



**PJX RESOURCES INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the three months ended March 31, 2020 and 2019

## **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 months ended March 31, 2020 ("Q1 F2020") and March 31, 2019 ("Q1 F2019") should be read in conjunction with the unaudited condensed interim financial statements of the Company and notes thereto at March 31, 2020.

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](http://www.sedar.com).

The date of this report is May 15, 2020.

#### ***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](http://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 condensed interim financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the three months period ended March 31, 2020, the Company incurred a loss of \$449,771 or \$0.00 per share, (March 31, 2019: \$1,222,744 or \$0.01 per share), and reported an accumulated deficit of \$16,580,067 (March 31, 2019: \$14,888,380). As at March 31, 2020 the working capital of the Company was \$622,284 (December 31, 2019: \$1,068,275). 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 holds 100% interest in 7 properties (the Dewdney Trail, Vine, Eddy, Zinger, Parker Copper, West Basin and Gold Shear). The Company also has the right to earn a 100% interest in the DD Property. All properties are road accessible and proximal to power, rail and workforce in the Sullivan base metal and placer gold mining district.

## ***Highlights for Q1 F2020***

### ***Exploration***

PJX's primary focus is to discover new gold and base metal deposits. Highly prospective gold and base metal (zinc, lead, copper, silver) targets with deposit potential have been and continue to be defined through exploration activities. Drilling for base metals on the Vine Property was a main focus during Q1 2020 along with compilation of 2019 field mapping, prospecting, geophysics and geochemistry for gold on other

properties. The company continues to identify new gold showings and advance existing gold and/or base metal targets toward a drill ready stage.

### **Base Metal Potential (zinc, lead, silver, copper):**

Drilling for zinc-lead-copper-silver mineralization was carried out on the Vine Property during Q1, F2020 (“Q1”), prior to closure in response to Covid-19.

- Vine Property exploration supports the potential for massive sulphide (zinc, lead, silver) mineralization similar in style to a Sullivan Type or Broken Hill type deposits.
- In 2019, the second hole to test a newly identified Magnetotelluric (“MT”) geophysical target intersected a New Massive Sulphide (NMS) zone of mineralization similar in style to mineralization that occurs proximal to the Sullivan massive sulphide deposit.
- The drill hole also intersected geology and alteration that support a venting geological environment that is also consistent with a Sullivan deposit environment.
- According to geophysics, the drill hole appears to have intersected the edge of the NMS zone and there is a large untested area with potential to host a deposit to the south and west.
- PJX’s newly discovered NMS zone occurs 300 m below the depth of historical drilling by Cominco.
- Drilling to test the NMS horizon started during Q1, but was halted in response to Covid-19.
- Interpretation of the drill hole data has defined syn-rift faults that form a pattern similar to syn-rift faults that controlled the formation of massive sulphide mineralisation at the Sullivan deposit.
- This is a significant step in further defining the geological basin (graben) that could host a potential Sullivan deposit.
- Surface exploration will be carried out during Q2 to further define the basin for the next phase of drilling.
- Additional drilling is needed to test the NMS Zone to the south and west. The large target area is sufficient in size to host a Sullivan type deposit.

### **Gold Potential**

High-grade gold mineralization was intersected by drilling on the Gold Shear Property in late 2019. Compilation of these results and gold exploration data from other properties was undertaken in Q1, and is on-going, in advance of planned exploration and drilling of gold targets this year.

- Historical and recent exploration support the potential for shear zone hosted high-grade gold deposits on the Gold Shear and Eddy Properties.
- Drilling confirmed the high-grade nature of gold mineralization on the Gold Shear Property. Six of nine holes drilled to test the David Gold Zone intersected strong gold mineralization with the highest grade being 54.77 grams per tonne (“g/t”) gold over one metre.
- PJX’s drill results combined with mapping, geophysics and historical drilling suggest the gold mineralization may extend to the north down plunge, with the potential for additional parallel and expanded gold zones at depth.
- The high-grades and widths of gold mineralization intersected on the Gold Shear Property are similar to grades and widths intersected proximal to gold deposits elsewhere, such as Wallbridge’s new Fenelon discovery in Quebec.
- Prospecting and mapping have identified three gold showings (MC, Hill Vein and Red Zone) on the Eddy Property that is adjacent to and on strike with the Gold Shear Property.
- High-grade gold mineralization is planned to be tested by drilling on strike and at depth where geophysics and mapping suggest the zone may continue and/or expand on the Gold Shear Property. Future exploration will also focus on the potential of additional untested gold zones on the Gold Shear and Eddy Properties.

