24,400 that the Company has made with the British Columbia Ministry of Natural Resources on this respect, funds that will be refunded to the Company once its obligation is discharged.

8. PROPERTY AND EQUIPMENT

December 31,	**2018**	2017
Vehicle		
Balance, beginning of the year	**$ 45,684**	$ 45,684
Balance end of the year	**$ 45,684**	$ 45,684
Accumulated depreciation		
Balance, beginning of the year	**$ 30,151**	$ 18,502
Depreciation expense	**11,649**	11,649
Balance end of the year	**$ 41,800**	$ 30,151
Net book value	**$ 3,884**	$ 15,533

9. MINERAL EXPLORATION PROPERTIES

The Company has, or is earning, 100% ownership in eight properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property, the West Basin, the Gold Shear Property, the Parker Copper Property and the DD Property, the latter optioned to Teck Resources Limited. All properties are located in the Cranbrook area of British Columbia, Canada.

DD Property Agreement:

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

Under the DD Property Agreement (the "DD Agreement"), PJX is required to issue to the Optionors on or before each anniversary day of the DD Agreement, 50,000 PJX common shares over a 5-year period to a maximum of 250,000 shares; 50,000 shares valued at $9,000 were issued on July 18, 2016, additional 50,000 shares, valued at $8,250, were issued on July 10, 2017, and 50,000 shares valued at $11,000 were issued on July 6, 2018. The value ascribed to the shares issued were based on the Company's closing shares price the day before the transaction.

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

On May 10, 2016, the Company entered into an option agreement (the "Teck 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 Teck 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.

Gold Shear Property:

On January 17, 2018, the Company entered into an option agreement (the "Agreement") with Mr. Louis Davis to earn a 100% interest in the Gold Shear Property (the "Property"), located in the province of British Columbia, Canada.

To earn its interest in the Property, the Company is required to realize the following scheduled payments:

- Within 30 days of the signing of the Agreement, pay $10,000 cash (paid) and issue 25,000 common shares of PJX (issued) to the optionor; and
- Within 12 months of the signing of the Agreement, pay an additional $10,000 cash and issue an additional 75,000 common shares of PJX to the optionor (cash paid and shares issued in January 2019); and
- Within 24 months of the signing of the Agreement, to pay an additional $25,000 cash and issue an additional 100,000 common shares of PJX to the optionor.

Once PJX has fully earned its interest in the Property, it will grant an NSR of 2% to the optionor 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.

(Expressed in Canadian dollars)

10. SHARE CAPITAL

(a) Authorized capital

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

(b) Issued capital

The following schedule describes the share transactions during the years ended December 31, 2018 and 2017:

Balance, December 31, 2016	75,419,896	$	7,646,928
Shares issued on exercise of warrants and other adjustments	493,500		123,811
Shares issued on property option payment (Note 10(b)(iii))	50,000		8,250
Balance at December 31, 2017	75,963,396	$	7,778,989
Shares issued on property option payment (Note 10(b)(iii))	75,000		14,500
Shares issued on private placement (Note 10(b)(i))	22,620,407		3,966,902
Shares issued on exercise of warrants and other adjustments (Note 11)	85,000		20,606
Value allocated to warrants	-		(779,292)
Share premium on flow-through shares (Note 10(b)(i))	-		(420,153)
Share issue cost (Note 10(b)(i))	-		(269,676)
Balance at December 31, 2018	**98,743,803**	**$**	**10,311,876**

(i) Private placements

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. Each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant exercisable at $0.25 for 24 months following completion of the offering. Each non-flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at $0.25 for 24 months following completion of the offering.

In connection with the offering the Company paid finder fees for a total of $143,697 and issued 836,454 compensation warrants, valued at $39,244, exercisable at $0.25 for 24 months following completion of the offering.

As certain flow-through shares issued by the Company on May 17, 2018 were not issued with a warrant, a premium on flow-through shares of $141,000 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is subsequently amortized as the flow-through funds are utilized in qualified exploration programs.

