



PJX RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the six months ended June 30, 2019 and 2018

PJX RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis ("MD&A") of the operating results and financial condition of PJX Resources Inc. ("PJX" or the "Company") for the three and six months ended June 30, 2019 ("Q2 F2019") and June 30, 2018 ("Q2 F2018") should be read in conjunction with the unaudited condensed interim financial statements of the Company and notes thereto at June 30, 2019.

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

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

The date of this report is August 13, 2019.

Approval

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

Forward-looking Information

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

forward-looking information.

Nature of Operations and Going Concern

PJX is a Canadian corporation with corporate offices located at 5600 One First Canadian Place, Toronto, Ontario. The Company is listed on the TSX Venture Exchange.

The principal activities of the Company are mineral exploration properties located near Cranbrook, British Columbia. The Company is considered to be in the exploration stage, has no producing properties and, consequently, has no current operating income or cash flow. Financing of the Company's activities to date has been obtained from equity issues.

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

The 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 six months period ended June 30, 2019, the Company incurred a loss of \$1,479,739 or \$0.01 per share, (June 30, 2018: \$760,874 or \$0.01 per share), and reported an accumulated deficit of \$15,145,375 (December 31, 2018: \$13,665,636). As at June 30, 2019 the working capital of the Company was \$927,449 (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.

The Company's financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

COMPANY OVERVIEW

The Company's goal is to build shareholder value and community opportunity through the exploration, discovery, and development of mineral resources.

The Company's principal mineral property is the Dewdney Trail Property. The Company holds 100% interest in the Dewdney Trail Property and 5 additional properties (the Vine, Eddy, Zinger, Parker Copper and West Basin). The Company also has the right to earn a 100% interest in the DD Property and the Gold Shear Property. All properties are road accessible and proximal to power lines, rail and historical mining communities of Cranbrook and Kimberley, British Columbia.

Highlights for Q2 F2019

Corporate

- The Annual General and Special Meeting was held on June 26, 2019. The Shareholders of record:
 1. approved the Audited Financial Statements;

2. set the number of directors of the Company at six and elected Messrs. John Keating, James Clare, Kent Pearson, Joseph Del Campo, Trygve Hoy, and Ms. Linda Brennan;
3. appointed McGovern Hurley Cunningham LLP as Auditors of the Company for the ensuing year; and
4. approved the Company's Share Incentive Plan.

Exploration

Exploration by PJX during Q2 F2019 focused on drilling zinc-lead-silver targets on the **Vine Property**. Geological mapping, sampling and prospecting also commenced on the Eddy and Parker Copper Properties.

Vine Property

- Exploration supports the potential for massive sulphide (zinc, lead, silver) mineralization similar in style to a Sullivan Type or Broken Hill type deposit.
- Drilling newly identified Magnetotelluric ("MT") geophysical targets in mid-2018 intersected conductive mineralization for the first time within the large East Gravity target area.
- An expanded MT survey late in 2018 outlined two 3-Dimensional (3D) MT targets (shallow and large deeper targets)
- During Q1 F2019, a preliminary hole to test the shallow 3D MT target intersected a massive sulphide vein with zinc-lead-silver and anomalous gold and copper. Intersecting the vein supports evidence that the MT is identifying massive sulphide mineralization and not another source of conductive mineralization, such as graphite.
- First hole to test the larger 3D MT target at depth was completed in Q2. The hole encountered localized tourmaline alteration but did not intersect the source of the large MT anomaly. Subsequent down hole geophysics along with re-interpretation of the MT data suggest that the drill hole may have missed the source of the MT anomaly by over 100 metres. Additional drilling to further test the 3D MT targets commenced during Q2 and continues into Q3. The large target area is approximately 800 metres in strike length and can be traced to depth for over 2,000 metres.

Parker Copper Property

- Prospecting during 2018 discovered an extensive horizon of sediment-hosted copper mineralization that has never been found before. The style of copper mineralization, alteration and geological environment support the potential for sediment-hosted copper type deposits similar to the Montanore, Spar Lake and Rock Creek copper-silver deposits located across the border in the United States, and possibly similar to the Kamao copper deposit in the Congo.
- The copper mineralized horizon has been traced on surface for over 800 metres and is open in all directions. The full surface extent of this new copper mineralization needs to be explored to develop targets for testing. Prospecting to help identify the extent of the mineralized copper horizon and the potential for additional horizons on the commenced during Q2.

Gold Shear and Eddy Properties

- During Q2, PJX received a 5-year permit from the Government of British Columbia to drill and explore multiple gold zones on the Gold Shear and Eddy Properties. Drilling to test the gold zones is planned to commence following completion of drilling on the Vine Property. Mapping and prospecting to identify additional gold zones also commenced during Q2.
- The Gold Shear Property has the historical high-grade David gold zone that was last drilled in 1996 and has not been drilled to depth. Compilation of historical drill data and geophysics by PJX during 2018 supports the potential that high-grade multi-ounce gold mineralization may extend to depth

below the level of previous drilling. The Eddy property is adjacent to the Gold Shear Property and on-strike with the David Gold zone.

Strategy and Objectives

PJX's strategy is to build opportunity by using innovative technology and approaches to explore and develop areas with high potential for world class gold and base metal deposits.

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

The Company has collected and compiled an estimated \$20 million of historical data. New exploration technologies and more advanced mapping and sampling techniques have been used to fill gaps in the data that can be used to vector exploration toward discovering one or multiple deposits. This work has identified new untested gold and base metal target areas on PJX's large land holdings. The Company is now systematically testing these target areas for gold, zinc, lead, silver or copper deposit potential.

Key Performance Drivers

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

Market volatility, the price of metals and the appetite for risk cannot be controlled by the Company. However, the Company has assembled a team that, together, has more than 120 years of working experience in the mining and exploration industry and meeting its related challenges.

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

Management believes it is well positioned to attract investor interest given its 100% interest in a large land package with favourable geology to host world class deposits. The prime objective of the Company is to focus resources on exploration activities to discover a gold or base metal deposit. Marketing activities will be continued to communicate PJX's exploration results and potential.

Ability to Deliver Results

In addition to legal and capital market expertise, PJX's Board is made up of members with experience in all aspects of the minerals and metals industry from early stage exploration through to production stage companies. In order to advance its exploration projects effectively, the Company contracts experienced mineral exploration professionals with many years of working experience specific to our geographic regions of interest.

