



**PJX RESOURCES INC.**  
**Condensed Interim Financial Statements**  
**Three months ended March 31, 2019 and 2018**  
**(UNAUDITED)**

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

These unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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) the unaudited condensed interim 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 unaudited condensed interim financial statements and (ii) the unaudited condensed interim 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 unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim 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  
May 16, 2019

### **Notice of Disclosure of Non-auditor Review of Condensed Interim Financial Statements**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the interim periods ended March 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") accounting principles and are the responsibility of the Company's management.

The Company's independent auditors, UHY McGovern Hurley LLP, have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

**PJX Resources Inc.**

**STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	Note	March 31, 2019	December 31, 2018 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,442,786	\$ 2,224,670
Amounts receivable	6	35,454	19,591
Prepayments	7(a)	47,594	43,009
<b>Total current assets</b>		<b>1,525,834</b>	<b>2,287,270</b>
<b>Non-current assets</b>			
Deposits and prepayments	7(b)	162,150	162,053
Property and equipment	8	972	3,884
<b>Total non-current assets</b>		<b>163,122</b>	<b>165,937</b>
<b>Total assets</b>		<b>1,688,956</b>	<b>2,453,207</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	15(b)	79,261	137,360
Flow-through premium liability	10(b)(i)	158,107	314,889
<b>Total current liabilities</b>		<b>237,368</b>	<b>452,249</b>
Reclamation obligation	7(c)	24,500	24,500
<b>Total liabilities</b>		<b>261,868</b>	<b>476,749</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10(b)	10,340,501	10,311,876
Warrants	11	1,967,879	1,970,313
Contributed surplus		4,007,088	3,359,905
Accumulated deficit		(14,888,380)	(13,665,636)
<b>Total shareholders' equity</b>		<b>1,427,088</b>	<b>1,976,458</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 1,688,956</b>	<b>\$ 2,453,207</b>

Going concern (Note 1)

Commitments and contingencies (Notes 9 and 14)

Approved by the Board of Directors:

*(Signed) John Keating*  
John Keating, Director

*(Signed) Linda Brennan*  
Linda Brennan, Director

See accompanying notes to the unaudited condensed interim financial statements.

PJX Resources Inc.

**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(UNAUDITED)

Three months ended March 31,	Note	2019	2018
<b>Expenses</b>			
Exploration	12(a)	\$ 542,741	\$ 109,626
General and administration	12(b)	189,124	141,208
Share based compensation	10(b)(ii)	644,749	-
Depreciation	8	2,912	2,912
<b>Total operating expenses</b>		<b>1,379,526</b>	<b>253,746</b>
Interest revenue		-	-
Other revenues	13	-	(25,000)
Loss before income taxes		(1,379,526)	(228,746)
Deferred flow-through tax recoveries	10(b)(i)	156,782	-
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (1,222,744)</b>	<b>\$ (228,746)</b>
<b>Basic and diluted loss per share</b>		<b>(\$0.01)</b>	<b>\$0.00</b>
<b>Weighted average number of shares outstanding</b>		<b>98,847,670</b>	<b>75,982,285</b>

See accompanying notes to the unaudited condensed interim financial statements.

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

<b>Three months ended March 31,</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Share capital</b>			
Balance, beginning of the period		\$ 10,311,876	\$ 7,778,989
Warrants exercised and other adjustments	11	12,500	-
Shares issued on property option payment	10(b)(iii)	16,125	3,500
Balance, end of the period		10,340,501	7,782,489
<b>Share capital to be issued</b>			
		-	
<b>Warrants</b>			
Balance, beginning of the period		1,970,313	1,387,195
Warrants exercised	11	(2,434)	-
Balance, end of the period		1,967,879	1,387,195
<b>Contributed surplus</b>			
Balance, beginning of the period		3,359,905	2,765,628
Warrants exercised	11	2,434	-
Share based compensation	10(b)(ii)	644,749	-
Balance, end of the period		4,007,088	2,765,628
<b>Accumulated deficit</b>			
Balance, beginning of the period		(13,665,636)	(11,226,055)
Net loss for the period		(1,222,744)	(228,746)
Balance, end of the period		(14,888,380)	(11,454,801)
<b>Total shareholders' equity</b>		<b>\$ 1,427,088</b>	<b>\$ 480,511</b>

See accompanying notes to the unaudited condensed interim financial statements.

