



**PJX RESOURCES INC.**  
Financial Statements  
Condensed Interim Financial Statements  
Three months ended March 31, 2017 and 2016  
(UNAUDITED)

The accompanying unaudited condensed interim 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  
May 4, 2017

**PJX Resources Inc.**

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	Note	March 31, 2017	December 31, 2016
<b>(Unaudited)</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 2,240,598	\$ 2,987,455
Accounts receivable	6	53,380	24,537
Prepayments	7(a)	40,231	4,167
Total current assets		2,334,209	3,016,159
<b>Non-current assets</b>			
Deposits	7(b)	121,946	119,000
Property and equipment	8	24,270	27,182
Total non-current assets		146,216	146,182
<b>Total assets</b>		<b>2,480,425</b>	<b>3,162,341</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		139,459	210,750
Flow-through premium liability	10(b)(i)	110,652	159,949
Total current liabilities		250,111	370,699
<b>Total liabilities</b>		<b>250,111</b>	<b>370,699</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10(b)	7,637,883	7,646,928
Warrants	11	1,913,620	1,913,620
Contributed surplus		2,265,452	2,252,452
Accumulated deficit		(9,586,641)	(9,021,358)
<b>Total shareholders' equity</b>		<b>2,230,314</b>	<b>2,791,642</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 2,480,425</b>	<b>\$ 3,162,341</b>

Going concern (Note 1)

Commitments and contingencies (Notes 9 and 14)

Subsequent event (Note 16)

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.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(Expressed in Canadian dollars)**  
**(UNAUDITED)**

Three months ended March 31,	Note	2017	2016
<b>Expenses</b>			
Exploration	12(a)	\$ 454,427	\$ 81,244
General and administration	12(b)	153,286	132,135
Share based compensation	10(b)(ii)	3,955	-
Depreciation	8	2,912	2,912
Other revenues	13	-	(21,500)
Loss before income taxes		(614,580)	(194,791)
Deferred tax recoveries		49,297	-
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (565,283)</b>	<b>\$ (194,791)</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>75,419,896</b>	<b>53,440,946</b>

See accompanying notes to the unaudited condensed interim financial statements.

PJX Resources Inc.

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(UNAUDITED)

Three months ended March 31,	Note	2017	2016
<b>Share capital</b>			
Balance, beginning of the period		\$ 7,646,928	\$5,685,010
Adjustment on value allocation to warrants		(9,045)	-
Balance, end of the period		7,637,883	5,685,010
<b>Warrants</b>			
Balance, beginning of the period		1,913,620	821,533
Warrants expired	11	-	(40,571)
Balance, end of the period		1,913,620	780,962
<b>Contributed surplus</b>			
Balance, beginning of the period		2,252,452	1,687,445
Warrants expired		-	40,571
Adjustment on value allocation to warrants	10(b)	9,045	-
Share based compensation	10(b)(ii)	3,955	-
Balance, end of the period		2,265,452	1,728,016
<b>Accumulated deficit</b>			
Balance, beginning of the period		(9,021,358)	(7,271,149)
Net loss for the period		(565,283)	(194,791)
Balance, end of the period		(9,586,641)	(7,465,940)
<b>Total shareholders' equity</b>		<b>\$ 2,230,314</b>	<b>\$ 728,048</b>

See accompanying notes to the unaudited condensed interim financial statements.

**PJX Resources Inc.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**(Expressed in Canadian dollars)**  
**(UNAUDITED)**

Three months ended March 31,	2017	2016
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (565,283)	\$ (194,791)
<i>Items not involving cash:</i>		
Depreciation	2,912	2,912
Deferred tax recoveries	(49,297)	-
Share based compensation	3,955	-
<i>Changes in non-cash working capital:</i>		
Deposits	(2,946)	(31,500)
Accounts receivable and prepayments	(64,907)	18,047
Accounts payable and accrued liabilities	(71,291)	12,909
Net cash used in operating activities	(746,857)	(192,423)
Net change in cash	(746,857)	(192,423)
Cash, beginning of the period	2,987,455	847,107
<b>Cash, end of the period</b>	<b>\$ 2,240,598</b>	<b>\$ 654,684</b>

See accompanying notes to the unaudited condensed interim financial statements.

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

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**Three months ended March 31, 2017 and 2016**

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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.

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 three months ended March 31, 2017, the Company incurred a loss of \$565,283 or \$0.01 per share, (March 31, 2016 \$194,791 or \$0.00 per share), and reported an accumulated deficit of \$9,586,641 (December 31, 2016: \$9,021,358). As at March 31, 2017 the working capital of the Company was \$2,084,098 (December 31, 2016: \$2,645,460). Management believes that the working capital is sufficient to support operations for the next twelve months.