EXPLORATION

PJX owns 100% of the mineral rights to the Cranbrook Properties. The Properties are all accessible by road and located within a 40 km radius of Cranbrook and Kimberley, British Columbia. Four properties (Dewdney Trail, Zinger, Eddy, and Gold Shear) cover historical gold showings and have the potential to host large tonnage and/or high-grade gold deposits. The Vine, Parker Copper, DD and West Basin Properties

have zinc, lead, copper and/or silver and gold showings with the potential to host massive sulphide deposits similar in style to the Sullivan zinc-lead-silver deposit or sediment-hosted copper deposits such as Montanore, Spar Lake or possibly Kamaoa.

BASE METAL POTENTIAL (ZINC, LEAD, SILVER, COPPER)

VINE PROPERTY

The Vine Property is located 11 km south of Cranbrook, British Columbia and is over 8,000 hectares in size.

In the late 1970s, Cominco discovered lead, zinc and silver mineralization on the Vine Property. The following summary of the Vine occurrence is quoted from the B.C Ministry of Energy Mines, and Petroleum Resources' Minfile Record Summary (082GSW050):

"The Vine 1 occurrence is a shear-related vein system in Middle Aldridge Formation argillites and quartzites.

Recent drilling (1990) of the Vine structure (630 metres depth) has intersected 3 massive sulphide veins. The upper vein has a true width of 4 metres, the middle vein a true width of 2 metres and the lower vein a true width of 3.4 metres. The upper vein averages 2.94 per cent lead, 0.2 per cent zinc and 29.13 grams per tonne silver across 4 metres. The middle vein averages 36.24 per cent lead, 12.16 per cent zinc, 229.67 grams per tonne silver and 0.34 grams per tonne gold across 2 metres. The lower vein averages 4.7 per cent lead, 2.09 per cent zinc, 0.36 per cent copper and 35.3 grams per tonne silver across 3.4 metres. The lower vein represents a new sulphide zone within the Vine structure (George Cross News Letter #224 (November), 1991).

Proven and probable reserves for the Vine property are 1,300,000 tonnes grading 2.2 grams per tonne gold, 36.3 grams per tonne silver, 3.12 per cent lead, 3.12 per cent zinc and 0.11 per cent copper (MDAP - Kokanee Exploration Ltd. Prospectus (1990))."

Kokanee Exploration Ltd.'s resource estimate reported above is a historical estimate and was not prepared using the resources categorizations set out in NI 43-101. The Company is not aware of any more recent resource estimate for this property. The Company is uncertain as to the relevance or reliability of the historical estimate. PJX is not treating the historical estimate as current mineral resources or reserves, as a qualified person has not done sufficient work to classify the historical estimate.

Data compilation and modeling of historical drilling suggest the mineralized Vine vein structure continues to depth and along strike beyond previous drilling. However, the Vine vein is not the focus of exploration for PJX. Based on exploration to date, PJX management believe that the Vine Vein may represent mineralization remobilized from a Sullivan Type massive sulphide body that has been folded and deformed along a major regional structure called the Moyie Fault Zone. This folded and deformed type of target could be more similar to a Broken Hill Type deposit in Australia.

Dr. Trygve Hoy (P.Eng), former research economic geologist with the British Columbia Department of Mines, noted in a report to PJX about the regional and local geological significance of the Vine and West Basin Properties that, "In summary, the Vine and West Basin area has potential for discovery of a significant lead-zinc-silver Sedex deposit. The area is within a highly favourable structural and metallogenic belt, has characteristics and controls that are similar to those in the Sullivan camp area, has known Proterozoic-age lead-zinc-silver mineralization, and a prominent geophysical target." Management believes that work completed so far appears to be confirming evidence of this highly favourable structure.

Ground geophysical surveys have identified 2 large positive gravity anomalies (East and West). Management believes that the gravity target areas have potential to host Sedex massive sulphide (zinc, lead,

silver) mineralization similar in style to the Sullivan deposit located 35 km to the north. Massive sulphide mineralization containing zinc, lead, silver and iron sulphides are often more dense than surrounding rocks and this density contrast can appear as a positive gravity anomaly.

Drilling on the West Gravity anomaly suggests that syn-sedimentary faulting has created restricted basins that could host a Sedex deposit at depth. Preliminary testing in one area intersected multiple narrow bands of Sedex Style bedded massive pyrrhotite (iron) and pyrite (iron) sulphide mineralization over a 10.3 metre interval. Drilling a second area encountered anomalous disseminated sphalerite (zinc) and thin layers of bedded sphalerite and pyrrhotite mineralization in the same geological unit.

Drilling on the East Gravity target during 2017 and early 2018 has outlined a zone of anomalous sphalerite (zinc) mineralization that is at least 550 meters long and has a true thickness of up-to 100 meters. The zinc mineralization occurs within folded sediments (phyllite) that have been transported along the syn-sedimentary Moyie fault. Drilling on the East Gravity target supports Management's interpretation that the large Eastern Gravity anomaly may reflect a Sullivan Type Deposit at depth that has been folded along a syn-sedimentary fault similar to how the Broken Hill (zinc-lead-silver) deposit was formed in Australia.

In mid-2018, Magnetotelluric (MT) geophysics identified 2 conductive target areas. Drill holes in these areas intersected conductive mineralization for the first time within the East Gravity anomaly. An expanded MT survey late in 2018 identified two 3D MT targets (shallow and large deeper targets)

Drilling to test the shallow 3D MT target intersected a narrow massive sulphide vein with zinc-lead-silver mineralization and anomalous gold and copper. The vein is conductive and supports that MT geophysics is identifying massive sulphide mineralization and not another source of conductive mineralization, such as graphite.

The first hole to test the larger MT target at depth was completed during the most recently completed quarter. The hole encountered what appeared to be transported blocks of geology locally containing tourmaline and tourmalinite. This type of alteration is associated with the venting environment at the Sullivan deposit. Subsequent down hole geophysics and re-interpretation of the MT data completed suggests that the drill hole may have missed the source of the large MT target by over 100 metres. PJX's consulting geophysicist estimates the target has a strike length of 800 m and can be traced to depth for over 2,000 m. The large MT target is also coincident with a magnetic signature which helps support the potential for folded massive zinc, lead, iron, and/or copper mineralization.