### ***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 with more than 200 years of working experience in the mining and exploration industry and meeting its related challenges.

Demand for gold, silver and base metals is forecasted 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. Economic downturn in response to the COVID-19 pandemic during the first half of 2020 has resulted in weak demand for base metals. Sale of metal from stockpiles may also be placing downward pressure on base metal prices in the short term. However, base metal prices are expected to rise as economies recover and may spike to new highs due to potential stockpile shortages. Gold and Silver markets may strengthen and possibly rise significantly in the short term in response to the economic, social and potential political challenges relating to the pandemic. Overall, metal prices are expected to strengthen in the long term as economies recover, trade war concerns are resolved, market volatility lessens 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 in a proven mining camp. The prime objective of the Company is to focus resources on exploration activities to discover a gold or base metal deposit.

### ***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.

## **MINERAL PROPERTIES**

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 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.

PJX's primary focus is to discover a new deposit. Highly prospective gold and base metal (zinc, lead, copper, silver) targets with deposit potential have been and continue to be defined through exploration activities. Drilling for gold on the Gold Shear Property and for zinc-lead-copper-silver on the Vine Property were the main focus during 2019. The company also continued to identify new gold showings and advance existing gold and/or base metal targets toward a drill ready stage on other properties. A summary of the Company's properties appears below. Please visit [www.pjxresources.com](http://www.pjxresources.com) for additional information.

### **Vine Property**

- Exploration supports the potential for massive sulphide (zinc, lead, copper, silver) discovery similar in style to a Sullivan Type or Broken Hill type deposit.
- Drilling newly identified MT conductive geophysical targets intersected the NMS Zone for the first time within the large East Gravity target area.
- Four layers of conductive massive sulphide mineralization totalling 3.5 metres within the 5.5 metre wide NMS zone were intersected in a geological setting somewhat similar to the Sullivan Deposit.
- The NMS zone has classic Durchbewegt texture that is similar in style to massive sulphide mineralization located within 1000 metres of the economic part of the Sullivan deposit.
- Down hole EM (electromagnetic) geophysics suggests the NMS zone continues on strike to the south and west.
- In the 1980's, Cominco believed that massive sulphide mineralization (zinc, lead, copper, silver, and gold) found at surface in the Vine vein may represent remobilized mineralization from depth. Cominco drilled to test the Sullivan horizon at depth and did not encounter massive sulphide mineralization. PJX's newly discovered NMS zone occurs 300 m below the depth of Cominco's drilling.
- A hole drilled by Kokanee Exploration in 1990 intersected a 3.4 m wide massive sulphide zone, with bedded and Durchbewegt textures, approximately 700m south of PJX's drill hole. PJX's management and consulting geologist believe that both holes intersected the same geologic horizon hosting the NMS zone.
- Drilling to test the NMS horizon started during Q1 but was halted in response to Covid-19.
- Interpretation of the drill hole data has defined syn-rift faults that form a pattern similar to syn-rift faults that controlled the formation of massive sulphide mineralisation at the Sullivan deposit.
- This is a significant step in further defining the geological basin (called a graben) that could host a potential Sullivan deposit.
- Expanded MT geophysics supports the potential that the NMS zone may extend for over 3 kilometres to the west.
- Additional drilling is planned to test the NMS zone between existing holes and to the west. The large target area is sufficient in size to host a Sullivan type deposit.

### **Gold Shear Property**

- Historical and recent exploration support the potential for shear zone hosted high-grade gold deposits.
- The high-grade David Gold Zone was first discovered in 1990 by prospecting.
- Eight of 12 rock grab samples taken by PJX from the David Gold Zone at surface have over 68 g/t gold, the highest is 193.90 g/t gold.
- PJX's surface mapping, and compilation of historical 1990 drilling by Dragoon Resources Ltd, suggest that high-grade gold mineralization may occur as elongated zones that plunge to the north within the north trending David Shear.

- Drilling in late 2019 confirmed the high-grade nature of gold mineralization in the David Shear. Six of nine holes drilled intersected strong gold mineralization with the highest grade being 54.77 g/t gold over one metre.
- Geophysics indicates an area of increased conductivity at depth below the level of drilling and this area may represent a bend or break in the David Shear. Structurally controlled gold deposits often occur at bends or brakes in a shear.
- The high-grades and widths of gold mineralization intersected on the Gold Shear Property are similar to grades and widths intersected proximal to gold deposits elsewhere, such as Wallbridge's new Fenelon discovery in Quebec.
- Additional drilling is planned to extend the current high-grade gold zone down plunge to the north and test for additional gold zones at depth where the shear may bend or break and form a gold deposit.