These financial statements were approved by the Board of Directors for issue on May XX, 2017.

## **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.

### *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 4, 2017, the date the Board of Directors approved the statements. The

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**Three months ended March 31, 2017 and 2016**

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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, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2017 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, 2017 totaled \$2,230,314 (December 31, 2016 – \$2,791,642). 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 months ended March 31, 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 March 31, 2017, the Company had a cash balance of \$2,240,598 (December 31, 2016: \$2,987,455) to settle current liabilities of \$250,111 (December 31, 2016: \$370,699). All of the



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**Three months ended March 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, the carrying values approximate the fair value amounts of the Company's financial instruments. The Company has not disclosed the fair value of deposits, accounts payable, accrued liabilities and cash because the carrying values approximate fair values.

## **6. ACCOUNTS RECEIVABLE**

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

## **7. PREPAYMENTS & DEPOSITS**

- a) Prepayments totalling \$40,231 (December 31, 2016: \$4,167) represents advanced payments to suppliers.
- b) At March 31, 2017, the Company has deposits with the British Columbia Ministry of Finance for \$96,500 (December 31, 2016: \$96,500) representing remediation cost bonds associated with its properties; and other advances totalling \$25,446 (December 31, 2016: \$22,500).

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**8. PROPERTY AND EQUIPMENT**

	March 31, 2017	December 31, 2016
<b>Vehicle</b>		
Balance, beginning of the period	\$ 45,684	\$ 45,684
Acquisitions	-	-
Balance end of the period	\$ 45,684	\$ 45,684
<b>Accumulated depreciation</b>		
Balance, beginning of the period	\$ 18,502	\$ 6,853
Depreciation expense	2,912	11,649
Balance end of the period	\$ 21,414	\$ 18,502
Net book value	\$ 24,270	\$ 27,182

**9. MINERAL EXPLORATION PROPERTIES**

The Company has 100% ownership in five properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property and the West Basin Property, all located in the Cranbrook area of British Columbia, Canada. In addition, the Company had entered into the following arrangements during the years ended December 31, 2015 and 2016:

*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, based on the price of Company shares at the closing 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.

Should the Company enter during the option period into a third-party agreement (the "Third-Party Agreement") to option out the DD Property, and the Third-Party Agreement includes the receipt by PJX of cash option payments (that do not relate to work or other commitments), the Company will pay to the Optionors 5% of the cash payment received from the third party during the option period or until the option is exercised, whichever occurs first.

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 zinc-lead-silver Property which is located in the Cranbrook area of British Columbia.

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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.

## 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 from December 31, 2015 to March 31, 2017:

	# of Shares	Value
Balance, December 31, 2015	53,440,946	\$ 5,685,010
Shares issued on property option payment (Note 9)	50,000	\$ 9,000
Shares issued under private placement	12,250,832	1,837,625
Value allocated to warrants		(630,633)
		1,206,992
Flow-through shares issued under private placement	9,678,118	1,645,280
Value allocated to flow-through warrants		(495,746)
		1,149,534
Share premium on flow-through shares		(194,000)
<i>Share issue cost</i>		(209,608)
Balance, December 31, 2016	75,419,896	\$ 7,646,928
Adjustment on value allocation to warrants		(9,045)
<b>Balance at March 31, 2017</b>	<b>75,419,896</b>	<b>\$ 7,637,883</b>

### (i) Private placements

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

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one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 for 36 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 36 months following completion of the Offering. In connection with the offering the Company paid finder fees for a total of \$71,659.

As the proceeds received by the Company for a flow-through unit and non-flow through unit at the time of the transaction were different, a premium on flow-through shares of \$48,000 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 October 31, 2016, the Company closed the first tranche of a private placement where 2,588,235 flow-through units at a price of \$0.17 per flow-through unit were issued for gross proceeds of \$440,000. Each flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 until October 31, 2019. In connection with the offering the Company paid finder fees for a total of \$42,700 and issued 207,058 broker warrants exercisable at \$0.25 until October 31, 2019.

As the proceeds received by the Company for a flow-through unit and non-flow through unit at the time of the transaction were different, a premium on flow-through shares of \$52,000 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 November 18, 2016, the Company completed the second and final tranche of a private placement where 7,778,665 units at a price of \$0.15 per unit were issued for gross proceeds of \$1,166,800 and 4,678,766 flow-through units at a price of \$0.17 per flow-through unit were issued for gross proceeds of \$795,390. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 until November 18, 2019. Each flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 until November 18, 2019. In connection with the offering the Company paid finder fees for a total of \$86,567 and issued 588,218 broker warrants exercisable at \$0.25 until November 18, 2019.