Outlook

Mapping, geophysics, and drilling support the potential for massive sulphide bodies containing zinc, lead, copper, silver and/or gold on the Vine Property. Drilling a small MT target in early 2019 intersected conductive massive sulphide mineralization that supports MT geophysics is identifying conductive massive sulphide mineralization. Subsequent down hole geophysics and re-interpretation of the MT data suggests that the drill hole may have missed the source of the large MT target by over 100 metres. Additional drilling to test the MT target areas commenced during Q2 and continues into Q3.

PARKER COPPER PROPERTY

Prospecting for gold on the Eddy Property during the latter half of 2018 discovered an extensive horizon of sediment hosted copper mineralization. The copper mineralization has been traced in outcrop for at least 800 m. The style of copper mineralization and geological environment support the potential for sediment-hosted copper type deposits similar to the Montanore, Spar Lake and Rock Creek copper-silver deposits located across the border in the United States, and possibly similar to the Kamoia copper deposit in the Congo.

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

mineral claims were named the Parker Copper Property in memory of PJX Resources' Director Somerset Parker who passed away unexpectedly in 2018.

Outlook

This new copper discovery has never been explored. Prospecting and mapping commenced during the spring of 2019. This work will continue through the Summer to help identify the extent of the copper mineralization and potential additional copper zones on the Parker Copper Property.

DD PROPERTY

In July, 2015, PJX optioned the DD Property. PJX also staked over 1900 hectares of land with mineral potential adjacent to the 440-hectare DD Property. PJX has an option to acquire 100% interest in the DD Property by granting an aggregate total of 250,000 PJX common shares over a 5-year option period (50,000 shares per year to be issued on or before the anniversary date of the option agreement (200,000 issued to date). Once the option is exercised, the DD Property optionors will be granted an aggregate NSR of 2% in respect of the DD Property and adjacent claims staked by the Company. PJX will have the right to purchase 50% of such NSR for \$1,000,000, and the remaining 50% NSR for \$1,000,000.

Historical drilling proximal to the DD Property intersected zinc-lead mineralization at the same time horizon that the Sullivan Sedex deposit was formed, which is located approximately 45 km north of the DD Property. The historical mineralization combined with the Company's new insight on geological controls for mineralization on the Vine Property supports the potential for a Sedex type deposit on the DD Property.

On May 16, 2016, the Company announced that it has entered into an option agreement (the "Agreement") with Teck Resources Limited ("Teck") whereby Teck has been granted an option to acquire up to a 75% interest in the DD Property.

The Agreement provides for Teck to earn an interest in the property as follows:

Stage 1: Teck has an initial option to earn a 51% interest in the DD Property by incurring \$4 million of expenditures by January 31, 2021 (the "First Option").

Stage 2: Teck may elect to earn an additional 24% interest in the Property, thereby increasing its interest to 75%, by incurring an additional \$4 million of expenditures by January 31, 2024 (the "Second Option").

Provided that Teck has exercised the First Option, a joint venture shall be deemed to be formed on the date upon which the earlier of the following occurs: (i) Teck declines or advises that it is no longer pursuing the Second Option; (ii) Teck delivers a notice to PJX notifying PJX of the exercise of the Second Option; or (iii) January 31, 2024. If either party's interest in the joint venture is diluted to less than 10%, their interest shall be converted to a 5% Net Profits Royalty.

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

Outlook

Teck drilled a 1,425-metre hole as a first test of the MT target in late 2018. Mineralization was not intersected at the target depth from 1200 to 1400 m. Teck is reviewing the work to determine the next phase of exploration or if they will continue with the property option.

GOLD POTENTIAL

Gold mining camps around the world often occur in areas where anomalous gold mineralization can be found at surface over broad areas. This broadly dispersed gold mineralization can be used as a vector to identify areas where gold deposits may occur at depth. Each of these Properties have broad areas of gold mineralization in rocks and soils at surface.

Numerous factors influence gold deposit formation. Three important ones are 1) the right structural environment, 2) the right rock chemistry, and 3) the presence of gold in the mineralizing system. Exploration to date has identified each of these factors on the Properties.

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

GOLD SHEAR PROPERTY

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

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

- (a) pay \$10,000 cash and issue 25,000 common shares of PJX to the Optionor within 30 days of the date of the Agreement (paid); and
- (b) pay an additional \$10,000 cash for a cumulative amount of \$20,000 cash and issue an additional 75,000 common shares of PJX for a cumulative number of common shares as is equal to 100,000 of PJX on or before the date which is 12 months from the date of the Agreement (paid); and
- (c) pay an additional \$25,000 cash for a cumulative of \$45,000 cash and issue an additional 100,000 common shares of PJX for a cumulative number of common shares equal to 200,000 of PJX on or before the date which is 24 months from the date of the Agreement.
- (d) Once vested, PJX will grant the current property owner a NSR of 2% in respect of the Gold Shear Property. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for \$1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for \$1,000,000.

According to B.C. Ministry of Energy Mines and Petroleum Minfile data, gold was first discovered in 1990 when an exposure of gold-mineralized quartz veining within a shear zone was chip sampled across 40 centimetres and assayed up to 144 g/t gold. The shear zone occurs within quartzites and siltstones of the Middle Aldridge Formation and has been traced along strike for 1,600 m and 150 m downdip. The shear is also reported to contain anomalous gold values over this entire length. PJX Resources’ Eddy Property is adjacent to and on strike with the shear zone on the Gold Shear Property.

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

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

PJX is not treating the historical estimate as current mineral resources or reserves, as a qualified person has not done sufficient work to classify the historical estimate.

High grade gold mineralization, including zones intersected by historical drilling with intervals such as 196.69 g/t gold over 0.8 metre core length, can be found to occur with very fine grained almost sooty sulphides that are locally weakly conductive.

High-grade gold characteristic of the David Gold Zone is supported by PJX mapping that also supports a northward plunge to the gold mineralization. Seven of 12 grab samples taken from the David Gold Zone trenches returned gold grades over 68 grams/tonne (g/t) with the highest being 193.9 g/t gold.