### Other Properties

Surface mapping, prospecting, sampling and/or geophysics were carried out during the year to identify new target areas and advance other existing gold, silver, zinc, lead or copper showings to a drill ready stage on other PJX Properties.

- Three gold showings (MC, Hill Vein and Red Zone) were identified and explored on the **Eddy Property**. Rock grab or chip samples from outcrop returned high-grade gold mineralization up to 108g/t gold from the Hill Vein, 34g/t gold from the MC and a 45cm rock chip sample of 79g/t gold from the Red Zone area. The newly identified showings have not been drilled. Additional high-grade gold mineralization has been found on strike with these showings. Eddy Property is adjacent to the **Gold Shear Property** and on-strike with the David Gold Zone.
- In July 2019, PJX received a 5-year permit from the Government of British Columbia to drill and explore the multiple gold zones on the **Gold Shear and Eddy Properties**.
- **Zinger Property** has high concentrations of gold in soil (898 visible gold grains in one sample) and in rock grab samples (up to 34 g/t gold) in outcrop along a 6-kilometre structural trend. Re-evaluation of drilling suggests that gold may concentrate where vertical fold structures intersect horizontal fold structures at depth.
- **Parker Copper Property** was staked in late 2018 to cover new showings of sediment hosted copper mineralization. The alteration and style of copper mineralization is similar to sediment hosted copper deposits in the United States and the Kamoia deposit in Congo. Prospecting in 2019 suggests the favourable copper horizon may continue down dip to the west and along strike to the north.
- Compilation work suggests that the Zeus copper-cobalt breccia pipe on the adjacent **Eddy Property** may be part of a feeder system to the **Parker Copper** sediment-hosted copper mineralization.
- **Dewdney Trail Property** mapping and prospecting have identified multiple target areas with gold and/or base metal (copper, lead, zinc) potential.
- Teck Resources Limited terminated the **DD Property** option in late 2019 and PJX maintains 100% interest in the property. PJX has since received the final Teck Report which indicates that the hole drilled to test for a potential Sullivan type deposit may not have drilled deep enough and recommends the hole be extended. Teck is transferring the drilling permit to PJX. The drill hole and trail are available for PJX to complete the hole.

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 and DD Property zinc, lead, copper, silver targets, Parker Copper Property, and gold targets on the Gold Shear, Eddy, Dewdney Trail and Zinger 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 March 31, 2020 and 2019:

Three months ended March 31,	2020	2019	Change
Geology, geophysics and geochemistry	\$ 41,361	\$ 77,115	\$ (35,754)
Land rights, claims and environment	1,690	3,193	(1,503)
Drilling	296,842	412,076	(115,234)
Laboratory	8,380	270	8,110
Camp cost and exploration supplies	306	2,432	(2,126)
Exploration - travel and transportation	7,991	10,977	(2,986)
Exploration- meals	1,008	1,536	(528)
Rent - field office	200	1,184	(984)
Insurances	1,424	-	1,424
Option payments	41,300	27,125	14,175
Non-flow-through exploration expenses	6,396	6,833	(437)
	<b>\$ 406,898</b>	<b>\$ 542,741</b>	<b>\$ (135,843)</b>

The most significant changes during the three months ended March 31, 2020, when compared to the same period of Fiscal 2019 were:

- The decrease in Geology, geophysics and geochemistry (“GGG”) of \$35,754 is primarily composed by a decrease in geophysical work of \$60,208, an increase in general geological work of \$5,987, an increase in salary allocated to projects of \$13,065 and an increase in report preparations of \$5,400;
- The decrease in Drilling expenses of \$115,234 is principally composed by a decrease at the Vine Property of \$110,060, a decrease at the Zinger Property of \$6,904 at an increase of \$1,731 at the Gold Shear Property;
- The increase in laboratory expenses of \$8,110 is mainly due to laboratory work performed for the Vine Property;
- The increase in option payments for \$14,175 are mainly related to Gold Shear Property where the Company paid \$25,000 in cash and issued 100,000 shares valued at \$16,300, where during the first quarter of fiscal 2019 PJX paid \$10,000 cash and issued 75,000 shares valued at \$16,300 under the same project terms.