As the proceeds received by the Company on November 18, 2016 for a flow-through unit and non-flow through unit at the time of the transaction were different, a premium on flow-through shares of \$94,000 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.

The following schedule describes the flow-through premiums and amortization for the year ended December 31, 2016 and the three months ended March 31, 2017:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>
Premium Balance - Opening	<b>159,949</b>	-
Premium on issued flow-through shares	-	194,000
Premium amortization	<b>(49,297)</b>	(34,051)
Unamortized premium balance	<b>\$ 110,652</b>	\$ 159,949

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**(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 November 18, 2016 the Company granted an aggregate of 3,390,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of \$0.20 per share. Out of these options, 3,315,000 are fully vested on granting and 100,000 vested as follows: 25% on granting and the remaining being amortized 25% after three month from granting, 25% after six month from granting and 25% after twelve month from granting. All options granted are exercisable until November 17, 2021. The fair value of each option 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 111%, based on the Company's historical share price volatility; risk-free interest rate of 0.9%; and an expected average life of 5 years. The fair value of all the options granted was estimated at \$536,298 and \$524,436 was recorded as share-based compensation during the year ended December 31, 2016 within the statement of loss and was credited to contributed surplus.

The following schedules describe the options outstanding at March 31, 2017 and December 31, 2016:

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
November 15, 2018	\$0.15	1.63	1,018,500	1,018,500
July 20, 2020	\$0.19	3.31	1,615,000	1,615,000
November 17, 2021	\$0.20	4.64	3,390,000	3,340,000
<b>Balance at March 31, 2017</b>	<b>\$ 0.19</b>	<b>3.77</b>	<b>6,023,500</b>	<b>5,973,500</b>

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
November 15, 2018	\$0.15	1.87	1,018,500	1,018,500
July 20, 2020	\$0.19	3.55	1,615,000	1,615,000
November 17, 2021	\$0.20	4.88	3,390,000	3,315,000
<b>Balance at December 31, 2016</b>	<b>\$0.19</b>	<b>4.02</b>	<b>6,023,500</b>	<b>5,948,500</b>

The following schedule describes the options transactions for the three months ended March 31, 2017 and the year ended December 31, 2016:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
Balance at December 31, 2015	4,867,000	\$0.23
Granted during fiscal 2016	3,390,000	0.20
Expired during fiscal 2016	(2,233,500)	0.30
<b>Balance at December 31, 2016 and March 31, 2017</b>	<b>6,023,500</b>	<b>\$0.19</b>

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**11. WARRANTS**

**Warrants issued under private placements:**

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

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

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

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

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

**Warrants expired:**

During the first quarter of fiscal 2017 no warrant expired. During the three months ended March 31, 2016 the following warrants expired unexercised:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
February 8, 2016	670,000	\$ 0.20	\$ 27,681
February 8, 2016	260,000	0.20	12,890
	930,000	\$ 0.20	\$ 40,571

See also Note 16 – Subsequent Event

**Warrants extended:**

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

The following schedule describe the revised expiry date.

<b>Revised expiry date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>
September 27, 2017	2,840,000	\$ 0.20
November 4, 2017	2,999,245	0.20
	5,839,245	\$ 0.20

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The following schedule describes the warrants transactions during the years ended December 31, 2016. No warrant transactions were done during the three months ended March 31, 2017:

<i>All warrants:</i>	Number of Warrants	Exercise price	Value
Balance at December 31, 2015	14,594,245	0.21	\$ 821,533
Issued on private placement	21,928,950	0.25	\$ 1,030,920
Compensation warrants issued	806,876	0.25	101,738
Warrants expired	(930,000)	0.20	(40,571)
<b>Balance at December 31, 2016 and March 31, 2017</b>	<b>36,400,071</b>	<b>0.24</b>	<b>\$ 1,913,620</b>

The following schedules describe the warrants outstanding at December 31, 2016 and March 31, 2017:

Expiry Date	Number of Warrants	Exercise price	Value
April 7, 2017	4,562,500	0.20	\$ 315,780
September 23, 2017	2,840,000	0.20	114,721
October 25, 2017	3,262,500	0.25	210,644
November 4, 2017	2,999,245	0.20	139,817
August 30, 2019	6,883,284	0.25	335,045
October 31, 2019	2,795,293	0.25	135,561
November 18, 2019	13,057,249	0.25	662,051
<b>Balance at December 31, 2016 and March 31, 2017</b>	<b>36,400,071</b>	<b>\$ 0.24</b>	<b>\$ 1,913,620</b>

