PJX RESOURCES INC.

Financial Statements

Years ended December 31, 2019 and 2018

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

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

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

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

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

(signed)
John Keating
President and Chief Executive Officer

(signed)
Linda Brennan
Chief Financial Officer

Toronto, Canada
April 23, 2020

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of PJX Resources Inc.

Opinion

We have audited the financial statements of PJX Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a loss during the year ended December 31, 2019 and, as of that date, the Company had continuing losses and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

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the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's

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ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 23, 2020

PJX Resources Inc.

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

Years ended December 31,	**Note**	**2019**	2018
ASSETS			
Current assets			
Cash		**$ 1,259,561**	$ 2,224,670
Amounts receivable	**6(a)**	**18,564**	19,591
British Columbia mining tax refunds receivable	**6(b)**	**40,000**	-
Prepayments	**7(a)**	**39,152**	43,009
Total current assets		**1,357,277**	2,287,270
Non-current assets			
Deposits	**7(b)**	**174,950**	162,053
Property and equipment	**8**	**2,991**	3,884
Right-of-use asset	**8**	**30,137**	-
Total non-current assets		**208,078**	165,937
Total assets		**1,565,355**	2,453,207
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**15(c)**	**84,191**	137,360
Flow-through premium liability	**10(b)(i)**	**196,650**	314,889
Current lease liabilities	**2**	**8,161**	-
Total current liabilities		**289,002**	452,249
Non-current liabilities			
Reclamation obligation	**7(c)**	**24,500**	24,500
Non-current lease liabilities	**2**	**22,402**	-
Total non-current liabilities		**46,902**	24,500
Total liabilities		**335,904**	476,749
SHAREHOLDERS' EQUITY			
Share capital	**10(b)**	**11,156,342**	10,311,876
Warrants	**11**	**2,060,933**	1,970,313
Contributed surplus		**4,142,472**	3,359,905
Accumulated deficit		**(16,130,296)**	(13,665,636)
Total shareholders' equity		**1,229,451**	1,976,458
Total shareholders' equity and liabilities		**$ 1,565,355**	$ 2,453,207

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

Approved by the Board of Directors:

(Signed) John Keating
John Keating, Director

(Signed) Linda Brennan
Linda Brennan, Director

See accompanying notes to the financial statements.

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

Years ended December 31,	**Note**		**2019**	2018
Expenses				
Exploration	**12(a)**	**$**	**1,499,706**	$ 1,470,013
General and administration	**12(b)**		**715,390**	750,575
Share based compensation	**10(b)(ii)**		**569,929**	343,345
Depreciation	**8**		**9,538**	11,649
Total operating expenses			**2,794,563**	2,575,582
Interest revenue			**(14)**	(5,208)
Other revenues	**13**		**(15,000)**	(25,529)
Loss before income taxes			**(2,779,549)**	(2,544,845)
Flow-through premium recoveries	**10(b)(i), 16**		**314,889**	105,264
Net loss and comprehensive loss for the year		**$**	**(2,464,660)**	$ (2,439,581)
Basic and diluted loss per share			**($0.02)**	($0.03)
Weighted average number of shares outstanding			**99,533,654**	85,887,420

See accompanying notes to the financial statements.

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

Years ended December 31,	Note	2019	2018
Share capital			
Balance, beginning of the year		**$ 10,311,876**	$ 7,778,989
Shares issued under private placement	**10(b)(i)**	**1,134,307**	3,187,610
Share premium on flow-through shares	**10(b)(i)**	**(196,650)**	(420,153)
Warrants exercised	**11**	**14,934**	20,606
Shares issued on property option payment	**10(b)(iii)**	**23,375**	14,500
Share issue cost	**10(b)**	**(131,500)**	(269,676)
Balance, end of the year		**11,156,342**	10,311,876
Warrants			
Balance, beginning of the year		**1,970,313**	1,387,195
Warrants issued on private placement	**11**	**274,893**	779,292
Compensation warrants issued	**11**	**30,799**	58,364
Warrants exercised	**11**	**(2,434)**	(3,606)
Warrants expired	**11**	**(212,638)**	(250,932)
Balance, end of the year		**2,060,933**	1,970,313
Contributed surplus			
Balance, beginning of the year		**3,359,905**	2,765,628
Warrants expired and other adjustments		**212,638**	250,932
Share based compensation	**10(b)(ii)**	**569,929**	343,345
Balance, end of the year		**4,142,472**	3,359,905
Accumulated deficit			
Balance, beginning of the year		**(13,665,636)**	(11,226,055)
Net loss for the year		**(2,464,660)**	(2,439,581)
Balance, end of the year		**(16,130,296)**	(13,665,636)
Total shareholders' equity		**$ 1,229,451**	$ 1,976,458