On December 17, 2018, the Company announced the completion of a private placement where 3,321,631 flow-through units at a price of $0.19 per flow-through unit, 2,750,000 flow-through shares at a price of $0.19 per share and 1,252,500 units at a price of $0.17 per unit, were issued for gross proceeds of $1,366,535. Under this transaction, each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share until the second anniversary of the issuance of the warrants and a price of $0.30 per share thereafter until the third anniversary of the issuance of the warrants.

(Expressed in Canadian dollars)

As the proceeds received by the Company on December 17, 2018 for a flow-through unit, flow-through share and non-flow though unit at the time of the transaction were different, a premium on flow-through shares of $279,153 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is subsequently amortized as the flow-through funds are utilized in qualified exploration programs.

In connection with the offering the Company paid finder fees for a total of $67,616 and issued 332,600 compensation warrants, valued at $19,120. Each of the finder's warrants entitles the finder to purchase one common share of the Issuer at a price of $0.25 per share until the second anniversary of the issuance of the warrants and a price of $0.30 per share thereafter until the third anniversary of the issuance of the warrants.

The following schedule describes the flow-through premiums and amortization for the years ended December 31, 2018 and 2017:

December 31,	**2018**	2017
Premium Balance - opening	**$ -**	$ 159,949
Premium on issued flow-through shares	**420,153**	-
Premium amortization	**(105,264)**	(159,949)
Unamortized premium balance - ending	**$ 314,889**	$ -

(ii) Share based compensation

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

On August 20, 2018, the Company granted an aggregate of 1,925,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of $0.25 per share. Out of the options granted, 1,675,000 were fully vested on granting and 250,000 vest every quarter over a period of 1 year. All options granted are exercisable until August 19, 2023. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 113%; risk-free interest rate of 2.18%; and an expected average life of 5 years. The fair value of all these options was estimated at $369,116 of which $343,345 representing the value of the vested options as of December 31, 2018, was recorded as share-based compensation within the statement of loss and credited to contributed surplus.

During the third quarter of fiscal 2018, the Company cancelled 10,000 stock options exercisable at $0.19 per share and, on November 15, 2018, a total of 1,018,500 stock options exercisable at $0.15 expired unexercised.

The following schedules describe the options outstanding at December 31, 2018 and 2017:

Expiry Date	**Exercise price**	**Life remaining in years**	**Number outstanding**	**Number vested**
July 20, 2020	$0.19	1.55	1,605,000	1,605,000
November 17, 2021	$0.20	2.88	3,390,000	3,390,000
August 19, 2023	$0.25	4.64	1,925,000	1,737,500
Balance at December 31, 2018	**$0.21**	**3.06**	**6,920,000**	**6,732,500**

(Expressed in Canadian dollars)

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 15, 2018	$0.15	0.87	1,018,500	1,018,500
July 20, 2020	$0.19	2.55	1,615,000	1,615,000
November 17, 2021	$0.20	3.88	3,390,000	3,390,000
Balance at December 31, 2017	**$0.19**	**3.02**	**6,023,500**	**6,023,500**

The following schedule describes the options transactions for the years ended December 31, 2018 and 2017:

	Number of stock options	Weighted average exercise price
Balance at December 31, 2016 and 2017	6,023,500	$ 0.19
Options granted	1,925,000	0.25
Options cancelled	(10,000)	0.19
Options expired	(1,018,500)	0.15
Balance at December 31, 2018	**6,920,000**	**$ 0.21**

(iii) Shares issued on property option payments (See Note 9)

Under the DD Agreement, entered on July 2015 between PJX and Doug Anderson and Dave Pighin (the “Optionors”), to acquire 100% of the DD Property, near Cranbrook, British Columbia. PJX is required to issue to the Optionors on or before each anniversary day of the DD Agreement, 50,000 PJX common shares over a 5-year period to a maximum of 250,000 shares; 50,000 shares valued at $9,000 were issued on July 18, 2016, 50,000 shares, valued at $8,250, were issued on July 10, 2017 and 50,000 shares valued at $11,000 were issued on July 6, 2018. The value ascribed to the shares issued were based on the Company’s closing shares price the day before the transaction.