Geophysics has identified a large weakly conductive target area at depth below high-grade gold mineralization in the David Trench and below the limit of historical drilling. This target area has a similar north plunge to the David Gold Zone.

Outlook

The Gold Shear Property has not been explored since it was last drilled in 1996. Management believes the untapped potential of the property is significant given the strike length of the shear, the shallow depth of historical drilling, the good gold grades and apparent continuity of the David occurrence. Exploration has also identified the potential for additional gold targets on the David Property and on PJX's adjacent Eddy Property. During Q2, PJX received a 5-year permit from the Government of British Columbia to drill and explore multiple gold zones on the Gold Shear and Eddy Properties. Drilling to test the David gold zone is planned to commence following completion of drilling on the Vine Property. Mapping, prospecting and geophysics are planned to help identify additional gold zones.

EDDY PROPERTY

The Eddy Property is located 14 km south west of Cranbrook, British Columbia and 6 km southeast of the Zinger Property. The large property is comprised of more than 10,000 hectares of land on the north flank of the Moyie River. The Eddy Property hosts a succession of gold-mineralized quartz veins which occur along shear zones within the fold hinge of a regional anticline that is at least 9.5 km long. A total of 64 grab samples of bedrock have returned values up to 57 g/t gold and demonstrate the potential for high-grade gold concentrations along the shear zones.

The fold hinge and associated shears are breached by placer-bearing streams (e.g. Weaver Creek). Visible gold in shear-related quartz veins is commonplace, suggesting the shear zones may be the source of the placer gold. Alteration assemblages consist of quartz-sericite-pyrite-Fe carbonate, similar to the Dewdney Trail Property.

Prime geological targets for ore-body sized gold concentrations may occur at offsets along the Old Baldy shear fault system which traverses the Eddy Property for a distance exceeding 10 km. Several offsets in the fault system are consistent with releasing bends where shoot-like dilation zones for hosting gold may exist.

Prospecting, mapping and geophysics were carried out to identify gold target areas across the Eddy Property during the Summer and Fall of 2018. Numerous new gold target areas have been identified.

Outlook

The Eddy Property is adjacent to the Gold Shear Property and on-strike with the David Gold zone. Prospecting during 2018 identified numerous gold zones at surface on the Eddy Property that may have similar potential to the David Gold zone. PJX recently received a 5-year permit from the Government of British Columbia to drill and explore multiple gold zones on the Gold Shear and Eddy Properties. Mapping, prospecting and geophysical work is on-going to define existing, and identify additional, gold targets for drilling.

ZINGER PROPERTY

The Zinger Property is located 24 km west of Cranbrook, British Columbia. The large property, comprised of over 10,000 hectares of land, is located upstream and is a possible source of the placer gold being mined in Perry Creek.

Data compilation and mapping have identified a trend of gold mineralization in bedrock samples that is at least 8 km long and 1.5 km wide. Over 1,380 bedrock grab sample analyses were compiled. Approximately 750 samples reported analyses above 20 ppb (0.02 g/t) gold. Of these, 86 samples ranged from 500 ppb (0.5 g/t) to 1,000 ppb (1.0 g/t), 101 samples ranged from 1,000 ppb (1.0 g/t) to 5,000 ppb (5.0 g/t), and 37 samples were equal to or greater than 5,000 ppb (5.0 g/t) gold. The highest value reported was 39,597 ppb (39.6 g/t) gold.

PJX's drill hole (Hole ZG12-02) intersected 2.92 g/t gold over 2 m within a broader interval of 0.50 g/t gold over 22.38 m from a depth of 2.62 m (bedrock) down to 25 m.

Two soil grids (West and East grids) established over 1 km south of Hole ZG12-02 have identified highly anomalous gold in soils ranging up-to 743 ppb and 4,941 ppb (equivalent to 4.9 g/t) gold on the West and East grids, respectively. The soil anomalies are each approximately 100 m wide and over 300 m long.

Heavy mineral separation done at CF Minerals Laboratory recovered 898 grains and 256 grains of gold from 2 soil samples taken on the East soil grid. This large population of gold grains range in size from 34 to 266 micrometres. The angularity and other morphological features of the gold grains suggest that they are proximal to the bedrock source of the gold that is estimated to be within 50 to 400 m of the sample locations. In addition, the coarse nature of gold supports the potential for low-cost gravity separation to extract gold from any potential deposit discovered.

Two phases of folding (vertical and somewhat horizontal phases) have been mapped at surface. Ground VLF geophysics has identified conductive anomalies parallel to the horizontal phase of folding. Airborne geophysics has identified resistive zones that correlate with quartz and/or carbonate flooding associated with the vertical phase of folding. Airborne geophysics has also identified a large resistive zone at depth that is 4 km by 2 km in area. Geophysicist estimates indicate that the large zone occurs at a depth of about 400-700 m. Management believes that the large resistive zone may be associated with an area where horizontal folding at depth is intersected by the vertical phase of folding.

Drilling during 2018 to test the soil and VLF anomalies identified broad zones of anomalous gold mineralization associated with the horizontal phase of folding. Gold occurs with sericite-carbonate alteration and pyrite flooding along horizontal fold axial planar cleavage. One vertical hole was also drilled to test the large resistive geophysical target at depth. The hole intersected an increased presence of horizontal folding (axial planar cleavage) from 400 to 600 m which corresponds with the estimated depth of the resistive airborne geophysics target. This same interval had an increase in the frequency of 2 m to 12 m core length zones of sericite-carbonate alteration with pyrite, sulfosalts and anomalous gold (grading up-to 1 g/t gold). The vertical hole drilled down the limb, or side, of the vertical fold and missed the location where the center, or axis, of the vertical fold would intersect the horizontal folding.

Gold deposits can often occur where structures, such as folds, intersect. Drilling now shows that gold mineralization is associated with both the vertical and horizontal fold structures. Management believes that where these 2 structures intersect is a highly prospective target area for gold deposit potential. Mapping and geophysics have identified over 4 km of strike length with gold deposit potential to test.

Prospecting and mapping have also identified bedded and fracture-controlled copper mineralization (chalcopyrite, secondary chalcocite, malachite) in white to green colored sandstone and siltstone. This style of mineralization supports the potential for a Montanore, Rock Creek or Spar Lake type sediment hosted copper deposit on the property.