See accompanying notes to the financial statements.

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

Years ended December 31,	Note		2019		2018
Cash flows from operating activities					
Net loss for the year		$	(2,464,660)	$	(2,439,581)
Items not involving cash:					
Depreciation	8		9,538		11,649
Flow through premium recoveries	10(b)(i)		(314,889)		(105,264)
Share based compensation	10(b)(ii)		569,929		343,345
Shares issued on option payment	10(b)(iii)		23,375		14,500
Interest income			-		(5,208)
Gain on disposition of equipment			(15,000)		-
Changes in non-cash working capital:					
Deposits			(12,897)		(61,165)
Amounts receivable and prepayments			4,884		17,140
Mining tax refunds receivable			(40,000)		
Accounts payable and accrued liabilities			(53,168)		74,070
Reclamation obligation			-		24,500
Net cash used in operating activities			(2,292,888)		(2,126,014)
Cash flow from investing activities					
Purchase of GIC			-		(1,600,000)
Redemption of GIC			-		1,605,208
Purchase of equipment			(3,500)		-
Proceeds on disposition of equipment			15,000		-
Net cash generated by investing activities			11,500		5,208
Cash flow from financing activities					
Payment of lease liability			(4,720)		-
Proceeds on issuance of shares and warrants	10(b)(i)		578,750		1,190,775
Proceeds on issuance of flow-through shares and warrants	10(b)(i)		830,450		2,776,127
Proceeds on exercised warrants	11		12,500		17,000
Issue costs	10(b)(i)		(100,701)		(211,312)
Net cash generated by financing activities			1,316,279		3,772,590
Net change in cash			(965,109)		1,651,784
Cash, beginning of the year			2,224,670		572,886
Cash, end of the year		$	1,259,561	$	2,224,670

Supplementary information:

Compensation warrants issued:					
Units			649,733		1,169,054
Value	10(b)(i)	$	30,799	$	58,364
Right-of-use asset acquired	8	$	30,137	$	-

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2019, the Company incurred a loss of $2,464,660 or $0.02 per share, (December 31, 2018: $2,439,581 or $0.03 per share), and reported an accumulated deficit of $16,130,296 (December 31, 2018: $13,665,636). As at December 31, 2019 the working capital of the Company was $1,068,275 (December 31, 2018: $1,835,021). Additional financing is currently required to allow the Company to continue operating and to fund its planned exploration and development programs. The Company will continue to explore financing alternatives to raise capital. Although PJX has been successful in these activities in the past, the Company has no assurance on the success or sufficiency of these initiatives in the immediate future or that such financing will be available on acceptable terms. The above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

These financial statements were approved by the Board of Directors for issue on April 23, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

(a) Basis of presentation

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

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

(b) Financial instruments

Financial assets

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

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

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

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

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

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

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

Financial liabilities

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

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

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

(c) Exploration and evaluation expenditures

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

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

(d) Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. There were no such onerous contracts as at December 31, 2019 and 2018.

(e) Share-based compensation transactions

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

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

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

(f) Income taxes

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

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

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

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

(g) Restoration, rehabilitation and environmental obligations

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

(h) Loss per share

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

(i) Segmented reporting

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

(j) Flow-through shares

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

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

(k) Property and equipment

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

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

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

(l) Government assistance

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

(m) Significant accounting judgments and estimates

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

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 share-based compensation granted using the Black-Scholes valuation method. Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.