As part of the Gold Shear Agreement entered on January 17, 2018, the Company is required to issue 200,000 PJX shares to the optionor within a period of 24 months of the signing of the Agreement. In accordance to the terms of the Agreement, on January 22, 2018 the Company issued 25,000 common shares valued at $3,500, based on the price of the Company shares at the closing day before the day of the transaction.

11. WARRANTS

Warrants issued:

As part of the May 17, 2018, financing the Company issued 12,296,276 warrants valued at $537,320. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 until May 17, 2020.

As part of the May 17, 2018, financing the Company issued 836,454 compensation warrants valued at $39,244. Each warrant, will entitle the holder to purchase one common share at an exercise price of $0.25 until May 17, 2020.

As part of the financing announced December 17, 2018, the Company issued 4,574,131 warrants valued at $241,972. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share until the second anniversary of the issuance of the warrants and a price of $0.30 per share thereafter until the third anniversary of the issuance of the warrants.

(Expressed in Canadian dollars)

As part of the financing announced on December 17, 2018, the Company issued 332,600 compensation warrants valued at $19,120. Each warrant entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share until the second anniversary of the issuance of the warrants and a price of $0.30 per share thereafter until the third anniversary of the issuance of the warrants.

Warrants extended:

During the third quarter of fiscal 2016 the Company extended the expiry date of 5,839,245 warrants by one year. The warrants originally issued on September 22, 2014 and November 4, 2014 had an exercise price of $0.20 and expiry 24 months after their issuance date.

During the third quarter of fiscal 2017 the above-mentioned warrants were further extended for another year until September 22, 2018 and November 4, 2018 respectively, dates in which they expired, to the exception of 85,000 warrants that were exercised during the third quarter of fiscal 2018.

Warrants exercised:

During the third quarter of fiscal 2018, 85,000 warrants with a grant date fair value of $3,606 were exercised at $0.20 per warrant for net proceeds of $17,000.

On April 7, 2017, 493,500 warrants with a grant date fair value of $34,157 were exercised at $0.20 per warrant for net proceeds of $98,700.

Warrants expired:

The following schedules describe the warrants expired during the years ended December 31, 2018 and 2017:

Expired During fiscal 2018:

Expiry Date	Number of Warrants	Exercise price	Value
September 23, 2018	2,780,000	$ 0.20	$ 112,567
November 5, 2018	2,974,245	0.20	138,365
	5,754,245	$ 0.20	$ 250,932

Expired During fiscal 2017:

Expiry Date	Number of Warrants	Exercise price	Value
April 7, 2017	4,069,000	$ 0.20	$ 281,625
October 25, 2017	3,262,500	0.25	210,644
	7,331,500	$ 0.22	$ 492,269

The following schedule describes the warrant transactions during the years ended December 31, 2018 and 2017:

(Expressed in Canadian dollars)

	Number of Warrants	Exercise price	Value
Balance at December 31, 2016	36,400,071	$ 0.24	$ 1,913,620
Warrants expired	(7,331,500)	0.22	(492,269)
Warrants exercised	(493,500)	0.20	(34,156)
Balance December 31, 2017	28,575,071	0.24	1,387,195
Warrants issued on private placement	13,132,730	0.25	576,564
Warrants issued on private placement *	4,906,731	0.25	261,092
Warrants exercised	(85,000)	0.20	(3,606)
Warrants expired	(5,754,245)	0.20	(250,932)
Balance at December 31, 2018	**40,775,287**	**$ 0.25**	**$ 1,970,313**

* These w arrants are exercisable at $0.25 during the first tw o years and at $0.30 during the third year

The following schedule describes the warrants outstanding at December 31, 2018:

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 17, 2020	12,296,276	0.25	537,320
May 17, 2020	836,454	0.25	39,244
December 17, 2021 *	4,574,131	0.25	241,972
December 17, 2021 *	332,600	0.25	19,120
Balance at December 31, 2018	**40,775,287**	**$ 0.25**	**$ 1,970,313**

* Exercisable at $0.25 during years 1 and 2 and at $0.30 in year 3

The following schedules describe the warrants outstanding at December 31, 2017:

Expiry Date	Number of Warrants	Exercise price	Value
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
Balance at December 31, 2017	**28,575,071**	**$ 0.24**	**$ 1,387,195**

The grant date fair values of the outstanding warrants were calculated, when granted, using the Black-Scholes options pricing model, using the following assumptions:

(Expressed in Canadian dollars)

Expiry date	Number of Warrants	Dividend yield	Volatility *	Risk free interest rate	Expected average life (years)	Value
August 30, 2019	6,883,284	Nil	117%	0.57%	3	$ 335,045
October 31, 2019 (2)	207,058	Nil	113%	0.55%	3	24,661
October 31, 2019	2,588,235	Nil	112%	0.55%	3	110,900
November 18, 2019 (2)	599,818	Nil	114%	0.69%	3	77,077
November 18, 2019	12,457,431	Nil	114%	0.69%	3	584,974
May 17, 2020	12,296,276	Nil	104%	2.06%	2	537,320
May 17, 2020 (2)	836,454	Nil	104%	2.06%	2	39,244
December 17, 2021 (1)	4,574,131	Nil	108%	2.02%	3	241,972
December 17, 2021 (1)(2)	332,600	Nil	108%	2.02%	3	19,120
	40,775,287					$ 1,970,313

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

(1) Exercisable at $0.25 during years 1 and 2 and at $0.30 in year 3

(2) Compensation w arrants

12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) Exploration Expenses:

The following schedule describes exploration expenses incurred during the years ended December 31, 2018 and 2017, and since inception segregated by nature:

Years ended December 31,	**2018**	2017	Balance since inception
Geology, geophysics and geochemistry	**$ 519,104**	$ 255,765	$ 2,330,231
Exploration-other accommodation	**-**	-	2,440
Permitting	**-**	5,240	53,414
Land rights, claims and environment	**23,332**	9,168	123,708
Drilling	**754,439**	1,345,742	3,739,550
Laboratory	**62,035**	58,923	305,340
Roads and surface preparation	**-**	-	70,944
Camp cost and exploration supplies	**3,864**	5,237	23,159
Exploration - travel and transportation	**29,182**	35,906	218,314
Exploration- meals	**7,485**	9,362	37,534
Rent - field office	**9,666**	14,259	45,725
Surface sampling and mapping	**-**	-	50,505
Option payments	**29,586**	8,250	449,836
Reclamation provision	**24,500**	-	24,500
Legal expenses-exploration	**1,897**	-	1,897
Courses and seminars	**4,923**	-	4,923
	$ 1,470,013	$ 1,747,852	$ 7,482,020
BC refundable tax credits received	**-**	-	(149,878)
Total exploration expenses	**$ 1,470,013**	$ 1,747,852	$ 7,332,142

(Expressed in Canadian dollars)

The following schedules describe exploration expenses incurred by property during the years ended December 31, 2018 and 2017, and since inception:

Years ended December 31,	2018	2017	Balance since inception
Dewdney Trail Property	**$ 77,412**	$ 146,219	$ 1,260,964
Eddy Property	**77,673**	22,416	607,260
Zinger Property	**320,969**	90,818	990,515
Vine Property	**848,507**	1,479,419	4,400,248
DD Property	**24,401**	8,250	49,999
Gold Shear Property	**110,299**	-	110,299
Parker Copper Property	**10,752**	-	10,754
Others	**-**	730	51,981
	1,470,013	1,747,852	7,482,020
BC refundable tax credits received	**-**	-	(149,878)
Total exploration expenses	**$ 1,470,013**	$ 1,747,852	$ 7,332,142

b) General and administration:

The following is a breakdown of the Company’s general and administration expenses incurred during the years ended December 31, 2018 and 2017:

Year ended December 31,	2018	2017
Insurance	**$ 10,416**	$ 12,501
Interest, bank charges and penalties	**937**	403
Investor relations	**252,428**	180,846
Listing and regulatory fees	**56,268**	27,882
Office expenses	**26,312**	16,657
Professional fees	**64,818**	61,074
Rent	**12,219**	12,203
Salaries and benefits	**320,335**	274,398
Travel and transportation	**6,842**	7,319
	$ 750,575	$ 593,283

13. OTHER REVENUES

During the year ended December 31, 2018, the Company assumed the obligation in connection with the reclamation liability described in Note 7(c) in exchange for cash consideration received of $25,000, reflected in “Other Revenues”.

14. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to $852,000 to be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

(Expressed in Canadian dollars)

The Company's exploration activities are subject to various 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 December 31, 2018, the Company has approximately $1,565,000 in commitments related to previous flow-through share agreements entered into to be incurred by December 31, 2019.

15. INCOME TAXES

	2018	2017
Loss before income taxes	**$(2,544,845)**	$(2,364,646)
Expected recovery	**(674,384)**	(626,631)
Premium on flow-through shares (Note 10(b)(i))	**(105,264)**	(159,949)
Expenses non deductible for tax purposes	**10,532**	5,778
Tax benefits not recognized	**663,852**	620,853
Recovery for income taxes	**$ (105,264)**	$ (159,949)

The applicable tax rate is 26.5% (2017: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized for non-capital losses of $3,724,378 (December 31, 2017: $ 3,632,839), expiring between 2030 and 2038, exploration and development expenses of $3,945,633 (December 31, 2017: $ 2,954,940) which have no expiry date, and share issue costs of $430,932 (December 31, 2017: $161,267) which will be deducted between 2019 and 2022. The potential future benefits of these losses have not been recognized in the financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits.

16. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Purchase of services:

During the years ended December 31, 2018 and 2017, the Company contracted legal services from a firm where a partner is also a director of PJX as follows:

Years ended December 31,	**2018**	2017
Fees to a law firm where a director of the Company is a partner	**$ 7,550**	$ 1,261
	$ 7,550	$ 1,261

(Expressed in Canadian dollars)

b) Key management compensation:

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

Years ended December 31,	2018	2017
Salaries and bonuses	$ 304,000	$264,000
Share-based compensation	257,400	-
	$ 561,400	$264,000

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

As of December 31,	2018	2017
Payable to officers of the Company	$ 17,567	$ 10,863
Bonuses payable to management	40,000	-
Payable to a law firm where a director of the Company is a partner	5,030	-
	$ 62,597	$ 10,863

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

d) Participation in equity financings:

The following schedule describes directors' and officers' participation in equity financings pursued by the Company during the years ended December 31, 2018 and 2017:

Years ended December 31,	2018		2017	
	Units	Value	Units	Value
Officers	206,500	$ 35,635	-	$ -
10% security holders	2,352,941	400,000	-	-
Directors	152,631	27,000	-	-
Total	2,712,072	$ 462,635	-	$ -

17. SUBSEQUENT EVENTS

a) On January 4, 2019 the Company granted an aggregate of 2,960,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of $0.25 per share. Out of the options granted, 2,820,000 were fully vested on granting and 140,000 vest every quarter over a period of 1 year. All options granted are exercisable until January 3, 2024.

b) On February 25, 2019 the Company announced the appointment of Dr. Trygve Hoy to the Board of Directors. Dr. Hoy will serve as Chair of the Compensation Committee and as an independent member of the Audit Committee.

c) During the first quarter of fiscal 2019, 50,000 warrants were exercised at $0.25 for net proceeds of $12,500.

d) Pursuant to the Gold Shear property agreement, on January 2, 2019, the Company issued 75,000 shares to the optionor of the property.