Outlook

Drilling supports that gold mineralization is associated with 2 phases of folding on the Zinger Property. The intersection of these fold structures has not yet been tested and is considered to be one of the best locations for gold mineralization to concentrate and form deposits, as the intersection usually has the greatest permeability for gold bearing fluids to flow and concentrate. Mapping, surface sampling and geophysics have identified one target area at least 4 km long with anomalous gold mineralization at surface above the projected intersection of the 2 folding phases at depth. This significant target area has the potential to host multiple gold deposits and will be one focus of exploration on the Zinger Property.

DEWDNEY TRAIL PROPERTY

The large Dewdney Trail Property straddles Wildhorse Creek and is considered to be highly prospective because of gold discoveries found in geology favourable for hosting large Orogenic type, Thermal Aureole Gold (TAG) and/or Sediment-Hosted (SHV) gold deposits such as Muruntau, Sukhoi-Log or the Kazakhstan gold deposits. The property is over 13,000 hectares in size and is located 29 km northeast of Cranbrook, British Columbia.

Placer gold provided the first exploration interest in the area, starting in the mid to late nineteenth century, with deposits on the Wild Horse Creek proving large and profitable. Anecdotal information suggests at least 1.5 million ounces (46.7 million grams) of gold have been recovered from the creek; however, no corresponding lode gold deposits of any size have been discovered in the rock, suggesting the Wildhorse Creek Area has undeveloped potential for gold deposits. The Dewdney Trail Property is located upstream from placer deposits in Wildhorse Creek and may host the source of the placer gold.

The Company has compiled current and historical data; undertaken an airborne geophysical survey, surface mapping, soil and rock sampling; along with targeted trenching and drilling to help identify the most promising areas to host potential gold deposits. This work has identified more than 10 km of favourable geology with potential to host a gold deposit. The favourable gold bearing quartzite-argillite unit ranges from 75 to over 200 m true width. Rock grab samples of the unit from prospecting and mapping contain gold concentrations up to 15 g/t.

Heavy mineral sampling for gold in the creeks has identified a possible source area for the gold that placer miners are extracting down-stream from the property. Three heavy mineral samples were sent to CF Mineral Research Ltd. in Kelowna for gold separation and Scanning Electron Microscope (SEM) analysis. Thirty-six grains of gold were extracted from the samples. Mr. Charles (Chuck) Fipke, President of CF Minerals Research Ltd., states, "The angularity and other morphological features of the gold grains suggest that they have not travelled far and that the bedrock source of the gold is likely within 200 m to 600 m of the sample locations. In addition, the chemistry of the residue material suggests that the gold may be associated with felsic intrusive rocks and/or sericite alteration."

Three large target areas (Lewis, Tackle and M1) have been identified as priorities for future exploration. Dr. Paul Klipfel, P.Geo., President of Mineral Resources Inc., is an expert in SHV deposits and has visited many of the deposits around the World. Dr. Klipfel's assessment is that "the dimensions of the M1, Tackle, and Lewis target areas in the Dewdney Trail Property are of sufficient size to host a significant SHV deposit. The presence of multiple targets is also consistent with SHV deposits as the mineralizing processes happen over regional-scaled areas with formation of numerous mineralized zones."

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

VLF and magnetic geophysics done in 2018 have identified an East-West trending conductive anomaly that parallels two of a number of gold bearing creeks on the property. The anomaly may be related to the source

of the gold mineralization found in the creeks. Grab samples of syenite with quartz veins have returned anomalous gold values up-to 1 g/t. The samples were taken from the basin at the headwaters of the two creeks.

In addition, mapping and prospecting have discovered east-west oriented sheeted quartz-carbonate-galena (lead) veins that can be found across a wide zone for over 1 km from north to south. This large area of sheeted quartz-carbonate-galena veining occurs at a higher elevation up slope from the gold mineralization. The sheeted veins may relate to zonation in gold and other mineralization away from an intrusive at depth.

Outlook

Management believes the potential for multiple deposits on the Dewdney Trail Property is supported by thrust faulting combined with property wide folding; appearance of large intrusive bodies at depth as evidenced by mapping and geophysics; and the broad distribution of gold found in rocks, soils and creeks across the property. Additional follow-up is planned to develop targets for trenching and/or drilling.

In conclusion, PJX remains focused on advancing priority gold, silver, zinc, lead, and copper targets with the potential to discover one or multiple deposits. The Vine Property zinc, lead, silver targets, Parker Copper Property, and gold targets on the Dewdney Trail, Zinger, Eddy and Gold Shear Properties are expected to continue to be the main focus for exploration by PJX.

RESULTS OF OPERATIONS

Exploration

The following schedule describes exploration expenses, segregated by nature, incurred by PJX for the three months period ended June 30, 2019 and 2018:

Three months ended June 30,	2019	2018	Change
Geology, geophysics and geochemistry	\$ 110,485	\$ 198,576	\$ (88,091)
Permitting	1,160	-	1,160
Land rights, claims and environment	420	3,256	(2,836)
Drilling	102,176	99,438	2,738
Laboratory	3,340	13,204	(9,864)
Camp cost and exploration supplies	2,133	694	1,439
Exploration - travel and transportation	8,059	8,045	14
Exploration- meals	1,957	1,636	321
Rent - field office	3,329	800	2,529
Courses and seminars	616	-	616
	\$ 233,675	\$ 325,649	\$ (91,974)

The most significant changes during the three months ended June 30, 2019, when compared to the same period of Fiscal 2018 were:

- A decrease in Geology, geophysics and geochemistry (“GGG”) was due to a decrease in geophysical work of approximately \$98,000 and a decrease in general geological work of \$4,000; partially offset by increases in geological reports of \$4,500, prospecting of approximately \$7,000 and geologist professional fees of approximately \$2,000.
- The increase of \$1,160 is related to the recently acquired exploration permit for the Eddy and Gold Shear Properties.
- The decrease in land rights, claims and environment of \$2,836 is reflective of lower claim acquisition in the last quarter.
- The overall decrease in laboratory expenses of \$9,864 is due to a decrease of laboratory expenditures at the Vine Property for approximately \$7,000, a decrease of approximately \$6,000 at the Dewdney Trail Property and an increase of approximately \$3,000 at the Eddy Property.