- The assumptions used for determining the amount of deferred income tax assets, liabilities, expense and recovery, including the income tax rate to be used and recoverability of deferred tax assets involve critical judgement and estimates.

- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- The inputs used in accounting for share purchase warrants transactions in the statement of financial positions. PJX estimates the warrants issued using a standard valuation method. Several assumptions including volatility, risk-free interest rate and expected warrant life are significant assumptions used in determining the values of warrants.

- The assumptions under which the Company established an obligation to incur restoration, rehabilitation and environmental costs as they may arise when environmental disturbance is caused by exploration programs the company might run. The estimation of future amounts to be incurred and discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

- Contingencies – See Note 14.

Changes in accounting policies:

Adoption of new accounting policy – IFRS 16 Leases:

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 material 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 IAS 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.

New accounting policy for leases under IFRS 16:

The Company assesses whether a contract is or contains a lease, at the beginning of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which the lessee, at the commencement of the lease, with the following exceptions (i) the Company has elected not to recognize the ROU assets and liabilities for leases where the total lease term is less than to equal to 12 months, or (ii) for leases of low value. The payments for short-term leases or leases of low value are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term. The ROU asset is initially measured based on the present value of the lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying assets. The ROU asset is subject to testing for impairment if there is an indicator for impairment. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the statement of operations and comprehensive loss. The Company has one lease agreement for office space that has not been recognized due to its short-term nature. The Company did not incur any variable lease payments and there were no leases with residual value guarantees or no leases not yet commenced to which the Company is committed.

(Expressed in Canadian dollars)

Lease liability:

The Company has one lease agreement for a vehicle lease entered into during June 2019. The Company did not incur any variable lease payments and there were no leases with residual value guarantees or not yet commenced to which the Company is committed.

December 31,		**2019**		2018
Lease liability	**$**	**30,563**	$	-
Less: Current portion		**(8,161)**		-
Long-term portion	**$**	**22,402**	**$**	**-**

		2019		2018
Undiscounted lease liability	**$**	**33,563**	$	-
No later than one year		**(9,589)**		-
Later than one year and no later than five years		**(23,974)**		-
	$	**-**	$	-

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 was effective for the Company’s reporting period beginning on January 1, 2019 and its implementation had no material impact.

Future accounting changes:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. 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.

3. CAPITAL MANAGEMENT

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, contributed surplus and accumulated deficit, which as at December 31, 2019 totaled $1,229,451 (December 31, 2018 – $1,976,458). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2019 and 2018. The Company is not subject to externally imposed capital requirements.

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

4. FINANCIAL RISK FACTORS

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

<u>Credit risk</u>

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.

<u>Liquidity risk</u>

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2019, the Company had a cash balance of $1,259,561 (December 31, 2018: $2,224,670) to settle current liabilities of $289,002 (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. In addition, refer to Note 3 for the Company’s approach to capital management.

Market risk

Interest rate risk

The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. At December 31, 2019 and 2018, the Company did not have any amounts invested in interest bearing accounts.

Price risk

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

Based on Management's knowledge and experience in the financial markets, the Company believes that it is “reasonably possible” that commodity price fluctuation could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of mineral commodities. As of December 31, 2019, and 2018, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at December 31, 2019 and 2018, the carrying values approximate the fair value amounts of the Company's financial instruments. The Company has not disclosed the fair value of amounts receivable, accounts payable and accrued liabilities because the carrying values approximate fair values.

6. AMOUNTS RECEIVABLE

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

b) The Company has accrued an estimated receivable amount for $40,000 in relation to the 2018 British Columbia refundable tax credit. No amount was provided under this concept during fiscal 2018.

7. PREPAYMENTS AND DEPOSITS

a) Prepayments totalling $39,152 (December 31, 2018: $43,009) represents advanced payments to suppliers.

b) At December 31, 2019, the Company has deposits with the British Columbia Ministry of Finance for $148,900 (December 31, 2018: $134,900) representing remediation cost bonds associated with its properties; and other advances totalling $26,050 (December 31, 2018: $27,153).