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

Three months ended March 31,	Note	2019	2018
<b>Cash flows from operating activities</b>			
Net loss for the period		\$ (1,222,744)	\$ (228,746)
<i>Items not involving cash:</i>			
Depreciation	8	2,912	2,912
Deferred tax recoveries	10(b)(i)	(156,782)	-
Share based compensation	10(b)(ii)	644,749	3,500
Shares issued on option payment	10(b)(iii)	16,125	-
<i>Changes in non-cash working capital:</i>			
Deposits		(97)	-
Amounts receivable and prepayments		(20,448)	(4,190)
Accounts payable and accrued liabilities		(58,099)	22,524
Net cash used in operating activities		(794,384)	(204,000)
<b>Cash flow from financing activities</b>			
Proceeds on issuance of exercised warrants	11	12,500	-
Net cash generated by financing activities		12,500	-
Net change in cash		(781,884)	(204,000)
Cash, beginning of the period		2,224,670	572,866
<b>Cash, end of the period</b>		<b>\$ 1,442,786</b>	<b>\$ 368,866</b>

**See accompanying notes to the unaudited condensed interim financial statements.**

**PJX Resources Inc.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

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**Three months ended March 31, 2019 and 2018**  
**(UNAUDITED)**

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## **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 unaudited condensed interim financial statement 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 three months ended March 31, 2019, the Company incurred a loss of \$1,222,744 or \$0.01 per share, (March 31, 2018: \$228,746 or \$0.00 per share), and reported an accumulated deficit of \$14,888,380 (December 31, 2018: \$13,665,636). As at March 31, 2019 the working capital of the Company was \$1,288,466 (December 31, 2018: \$1,835,021). 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 unaudited condensed interim 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 unaudited condensed interim financial statements were approved by the Board of Directors for issue on May 16, 2019.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### *Accounting Policies*

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



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*Statement of Compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 16, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2019 could result in restatement of these unaudited condensed interim financial statements.

### **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 March 31, 2019 totaled \$1,427,088 (December 31, 2018 – \$1,976,458). 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 three month-periods ended March 31, 2019 and 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 ("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.

**PJX Resources Inc.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
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#### **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 March 31, 2019, the Company had a cash balance of \$1,442,786 (December 31, 2018: \$2,224,670) to settle current liabilities of \$237,368 (December 31, 2017: \$452,249). 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 March 31, 2019 and 2018, 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 March 31, 2019, and 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.

#### **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 March 31, 2019 and 2018, the carrying values approximate the fair value amounts of the Company's financial instruments. The

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Company has not disclosed the fair value of amounts receivable, accounts payable, accrued liabilities and cash because the carrying values approximate fair values.

**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 \$47,594 (December 31, 2017: \$43,009) represents advanced payments to suppliers.
- b) At March 31, 2019, the Company has deposits with the British Columbia Ministry of Finance for \$134,900 (December 31, 2018: \$134,900) representing remediation cost bonds associated with its properties; and other advances totalling \$27,250 (December 31, 2018: \$27,153).
- 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**

<b>Periods ending</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Vehicle</b>		
Balance, beginning of the year	\$ 45,684	\$ 45,684
Balance end of the year	\$ 45,684	\$ 45,684
<b>Accumulated depreciation</b>		
Balance, beginning of the year	\$ 41,800	\$ 30,151
Depreciation expense	2,912	11,649
Balance end of the year	\$ 44,712	\$ 41,800
Net book value	\$ 972	\$ 3,884

**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.

**PJX Resources Inc.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
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*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 DD 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 Agreement:*

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, located in the province of British Columbia, Canada.