The following schedule describes exploration expenses, segregated by nature, incurred by PJX for the six months period ended June 30, 2019 and 2018:

Six months periods ended June 30,	2019	2018	Change
Geology, geophysics and geochemistry	\$ 187,601	\$ 218,790	\$ (31,189)
Permitting	1,160	-	1,160
Land rights, claims and environment	3,613	12,342	(8,729)
Drilling	514,252	157,580	356,672
Laboratory	3,610	15,462	(11,852)
Camp cost and exploration supplies	4,565	2,306	2,259
Exploration - travel and transportation	19,036	10,954	8,082
Exploration- meals	3,493	2,755	738
Rent - field office	4,513	1,586	2,927
Option payments	27,125	13,500	13,625
Courses and seminars	7,448	-	7,448
	\$ 776,416	\$ 435,275	\$ 341,141

The most significant changes during the six months ended June 30, 2019, when compared to the same period of Fiscal 2018 were:

- The decrease in GGG of \$31,189 is composed by a decrease in geophysical work for approximately \$38,000 and a decrease in general geological expenses for approximately \$7,000, partially offset by increases in professional fees of approximately \$2,000, prospecting for approximately \$7,000 and the preparation of geological reports for approximately \$5,000;
- The Land rights claims decrease of \$8,729 is due to a reduction at the Eddy Property of approximately \$7,000 and a reduction of approximately \$2,000 at the Zinger Property;
- The increase in drilling of \$356,672 is mainly attributable to an increase in drilling at the Vine Property for \$351,082;
- The increase in Exploration – travel and transportation of \$8,082 in related to the overall increase in exploration activities compared to Fiscal 2018;
- The decrease in laboratory expenses of \$11,852 is due to a reduction of approximately \$8,000 at Vine Property, a reduction at Dewdney Trail Property of approximately \$7,000 and an increase at the Eddy Property of approximately \$3,000;
- The increase in option payments of \$13,625 is composed of a payment on the Gold Shear Property;
- The increase in Courses and seminars expenditure is related to geological related courses undertaken by the Company's professional geologists.

The following schedule describes exploration expenses for each project for the three months period ended June 30, 2019 and 2018.

Three months ended June 30,	2018	2017	Change
Dewdney Trail Property	\$ 6,626	\$ 31,995	\$ (25,369)
Eddy Property	42,317	10,694	31,623
Zinger Property	8,204	5,337	2,867
Vine Property	163,489	258,689	(95,200)
DD Property	1,444	-	1,444
Gold Shear Property	3,437	18,934	(15,497)
Parker Copper Property	8,158	-	8,158
	\$ 233,675	\$ 325,649	\$ (91,974)

- The decrease in expenses at the Dewdney Trail Property for \$25,369 results from a decrease in

laboratory expenses for approximately \$6,000, a decrease in prospecting expenses of approximately \$16,000 and a decrease in traveling related expenses for approximately \$3,000;

- The increase in exploration expenses at the Eddy Property of \$31,623 relates to an increase in general geological expenses of approximately \$5,000, an increase in geophysics of approximately \$11,000 and an increase in prospecting expenses for approximately \$15,000;
- The increase of \$2,867 at the Zinger Property is mainly related to an increase in reports for approximately \$5,000, all offset by a decrease in geology for approximately \$2,000;
- The decrease of \$95,200 at the Vine Property is composed of a decrease in geophysical work for approximately \$101,000, a decrease in laboratory work for approximately \$7,000 and increases in: general geological work for approximately \$5,000, exploration supplies for approximately \$2,000 and \$2,000 in travel related expenses and rental expenses for approximately \$2,000;
- The decrease at the Gold Shear Property of \$15,497 is due to a decrease in general geology work for approximately \$10,000, a decrease in geophysics by approximately \$8,000, partially offset by an increase in drilling charges of approximately \$1,400;
- At the newly acquired Parker Copper Property, the increase of \$8,158 is due to prospecting work performed during the current quarter end.

The following schedule describes exploration expenses for each project for the six months period ended June 30, 2019 and 2018.

Six months periods ended June 30,	2019	2018	Change
Dewdney Trail Property	\$ 22,286	\$ 38,772	\$ (16,486)
Eddy Property	72,056	17,405	54,651
Zinger Property	22,536	11,449	11,087
Vine Property	614,145	324,508	289,637
DD Property	1,444	6,900	(5,456)
Gold Shear Property	33,432	36,241	(2,809)
Parker Copper Property	10,517	-	10,517
	\$ 776,416	\$ 435,275	\$ 341,141

The most significant exploration expenses changes for the six months ended June 30, 2019 when compared to the same period of Fiscal 2018, by project are as follows:

- The decrease at the Dewdney Trail Property of \$16,486 is composed by decreases in: laboratory charges of approximately \$7,000, prospecting charges of approximately \$16,000, and travel related expenses of approximately \$3,000, all partially offset by increases in: general geological work of approximately \$3,000 and geophysics for approximately \$8,000;
- At the Eddy Property, the increase by \$54,651 is composed of increases in: geology for approximately \$6,000, geophysics of approximately \$39,000, laboratory charges of approximately \$3,000 and prospecting for approximately \$15,000, all offset by a decrease in claim management charges of approximately \$7,000;
- The increase of \$11,087 at the Zinger Property is composed of an increase in drilling expenses of approximately \$7,000 and geological reports of approximately \$5,000;
- The increase of \$289,637 in the Vine Property is composed of increases in: drilling, by approximately \$351,000, exploration travel of approximately \$11,000 and training of approximately \$7,000, all offset by a decrease in geophysical work of approximately \$77,000 and general geological work of \$2,000;
- The decrease at the Gold Shear Property of \$2,809 is composed of an increase in option payment of approximately \$14,000, offset by a reduction in geological work of approximately \$9,000 and geophysics of approximately \$8,000;
- Parker Copper Property expenses incurred during the six-month period are composed of

approximately \$8,000 in prospecting work, approximately \$1,000 in geology and \$1,000 in archeological assessment work.