(Expressed in Canadian dollars)

c) During the year ended December 31, 2018, the Company assumed obligations relating to an excavated trail located in the Zinger Property, in exchange for cash consideration of $25,000. The decommissioning liabilities are assessed based on the estimated costs to reclaim the excavation trails and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that the total undiscounted cash flows required to settle the obligations will be $27,000. These obligations have been discounted using a risk-free rate of 3% and an inflation rate of 2% per year. Most of this obligation is not expected to be paid until approximately 5 years in the future and have already been fully funded with a refundable deposit, held on account with the British Columbia Ministry of Finance. Included under deposits disclosed in Note 7(b) are $24,400 that the Company has made with the British Columbia Ministry of Natural Resources on this respect, funds that will be refunded to the Company once its obligation is discharged.

8. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSET

December 31,	**2019**	2018
Vehicle		
Balance, beginning of the year	**$ 45,684**	$ 45,684
Acquisitions	**3,500**	-
Dispositions	**(45,684)**	-
Right of use asset	**35,282**	-
Balance end of the year	**$ 38,782**	$ 45,684
Accumulated depreciation		
Balance, beginning of the year	**$ 41,800**	$ 30,151
Depreciation expense:		
- Vehicle	**4,393**	11,649
- Right of use asset	**5,145**	-
	51,338	41,800
Dispositions	**(45,684)**	-
Balance end of the year	**$ 5,654**	$ 41,800
Net book value		
- Vehicle	**$ 2,991**	$ 3,884
- Right of use asset	**30,137**	-
	$ 33,128	$ 3,884

9. MINERAL EXPLORATION PROPERTIES

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

a) 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. See Note 10(b)(iii) for a detail of shares issued under this agreement.
Upon the deemed exercise of the option, the Optionors will be granted an aggregate NSR of 2% in respect of the DD Property and on certain claims owned by PJX, under certain predefined terms. The Company will have the right to purchase 50% of such NSR (being a 1% NSR - 0.5% from each individual comprising the Optionors) for $1,000,000, and the remaining 50% of such NSR (being a 1% NSR - 0.5% from each individual comprising the Optionors) for $1,000,000.

On May 10, 2016, the Company entered into an option agreement (the "Teck Agreement") with Teck Resources Limited ("Teck") whereby Teck was granted an option to acquire up to a 75% interest in the DD Property. The Teck Agreement provided for Teck to earn an interest in the property as follows:

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

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

On November 5, 2019 the Company announced that Teck terminated their option on the DD Property. Teck has offered to transfer the exploration permit to PJX. The multi-year area-based permit allows PJX to drill and explore without having to acquire a new permit.

b) Gold Shear Property Agreement:

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

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

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

Once PJX has fully earned its interest in the Gold Shear Property, it will grant an NSR of 2% to the optionor of the Gold Shear Property. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for $1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for $1,000,000. As of January 2020, the Company has fully earned its interest in this property (see Note 10 (b) (iii)).

c) *Other Properties:*

The Company also has other exploration properties, all located in British Columbia, Canada, where it has earned a 100% interest. See Note 12(a) for a detail on exploration work conducted by PJX in these properties.

(Expressed in Canadian dollars)

10. SHARE CAPITAL

(a) Authorized capital

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

(b) Issued capital

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

	# of Shares		Value
Balance at December 31, 2017	75,963,396	$	7,778,989
Shares issued on property option payment (Note 10(b)(iii))	75,000		14,500
Shares issued on private placement (Note 10(b)(i))	22,620,407		3,966,902
Shares issued on exercise of w arrants and other adjustments (Note 11)	85,000		20,606
Value allocated to w arrants	-		(779,292)
Share premium on flow -through shares (Note 10(b)(i))	-		(420,153)
Share issue cost (Note 10(b)(i))	-		(269,676)
Balance at December 31, 2018	98,743,803	$	10,311,876
Shares issued on property option payment (Note 10(b)(iii))	125,000		23,375
Shares issued on private placement (Note 10(b)(i))	9,135,491		1,409,200
Shares issued on exercise of w arrants (Note 11)	50,000		14,934
Value allocated to w arrants	-		(274,893)
Share premium on flow -through shares (Note 10(b)(i))	-		(196,650)
Share issue cost (Note 10(b)(i))	-		(131,500)
Balance at December 31, 2019	**108,054,294**	**$**	**11,156,342**