To earn its interest in the Gold Shear 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.

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Once PJX has fully earned its interest in the Gold Shear 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.

**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 since December 31, 2017:

	# of Shares	Value
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
Shares issued on property option payment (Note 10(b)(iii))	75,000	16,125
Shares issued on exercise of warrants (Note 11)	50,000	\$ 12,500
<b>Balance at March 31, 2019</b>	<b>98,868,803</b>	<b>\$ 10,340,501</b>

**(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

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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.

As the proceeds received by the Company on December 17, 2018 for a flow-through unit, flow-through share and non-flow through 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 three months ended March 31, 2019 and year ended December 31, 2018:

<b>Periods ending</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Premium Balance - opening	<b>\$ 314,889</b>	\$ -
Premium on issued flow-through shares	-	420,153
Premium amortization	<b>(156,782)</b>	(105,264)
Unamortized premium balance - ending	<b>\$ 158,107</b>	\$ 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.

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

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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. 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 138.9%; risk-free interest rate of 1.67%; and an expected average life of 5 years. The fair value of all these options was estimated at \$654,455 of which \$644,749 representing the value of the vested options as of March 31, 2019, was recorded as share-based compensation within the statement of loss and credited to contributed surplus.

The following schedules describe the options outstanding at March 31, 2019 and December 31, 2018:

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
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
January 3, 2024	\$0.25	5.01	2,960,000	2,916,100
<b>Balance at March 31, 2019</b>	<b>\$0.22</b>	<b>3.65</b>	<b>9,880,000</b>	<b>9,648,600</b>

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
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
<b>Balance at December 31, 2018</b>	<b>\$0.21</b>	<b>3.06</b>	<b>6,920,000</b>	<b>6,732,500</b>

The following schedule describes the options transactions since December 31, 2016:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
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
Options granted	2,960,000	0.25
<b>Balance at March 31, 2019</b>	<b>9,880,000</b>	<b>\$ 0.22</b>

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

Under the DD Property 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

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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 Property 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, and, on January 2, 2019, issued additional 75,000 common shares valued at \$16,125. The value of the shares issued is 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.

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.

During the first quarter of fiscal 2019, 50,000 warrants with a grant date fair value of \$12,500 were exercised at \$0.25 per warrant for net proceeds of \$12,500.



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**Warrants expired:**

The following schedule describes the warrants expired during the years ended December 31, 2018. No warrants expired during the three months ended March 31, 2019.

**Expired During fiscal 2018:**

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
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

The following schedule describes the warrant transactions since December 31, 2017:

	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
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
Warrants exercised	(50,000)	0.20	(2,434)
<b>Balance at March 31, 2019</b>	<b>40,725,287</b>	<b>\$ 0.25</b>	<b>\$ 1,967,879</b>

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

The following schedule describes the warrants outstanding at March 31, 2019:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
August 30, 2019	6,833,284	0.25	332,611
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
<b>Balance at March 31, 2019</b>	<b>40,725,287</b>	<b>\$ 0.25</b>	<b>\$ 1,967,879</b>

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

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

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
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
<b>Balance at December 31, 2018</b>	<b>40,775,287</b>	<b>\$ 0.25</b>	<b>\$ 1,970,313</b>

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

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

<b>Expiry date</b>	<b>Number of Warrants</b>	<b>Dividend yield</b>	<b>Volatility *</b>	<b>Risk free interest rate</b>	<b>Expected average life (years)</b>	<b>Value</b>
August 30, 2019	6,833,284	Nil	117%	0.57%	3	\$ 332,611
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
	<b>40,725,287</b>					<b>\$ 1,967,879</b>

\* Volatility rates were 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 warrants

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**12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES**