General and administration (“G&A”)

The following schedule describes the general and administration expenses incurred by PJX during the three months ended June 30, 2019 compared to the same period of Fiscal 2018:

Three months ended June 30,	2019	2018	Change
Insurance	\$ 3,823	\$ 2,083	\$ 1,740
Interest, bank charges and penalties	109	556	(447)
Investor relations	42,650	89,033	(46,383)
Listing and regulatory fees	1,992	21,103	(19,111)
Office expenses	5,803	2,170	3,633
Professional fees	5,362	10,431	(5,069)
Rent	3,217	6,312	(3,095)
Salaries and benefits	70,491	69,783	708
Travel and transportation	9,963	2,095	7,868
	\$ 143,410	\$ 203,566	\$ (60,156)

The most significant changes in general and administration expenses during the three months ended June 30, 2019, when compared to the same period of Fiscal 2018, were:

- The decrease in investor relation charges of \$46,383 is composed of a decrease in meals and entertainment of approximately \$3,500, a decrease in investor relation subcontracts for approximately \$31,000, and of approximately \$12,000 in travel and accommodations;
- The decrease in listing and regulatory fees of \$19,111 was mainly due to fees of approximately \$17,000 incurred in filing fees associated with a financing during Q2 F2018;
- The decrease in professional fees of \$5,069 is composed of a reduction in accounting fees of approximately \$3,000 and a reduction of \$2,000 in legal fees;
- The increase in travel and transportation of \$7,868 is composed of an increase in non-investor relations travelling of approximated \$1,600 and an increase on non-investor relation meals and entertainment of approximately \$6,000.

The following schedule describes the general and administration expenses incurred by PJX during the six months ended June 30, 2019 compared to the same period of Fiscal 2018:

Six months ended June 30,	2019	2018	Change
Insurance	\$ 9,233	\$ 6,249	\$ 2,984
Interest, bank charges and penalties	214	615	(401)
Investor relations	124,312	115,785	8,527
Listing and regulatory fees	15,947	33,165	(17,218)
Office expenses	9,183	14,682	(5,499)
Professional fees	12,862	16,931	(4,069)
Rent	6,175	9,270	(3,095)
Salaries and benefits	142,283	144,734	(2,451)
Travel and transportation	12,325	3,343	8,982
	\$ 332,534	\$ 344,774	\$ (12,240)

The most significant changes in general and administration expenses during the six months ended June 30, 2019, when compared to the same period of Fiscal 2018, were:

- The increase in investor relations expenses of \$8,527 was composed of an increase in investor relation services subcontracted of approximately \$13,000, a reduction in meals and entertainment of approximately \$2,000 and a reduction in travel and accommodation of approximately \$2,000;
- The reduction in listing and regulatory fees of \$17,218 is mainly due to regulatory fees of approximately \$17,000 incurred in filing fees associated with a financing on Q2 F2018;
- Office expenses reductions of \$5,805 were composed mainly by a reduction on miscellaneous office expenses of approximately \$2,000 and a reduction on part XII.6 taxes of approximately \$3,000;
- The reduction in professional fees of \$4,069 is composed of a reduction on accounting services approximately \$2,000 and a reduction in legal fees of \$2,000.
- The increase in travel and transportation of \$8,982 is mainly due to an increase in general business-related travel, of approximately \$1,700, and an increase in meals and entertainment of approximately \$6,200.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a breakdown of the most significant components of the exploration expenses and the G&A costs of the Company for each of the eight most recently completed quarters.

Quarter Ended	Revenue	Net loss		Exploration expenses	General and administration
		Total	Per Share		
June 30, 2019	Nil	\$ (337,223)	\$0.00	\$233,675	\$143,410
March 31, 2019	Nil	(1,142,516)	(0.01)	542,741	189,124
December 31, 2018	Nil	(445,949)	(0.00)	281,050	238,077
September 30, 2018	Nil	(1,232,758)	(0.00)	753,688	167,724
June 30, 2018	Nil	(532,128)	(0.01)	325,649	203,566
March 31, 2018	Nil	(228,746)	(0.00)	109,626	141,208
December 31, 2017	Nil	(561,706)	(0.01)	390,285	168,512
September 30, 2017	Nil	(455,488)	(0.01)	381,737	130,351

LIQUIDITY AND CAPITAL RESOURCES

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.

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.

As at June 30, 2019, the Company had total current assets of \$1,122,848 (cash, receivables, prepaid and deposits) that will be used for general and administrative expenses as well as exploration on its properties.

The working capital of the Company has decreased from \$1,835,021 at December 31, 2018 to \$927,449 at June 30, 2019. When compared to December 31, 2018, current assets decreased by \$1.1 million and current liabilities decreased by \$0.3 million.

The Company has successfully secured its key properties and is not required to make any option payments, other than the commitment to issue up to 100,000 PJX shares, as per the DD Property Agreement, and 200,000 PJX shares plus cash payments totalling \$45,000 for its Gold Shear Property option agreement entered on January 17, 2018.

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

As of June 30, 2019, PJX has a flow-through exploration obligation of approximately \$0.7 million to incur before December 31, 2019.

Outlook

The Company has no producing properties and, consequently, has no current operating income or cash flow. The Company's access to capital may not be available on terms acceptable to the Company or at all. Financing of the Company's activities to date has been obtained from equity issues. The continuing short-term development of the Company's properties therefore depends on the Company's ability to obtain additional financing through equity investments. The Company's current cash position will enable it to fund the Corporation's planned exploration program, operating expenses and unallocated working capital for the next twelve months.

The Company constantly reviews future exploration plans related to advancing its properties. The work plan will consider what work will be most beneficial for each project and the Company as balanced against the cash balance and market conditions affecting future funding. The Company is focused on ensuring capital resources are spent in the most efficient manner.

RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Purchase of services:

During the three and six months ended June 30, 2019 and 2018, the Company contracted professional services from a director of PJX.

Periods ended June 30,	Three months		Six months	
	2019	2018	2019	2018
Fees to a law firm where a director of the Company is a partner	\$ -	\$ 2,231	\$ -	\$ 2,231
Fee paid to a director of a company for geological services	5,143	-	5,143	-
	\$ 5,143	\$ 2,231	\$ 5,143	\$ 2,231

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:

Periods ended June 30,	Three months		Six months	
	2019	2018	2019	2018
Salaries	\$ 66,000	\$ 66,000	\$ 132,000	\$ 132,000
Stock-based compensation	-	-	421,374	-
	\$ 66,000	\$ 66,000	\$ 553,374	\$ 132,000

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

As of June 30,	2019	2018
Payable to officers of the Company	\$ 14,641	\$ 22,684
	\$ 14,641	\$ 22,684

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

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

COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company is a party to certain employment contracts. These contracts contain clauses requiring that \$852,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the Company's June 30, 2019 condensed interim financial statements.