(i) Private placements

On May 17, 2018, the Company completed a private placement where 3,000,000 flow-through shares and 12,296,276 units were issued for gross proceeds of $2,600,367. Under this transaction, PJX issued 3,000,000 flow-through shares at a price of $0.17, 6,544,217 flow-through units at a price of $0.17 per flow-through unit, and 5,752,059 non-flow-through units at a price of $0.17 per unit. Each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant exercisable at $0.25 for 24 months following completion of the offering. Each non-flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at $0.25 for 24 months following completion of the offering.

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

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

On December 17, 2018, the Company announced the completion of a private placement where 3,321,631 flow-through units at a price of $0.19 per flow-through unit, 2,750,000 flow-through shares at a price of $0.19 per share and 1,252,500 units at a price of $0.17 per unit, were issued for gross proceeds of

(Expressed in Canadian dollars)

$1,366,535. Under this transaction, each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share until the second anniversary of the issuance of the warrants and a price of $0.30 per share thereafter until the third anniversary of the issuance of the warrants.

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

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

On December 30, 2019, the Company announced the completion of a private placement where 1,943,824 flow-through units at a price of $0.17 per flow-through unit, 3,333,334 flow-through shares at a price of $0.15 per share and 3,858,333 units at a price of $0.15 per unit, were issued for gross proceeds of $1,409,200. Under this transaction, each flow-through unit consisted of one flow-through common share of the Company and one non-transferable common share purchase warrant. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share thereafter until the third anniversary of the issuance of the warrants.

As the proceeds received by the Company in December 6, 2019 for a flow-through unit, flow-through share and non-flow though unit at the time of the transaction were different, a premium on flow-through shares of $196,650 was recorded. The premium has been deducted from capital and a flow-through premium liability for the same amount was recorded. The premium is subsequently amortized as the flow-through funds are utilized in qualified exploration programs.

In connection with the offering the Company paid finder fees for a total of $99,226 and issued 649,733 compensation warrants, valued at $30,799, as well as incurred other cash costs for $1,475. Each of the finder's warrants entitles the finder to purchase one common share of the Issuer at a price of $0.25 for 36 months.

The following schedule describes the flow-through premium liabilities and amortization for the years ended December 31, 2019 and 2018:

December 31,		**2019**		2018
Unamortized premium balance - opening	**$**	**314,889**	$	-
Premium on issued flow-through shares		**196,650**		420,153
Premium amortization		**(314,889)**		(105,264)
Unamortized premium balance - ending	**$**	**196,650**	$	314,889

(Expressed in Canadian dollars)

(ii) Share based compensation

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

On August 20, 2018, the Company granted an aggregate of 1,925,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of $0.25 per share. Out of the options granted, 1,675,000 were fully vested on granting and 250,000 vest every quarter over a period of 1 year. All options granted are exercisable until August 19, 2023. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 113%; risk-free interest rate of 2.18%; and an expected average life of 5 years. The fair value of all these options was estimated at $369,116 of which $343,345 vested during fiscal 2018 and $25,771 during the year end ended December 31, 2019 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, with the first quarter vesting on granting. All options granted are exercisable until January 3, 2024. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 99%; risk-free interest rate of 1.84%; and an expected average life of 5 years. The fair value of all these options was estimated at $550,670 of which $544,158 has been vested as of December 31, 2019, was recorded as share-based compensation within the statement of loss and credited to contributed surplus.

During fiscal 2019, the Company cancelled 255,000 stock options exercisable at $0.20 per share and 225,000 stock options exercisable at $0.19.