**a) Exploration Expenses:**

The following schedule describes exploration expenses incurred during the three months ended March 31, 2019 and 2018, and since inception, segregated by nature:

<b>Three months ended March 31,</b>	<b>2019</b>	<b>2018</b>	<b>Balance since inception</b>
Geology, geophysics and geochemistry	\$ 77,115	\$ 20,214	\$ 2,407,346
Exploration-other accommodation	-	-	2,440
Permitting	-	-	53,414
Land rights, claims and environment	3,193	9,086	126,901
Drilling	412,076	58,142	4,151,626
Laboratory	270	2,258	305,610
Roads and surface preparation	-	-	70,944
Camp cost and exploration supplies	2,432	1,612	25,591
Exploration - travel and transportation	10,977	2,909	229,291
Exploration- meals	1,536	1,119	39,070
Rent - field office	1,184	786	46,909
Surface sampling and mapping	-	-	50,505
Option payments	27,125	13,500	476,961
Reclamation provision	-	-	24,500
Legal expenses-exploration	-	-	1,897
Courses and seminars	6,833	-	11,756
	<b>\$ 542,741</b>	<b>\$ 109,626</b>	<b>\$ 8,024,761</b>
<i>BC refundable tax credits received</i>	-	-	(149,878)
<b>Total exploration expenses</b>	<b>\$ 542,741</b>	<b>\$ 109,626</b>	<b>\$ 7,874,883</b>

The following schedule describes exploration expenses incurred by property during the three months ended March 31, 2019 and 2018, and since inception:

<b>Three months ended March 31,</b>	<b>2019</b>	<b>2018</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 15,660	\$ 6,778	\$ 1,276,624
Eddy Property	29,739	6,711	636,999
Zinger Property	14,332	6,112	1,004,847
Vine Property	450,656	65,819	4,850,904
DD Property	-	6,900	49,999
Gold Shear Property	29,995	17,306	140,294
Parker Copper Property	2,359	-	13,113
	<b>\$ 542,741</b>	<b>\$ 109,626</b>	<b>8,024,761</b>
<i>BC refundable tax credits received</i>	-	-	(149,878)
<b>Total exploration expenses</b>	<b>\$ 542,741</b>	<b>\$ 109,626</b>	<b>\$ 7,874,883</b>

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**b) General and administration:**

The following is a breakdown of the Company's general and administration expenses incurred during the three months ended March 31, 2019 and 2018:

<b>Three months ended March 31,</b>	<b>2019</b>	<b>2018</b>
Insurance	\$ 5,410	\$ 4,166
Interest, bank charges and penalties	105	59
Investor relations	81,662	26,752
Listing and regulatory fees	13,955	12,062
Office expenses	3,380	12,512
Professional fees	7,500	6,500
Rent	2,958	2,958
Salaries and benefits	71,792	74,951
Travel and transportation	2,362	1,248
	<b>\$ 189,124</b>	<b>\$ 141,208</b>

**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 unaudited condensed interim financial statements.

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 March 31, 2019, the Company has approximately \$1,051,000 in commitments related to previous flow-through share agreements entered into to be incurred by December 31, 2019.

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**15. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

**a) Purchase of services:**

During the three months ended March 31, 2019 and 2018, the Company contracted professional services from a director of PJX.

<b>Three months ended March 31,</b>	<b>2019</b>	<b>2018</b>
Professional fees paid to a director	<b>447</b>	-
	<b>\$ 447</b>	-

**b) Key management compensation:**

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

<b>Three months ended March 31,</b>	<b>2019</b>	<b>2018</b>
Salaries	<b>\$ 66,000</b>	66,000
Stock-based compensation	<b>500,791</b>	-
	<b>\$ 566,791</b>	66,000

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

**Payable to related parties:**

<b>As of March 31,</b>	<b>2019</b>	<b>2018</b>
Payable to officers of the Company	<b>\$ 23,007</b>	\$ 23,563
	<b>\$ 23,007</b>	\$ 23,563

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