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

Pursuant to the terms of certain flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at June 30, 2019 the Company has approximately \$722,000 in commitments related to previous flow-through share agreements entered into as it has incurred the required exploration expenditures within the stipulated timelines.

TREND INFORMATION

There are no major trends which are anticipated to have a material effect on the Company's financial condition and results of operations in the near future.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements, capital lease agreements or long-term debt obligations.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the performance of the Company.

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

Critical accounting estimates and judgements

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously

Critical accounting estimates and judgements

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

- The inputs used in accounting for share-based payment transactions in profit or loss. PJX estimates the value of stock-based compensation granted using the Black-Scholes valuation method. Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.
- The assumptions used for determining the amount of deferred income tax assets, liabilities, expense and recovery, including the income tax rate to be used and recoverability of deferred tax assets involve critical judgement and estimates.
- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- The inputs used in accounting for share purchase warrants transactions in the statement of financial positions. PJX estimates the warrants issued using a standard valuation method. Several assumptions including volatility, risk-free interest rate and expected warrant life are significant assumptions used in determining the values of warrants.

Changes in accounting policies:

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. No material changes were experienced with the implementation of this policy.

IFRS 16 - Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the comparative numbers for 2018 are not restated and the cumulative effect of applying IFRS 16 has been recorded on January 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening accumulated deficit

balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases under IFRS 17 and requiring the recognition of a right-of-use asset (ROU asset”) and a lease liability at the lease commencement for all leases, except for short-term leases (lease term of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measures at the present value of the future lease payment; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the statement of operations and comprehensive loss; and (iii) separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented in operating activities) in the statement of cash flows. For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within general and administrative in the statement of operations and comprehensive loss. The Company has opted to use the following practical expedients available on transition to IFRS 16: (a) Measure the ROU assets equal to the lease liability calculated for each lease; (b) Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and (c) Accounting for non-lease components and lease components as a single lease component.

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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s financial instruments include cash and cash equivalents, accounts receivable, deposits and advances, accounts payable and accrued liabilities. Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. It is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted.

Fair Value

Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of the cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments. A summary of the Company’s risk exposures as it relates to financial instruments are reflected below:

Financial risk

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate and commodity and equity price risk). Risk management is carried out by the

Company's management team with guidance from the Board of Directors.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits. Cash is held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. Deposits are held with the British Columbia Ministry of Energy and Mines, from which management believes that the credit risk is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At June 30, 2019, the Company had a cash balance of \$1,049,103 (December 31, 2018: \$2,224,670) to settle current liabilities of \$195,399 (December 31, 2018: \$452,249). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Interest rate risk

The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. As at June 30, 2019, the Company did not have any amounts invested in interest bearing accounts.

Sensitivity analysis

As of June 30, 2019, both the carrying and fair value amounts of the Company's financial instruments are the same. Based on Management's knowledge and experience of the financial markets, the Company believes that is "reasonably possible" that commodity price fluctuation could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of mineral commodities. As of June 30, 2019, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 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.

DISCLOSURE CONTROLS AND PROCEDURES

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that

is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

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

PJX's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future.

In addition to other information set forth elsewhere in the financial statements, readers should carefully consider the comprehensive list of risk factors, included in the Long Form Prospectus under "*Risk Factors*". The Long Form Prospectus is available in the Company's filings on SEDAR (www.sedar.com).

Liquidity and Capital Markets Risks

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

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OUTSTANDING SHARE DATA

The following schedule reconciles shares, options and warrants issued subsequent to the quarter end as well as provide the fully diluted capital position of the Company as at the date of this report:

Shares issued and outstanding at December 31, 2017	75,963,396
Shares issued on exercise of w warrants	85,000
Shares issued on property option payment	75,000
Shares issued under private placement	<u>22,620,407</u>
Shares issued and outstanding at December 31, 2018	98,743,803
Shares issued on property option payment	75,000
Warrants exercised	<u>50,000</u>
Shares issued and outstanding at the date of this report	98,868,803
Total number of w arrants issued and outstanding	40,725,287
Total number of options issued and outstanding	9,880,000
Fully diluted number of shares at the date of this report	<u>149,474,090</u>

Warrants outstanding:

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

Expiry Date	Number of Warrants	Exercise price	Value
August 30, 2019	6,833,284	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
Balance at the date of this report	40,725,287	\$ 0.25	\$ 1,967,879

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

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 \$360,454 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 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 following schedule describes the outstanding options as of the date of this report:

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
July 20, 2020	\$0.19	0.90	1,605,000	1,605,000
November 17, 2021	\$0.20	2.23	3,390,000	3,390,000
August 19, 2023	\$0.25	3.99	1,925,000	1,862,500
January 3, 2024	\$0.25	4.36	2,960,000	2,890,000
Balance at the date of this report	\$0.22	3.00	9,880,000	9,747,500

QUALIFIED PERSON

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

Corporate information

Directors

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

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

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

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

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

Dr. Trygve Hoy, MSc, P. Eng^{(1) (2)}
Sooke, B.C, Canada

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

Officers

John Keating, P.Ge
President & CEO, PJX Resources Inc.
Toronto, Ontario, Canada

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

Stock Listing

TSX Venture Exchange
Tier 2 Company,
Trading Symbol PJX
CUSIP: 72585A 10 9

Auditors

McGovern Hurley LLP
Toronto, Ontario

Legal Counsel

Bennett Jones LLP
Toronto, Ontario

Fraser Milner Casgrain, LLP
Vancouver, British Columbia

Registrar & Transfer Agent

Computershare Trust Company of Canada
Toronto, Ontario

Bank

Royal Bank of Canada
Toronto, Ontario

Executive Office

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Investor Relations

Further information about the Company is available on the Company's website at www.pjxresources.com

The Company's filings with Canadian securities regulatory authorities can be accessed on SEDAR at www.sedar.com