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

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
July 20, 2020	$0.19	0.55	1,380,000	1,380,000
November 17, 2021	$0.20	1.88	3,135,000	3,135,000
August 19, 2023	$0.25	3.64	1,925,000	1,925,000
January 3, 2024	$0.25	4.01	2,960,000	2,925,000
Balance at December 31, 2019	**$0.22**	**2.72**	**9,400,000**	**9,365,000**

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

(Expressed in Canadian dollars)

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

	Number of stock options		Weighted average exercise price
Balance at December 31, 2017	6,023,500	$	0.19
Options granted	1,925,000		0.25
Options cancelled	(10,000)		0.19
Options expired	(1,018,500)		0.15
Balance at December 31, 2018	6,920,000	$	0.21
Options granted	2,960,000		0.25
Options cancelled	(480,000)		0.20
Balance at December 31, 2019	**9,400,000**	**$**	**0.22**

(iii) Shares issued on property option payments

DD Agreement:
Under the DD Property 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 (see Note 9a).

The following shares have been issued under the terms of this agreement:

- 50,000 shares valued at $9,000 were issued on July 18, 2016;
- 50,000 shares valued at $8,250 were issued on July 10, 2017;
- 50,000 shares valued at $11,000 were issued on July 6, 2018; and,
- 50,000 shares valued at $7,250 were issued on August 12, 2019.

The value ascribed to the shares issued were based on the Company's closing shares price the day before the transaction.

Gold Shear Agreement:
Under this agreement entered on January 17, 2018, the Company is required to issue 200,000 PJX shares to the optionor within a period of 24 months of the signing of the Agreement (see Note 9b).

The following shares and cash payments have been issued under the terms of this agreement:

- 25,000 common shares valued at $3,500 were issued on January 22, 2018 and $10,000 cash paid on January 29, 2018;
- 75,000 common shares valued at $16,125 were issued on January 2, 2019 and $10,000 cash paid on March 31, 2019.

Subsequent to year end, on January 6, 2020 the Company issued an additional 100,000 common shares to the DD Optionors, corresponding to the last payment due under this Agreement (see Note 17 – Subsequent events).

The value of the shares issued is based on the price of the Company shares at the closing day before the day of the transaction.

(Expressed in Canadian dollars)

11. WARRANTS

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

Expiry Date	Number of Warrants	Exercise price	Value
August 29, 2020 **	6,833,284	$ 0.25	$ 332,611
November 18, 2020 ***	12,457,431	0.25	584,974
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
December 5, 2022	5,802,157	0.25	274,893
December 5, 2022	649,733	0.25	30,799
Balance at December 31, 2019	**43,782,066**	**$ 0.25**	**$ 2,060,933**

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

** Warrants expiry date extended from August 29, 2019 to August 29, 2020.

*** Extended for one year from its original expiry date of November 18, 2019.

The following schedules describe the warrants outstanding at December 31, 2018:

Expiry Date	Number of Warrants	Exercise price	Value
August 29, 2019	6,883,284	$ 0.25	$ 335,045
October 31, 2019	2,795,293	0.25	135,561
November 18, 2019	13,057,249	0.25	662,051
May 17, 2020	12,296,276	0.25	537,320
May 17, 2020	836,454	0.25	39,244
December 17, 2021 *	4,574,131	0.25	241,972
December 17, 2021 *	332,600	0.25	19,120
Balance at December 31, 2018	**40,775,287**	**$ 0.25**	**$ 1,970,313**

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

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

	Number of Warrants	Exercise price	Value
Balance December 31, 2017	28,575,071	$ 0.24	$ 1,387,195
Warrants issued on private placement	13,132,730	0.25	576,564
Warrants issued on private placement *	4,906,731	0.25	261,092
Warrants exercised	(85,000)	0.20	(3,606)
Warrants expired	(5,754,245)	0.20	(250,932)
Balance at December 31, 2018	40,775,287	$ 0.25	$ 1,970,313
Warrants exercised	(50,000)	0.25	(2,434)
Warrants expired	(3,395,111)	0.25	(212,638)
Warrants issued on private placement	6,451,890	0.25	305,692
Balance at December 31, 2019	**43,782,066**	**$ 0.25**	**$ 2,060,933**

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

(Expressed in Canadian dollars)

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

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

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

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

As part of the financing announced December, 2019, the Company issued 5,802,157 warrants valued at $274,893. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share for 36 months.