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

Expiry date	Number of Warrants	Dividend yield	Volatility *	Risk free interest rate	Expected average life (years)	Value
April 7, 2017	4,562,500	Nil	128%	0.50%	2	315,780
September 23, 2017 <sup>(1)</sup>	2,840,000	Nil	104%	0.57%	1	114,721
October 25, 2017	3,262,500	Nil	128%	0.54%	2	210,644
November 4, 2017 <sup>(1)</sup>	2,999,245	Nil	104%	0.57%	1	139,817
August 30, 2019	6,883,284	Nil	117%	0.57%	3	335,045
October 31, 2019 <sup>(2)</sup>	207,058	Nil	113%	0.55%	3	24,661
October 31, 2019	2,588,235	Nil	112%	0.55%	3	110,901
November 18, 2019 <sup>(2)</sup>	599,818	Nil	114%	0.69%	3	77,077
November 18, 2019	12,457,431	Nil	114%	0.69%	3	584,975
	<b>36,400,071</b>					<b>\$ 1,913,620</b>

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

<sup>(1)</sup> Warrants extended

<sup>(2)</sup> 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, 2017 and 2016, and since inception, segregated by nature:

<b>Three months ended March 31,</b>	<b>2017</b>	<b>2016</b>	<b>Balance since inception</b>
Geology, geophysics and geochemistry	\$ 57,691	\$ 4,882	\$ 1,613,054
Exploration-other accomodation	-	-	2,440
Permitting	-	-	48,174
Land rights and claim management	-	8,118	91,208
Drilling	380,739	63,329	2,020,108
Laboratory	(2,129)	-	182,167
Camp cost and exploration supplies	3,320	103	17,378
Exploration - travel and transportation	7,910	3,862	161,136
Exploration- meals	2,469	750	23,156
Rent - field office	4,427	200	26,227
Surface sampling and mapping	-	-	50,505
Option payments	-	-	412,000
	<b>\$ 454,427</b>	<b>\$ 81,244</b>	<b>\$ 4,718,497</b>
<i>BC refundable tax credits received</i>	-	-	(149,878)
<b>Total exploration expenses</b>	<b>\$ 454,427</b>	<b>\$ 81,244</b>	<b>\$ 4,568,619</b>

The following schedules describe exploration expenses incurred by property during the three months ended March 31, 2017 and 2016, and since inception:

<b>Three months ended March 31,</b>	<b>2017</b>	<b>2016</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 8,655	\$ 8,894	\$ 1,045,989
Eddy Property	1,815	50	508,900
Zinger Property	5,145	50	583,873
Vine Property	438,812	72,250	2,511,132
DD Property	-	-	17,348
Others	-	-	51,255
	<b>454,427</b>	<b>81,244</b>	<b>4,718,497</b>
<i>BC refundable tax credits received</i>	-	-	(149,878)
<b>Total exploration expenses</b>	<b>\$ 454,427</b>	<b>\$ 81,244</b>	<b>\$ 4,568,619</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, 2017 and 2016:

Three month ended March 31,	2017	2016
Insurance	\$ 3,125	\$ 3,375
Interest, bank charges and penalties	61	100
Investor relations	45,367	27,303
Listing and regulatory fees	13,320	9,941
Office expenses	5,594	3,668
Professional fees	6,000	10,200
Rent	2,922	2,057
Salaries and benefits	76,030	70,917
Travel and transportation	867	4,574
	\$ 153,286	\$ 132,135

**13. OTHER REVENUES**

The Company was reimbursed by previous property owners, SG Spirit Gold ("SG"), for funds related to security deposits with the British Columbia Ministry of Finance. The security deposits had been paid by SG in relation to securing permits to commence surface work on the properties. The permits were transferred to PJX upon 100% acquisition of the properties. As the deposits are not transferable, PJX was required to provide new security deposits with the BC Government that have subsequently been refunded by SG to the Company. PJX has recorded \$21,500 in "Other Revenues" for this reimbursement.

**14. COMMITMENTS AND CONTINGENCIES**

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to \$423,830 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.

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

The Company is required to incur qualified exploration expenditures of approximately \$915,000 not later than December 31, 2017 as the result of the flow-through common shares issued during fiscal 2016. Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

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**15. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

**a) 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>2017</b>	<b>2016</b>
Salaries	<b>\$ 66,000</b>	66,000
	<b>\$ 66,000</b>	66,000

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

<b>March 31,</b>	<b>2017</b>	<b>2016</b>
Payable to officers of the Company	<b>\$ 1,700</b>	\$ -
	<b>\$ 1,700</b>	\$ -

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

All transactions with related parties for purchases and services are on an arm's length basis and recorded at exchange amounts.

**16. SUBSEQUENT EVENT**

Subsequent to March 31, 2017, 4,069,000 warrants exercisable at \$0.20 expired unexercised and 493,500 of the same series of warrants were exercised for gross proceeds of \$98,700.