As part of the financing announced on December, 2019, the Company issued 649,733 compensation warrants valued at $30,799. Each warrant entitles the holder to purchase one common share of the Issuer at a price of $0.25 per share for 36 months.

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

Expiry date	Number of Warrants	Dividend yield	Volatility *	Risk free interest rate	Expected average life (years)	Value
August 29, 2020	6,833,284	Nil	117%	0.57%	3	$ 332,611
November 18, 2020 (3)	12,457,431	Nil	114%	0.69%	3	584,974
May 17, 2020	12,296,276	Nil	104%	2.06%	2	537,320
May 17, 2020 (2)	836,454	Nil	104%	2.06%	2	39,244
December 17, 2021 (1)	4,574,131	Nil	108%	2.02%	3	241,972
December 17, 2021 (1) (2)	332,600	Nil	108%	2.02%	3	19,120
December 5, 2022	5,802,157	Nil	103%	1.63%	3	274,893
December 5, 2022 (2)	649,733	Nil	103%	1.63%	3	30,799
	43,782,066					$ 2,060,933

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

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

(2) Compensation warrants

(3) Extended for one year from its original expiry date of November 18, 2019

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

(Expressed in Canadian dollars)

During the third quarter of fiscal 2019 the Company extended the expiry date of 6,833,284 warrants originally expiring on August 29, 2019 to August 29, 2020. No other terms on these warrants were changed.

On November 18, 2019, 12,457,431 warrants expiring on that date and exercisable at $0.25, were extended until November 18, 2020. All remaining terms of these warrants remained unchanged.

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

During the first quarter of fiscal 2019, 50,000 warrants with a grant date fair value of $2,434 were exercised at $0.25 per warrant for net proceeds of $12,500.

Warrants expired:
The following schedules describe the warrants expired during the years ended December 31, 2019 and 2018:

Expiry Date	Number of Warrants	Exercise price	Value
October 31, 2019	2,795,293	$ 0.25	$ 135,561
November 18, 2019	599,818	0.25	77,077
	3,395,111	$ 0.25	$ 212,638

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

12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) Exploration Expenses:

The following schedules describe exploration expenses incurred by property during the years ended December 31, 2019 and 2018, and since inception:

Years ended December 31.	2019	2018
Dewdney Trail Property	**$ 49,130**	$ 77,412
Eddy Property	**147,785**	77,673
Zinger Property	**25,727**	320,969
Vine Property	**1,091,346**	848,507
DD Property	**8,694**	24,401
Gold Shear Property	**266,445**	110,299
Parker Copper Property	**49,850**	10,752
Others	**-**	-
	$ 1,638,977	$ 1,470,013
BC refundable tax credits received	**(139,271)**	-
Total exploration expenses	**$ 1,499,706**	$ 1,470,013

(Expressed in Canadian dollars)

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

Years ended December 31.	**2019**	2018	Balance since inception
Geology, geophysics and geochemistry	**$ 393,141**	$ 519,104	$ 2,723,372
Exploration-other accommodation	**-**	-	2,440
Permitting	**1,160**	-	54,574
Land rights, claims and environment	**19,682**	23,332	143,390
Drilling	**1,074,470**	754,439	4,814,020
Laboratory	**47,357**	62,035	352,697
Roads and surface preparation	**-**	-	70,944
Camp cost and exploration supplies	**5,774**	3,864	28,933
Exploration - travel and transportation	**36,500**	29,182	254,612
Exploration- meals	**7,813**	7,485	45,347
Rent - field office	**7,946**	9,666	53,671
Insurances	**-**	-	202
Surface sampling and mapping	**-**	-	50,505
Option payments	**34,375**	29,586	484,211
Reclamation provision	**-**	24,500	24,500
Legal expenses-exploration	**-**	1,897	1,898
Non-flow-through exploration expenses	**10,759**	4,923	15,680
	$ 1,638,977	$ 1,470,013	$ 9,120,996
BC refundable tax credits received	**(139,271)**	-	(289,149)
Total exploration expenses	**$ 1,499,706**	$ 1,470,013	$ 8,831,847

b) General and administration:

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

Years ended December 31,	**2019**	2018
Insurance	**$ 16,408**	$ 10,416
Interest, bank charges and penalties	**1,320**	937
Investor relations	**246,874**	252,428
Listing and regulatory fees	**39,524**	56,268
Office expenses	**17,342**	26,312
Professional fees	**80,234**	64,818
Rent	**12,949**	12,219
Salaries and benefits	**276,263**	320,335
Travel and transportation	**24,476**	6,842
	$ 715,390	$ 750,575

(Expressed in Canadian dollars)

13. OTHER REVENUES

Included under Other Revenues for fiscal 2019, is $15,000 that corresponds to a gain on disposition of equipment.

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

14. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to $812,000 to be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

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

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at December 31, 2019, the Company has $830,450 in commitments related to previous flow-through share agreements entered into to be incurred by December 31, 2020.

15. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Purchase of services:

During the years ended December 31, 2019 and 2018, the Company contracted professional services from directors of PJX as follows:

Years ended December 31,	**2019**	2018
Fees paid to a law firm where a director of the Company is a partner	**$ 1,397**	$ 7,550
Fee paid to a director for geological services rendered	**10,150**	-
	$ 11,547	$ 7,550

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:

(Expressed in Canadian dollars)

Years ended December 31,	2019	2018
Salaries and bonuses	**$ 264,000**	$304,000
Share-based compensation	**421,374**	257,400
	$ 685,374	$561,400

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

Includes in accounts payables and accrual liabilities are the following amounts:

At December 31,	2019	2018
Payable to officers of the Company	**$ 19,564**	$ 17,567
Bonuses payable to management	**-**	40,000
Payable to a law firm where a director of the Company is a partner	**261**	5,030
	$ 19,825	$ 62,597

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

d) Participation in equity financings:

The following schedule describes directors' and officers' participation in equity financings pursued by the Company during the years ended December 31, 2019 and 2018:

Years ended December 31,	2019		2018	
	Units	**Value**	Units	Value
Officers	**50,000**	**$ 8,500**	206,500	$ 35,635
10% security holders	**3,333,333**	**500,000**	2,352,941	400,000
Directors	**-**	**-**	152,631	27,000
Total	**3,383,333**	**$ 508,500**	2,712,072	$ 462,635

16. INCOME TAXES

	2019	2018
Loss before income taxes	**$(2,779,549)**	$(2,544,845)
Expected recovery	**(736,580)**	(674,384)
Premium on flow-through shares (Note 10(b)(i))	**(314,889)**	(105,264)
Expenses non deductible for tax purposes	**156,071**	10,532
Tax benefits not recognized	**580,509**	663,852
Premium on flow-through shares	**$ (314,889)**	$ (105,264)

The applicable tax rate is 26.5% (2018: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized for non-capital losses of $3,783,435 (December 31, 2018: $ 3,724,378), expiring between 2030 and 2039, exploration and development expenses of $4,623,283 (December 31, 2018: $ 3,945,633) which have no expiry date, and share issue costs of $308,927 (December 31, 2018: $430,932) which will be deducted between 2020 and 2023. The potential future benefits of these losses have not been recognized in the financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits.

17. SUBSEQUENT EVENTS

On January 6, 2020, PJX made the final payment of 100,000 shares related to the Gold Shear Property and, as such, now owns 100% of the Property (see Note 10(b)(iii)).

In March 2020, PJX received notice from the Gold Commissioner of British Columbia advising of a time extension to file work done on its mineral claims. This extension ensures that all claims held by PJX will be held in good standing until December 31, 2021.