The following schedule describes exploration expenses for each project for the three months period ended March 31, 2020 and 2019:

Three months ended March 31,	2020	2019	Change
Dewdney Trail Property	\$ 8,100	\$ 15,660	\$ (7,560)
Eddy Property	1,866	29,739	(27,873)
Zinger Property	-	14,332	(14,332)
Vine Property	340,190	450,656	(110,466)
Gold Shear Property	50,347	29,995	20,352
Parker Copper Property	-	2,359	(2,359)
Others	6,395	-	6,395
	<b>\$ 406,898</b>	<b>\$ 542,741</b>	<b>\$ (135,843)</b>

- The decrease of \$7,560 at the Dewdney Trail Property is mainly composed of a decrease of approximately \$5,000 in general geology, a decrease of approximately \$8,000 in geophysics and an increase of approximately \$5,000 in geological report preparation.
- The decrease of \$27,873 at the Eddy Property was mainly generated of a decrease in geophysical

work for approximately \$28,000.

- The decrease of \$14,332 at the Zinger Property is composed of a decrease in general geological work for approximately \$3,000, a decrease in claim management expenses for approximately \$2,000, a decrease in drilling of approximately \$7,000 and a decrease in travel and transportation related charges of approximately \$2,000.
- The decrease of \$110,466 at the Vine Property is mainly composed of a decrease in drilling of approximately \$110,000, a decrease in geophysics of approximately \$25,000, and a decrease in training charges of approximately \$7,000. General geology expenses increased at this property for approximately \$11,000, laboratory increased by approximately \$8,000 and salary allocated to the project increase by approximately \$13,000.
- The increase of \$20,352 at the Gold Shear Project was mainly composed of an increase in general geology for approximately \$4,000, an increase in option payments for approximately \$14,000 and an increase in drilling related cost for approximately \$2,000.
- The decrease of \$2,359 at Parker Copper Project relates to decreases in permitting and archeological assessment work incurred during the first quarter of fiscal 2019.

### General and administration (“G&A”)

The following schedule describes the general and administration expenses incurred by PJX during the three months ended March 31, 2020 compared to the same period of Fiscal 2019:

Three months ended March 31,	2020	2019	Change
Insurance	\$ 2,875	\$ 5,410	\$ (2,535)
Interest, bank charges and penalties	534	105	429
Investor relations	28,157	81,662	(53,505)
Listing and regulatory fees	12,322	13,955	(1,633)
Office expenses	2,677	3,380	(703)
Professional fees	7,500	7,500	-
Rent	1,158	2,958	(1,800)
Salaries and benefits	57,768	71,792	(14,024)
Taxes and levies	9,225	-	9,225
Travel and transportation	3,245	2,362	883
	<b>\$ 125,461</b>	<b>\$ 189,124</b>	<b>\$ (63,663)</b>

The most significant changes in general and administration expenses during the three months ended March 31, 2020, when compared to the same period of Fiscal 2019, were:

- The decrease in insurance expenses of \$2,535 is due to additional charges during Q1 F2019 resulting for adjustments for approximately \$3,100 to directors and officer’s insurance.
- The decrease in investor relation charges of \$53,505 is composed of a decrease in investor relation subcontracts for approximately \$34,800, a decrease of approximately \$16,500 in travel and accommodations and a decrease of approximately \$2,300 in meals and entertainment;
- The decrease of \$14,024 in salaries and benefits relate to amounts that have been allocated to exploration expenses as a result of management new assessment of their direct involvement in this line item. No assessment was done during fiscal 2019 on this respect.
- The increase in taxes and levies of \$9,225 corresponds to Part XII taxes paid on flow through amounts not spent doing the year the funds were financed.

### 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		
March 31, 2020	Nil	\$ (449,771)	\$ (0.00)	\$406,898	\$125,461
December 31, 2019	Nil	(239,058)	(0.01)	31,881	217,351
September 30, 2019	Nil	(745,863)	(0.01)	691,409	165,505
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

## **LIQUIDITY AND CAPITAL RESOURCES**

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. The Company paid finder fees for a total of \$99,226 and issued 649,733 compensation warrants, valued at \$30,799.

As at March 31, 2020, the Company had total current assets of \$720,397 (cash, amounts receivable, and prepayments) 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 \$1,259,561 at December 31, 2019 to \$720,397 at March 31, 2020. When compared to the same quarter end on Fiscal 2019, current assets decreased by \$709,622 and current liabilities decreased by \$43,440 for the same comparative period, representing a decrease in working capital of \$666,182 from the comparative period.

The Company has successfully secured its key properties and is not required to make any option payments.

See also the Commitments and Obligations section below.

### *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. For the three months ended March 31, 2020, the Company incurred a loss of \$449,771 or \$0.00 per share and reported an accumulated deficit of \$16,580,067. As at March 31, 2020 the working capital of the Company was \$622,284. The Company's current cash position will enable it to fund the Corporation's planned operating expenses for the next twelve months however additional financing is currently required to allow the Company to fund its planned exploration and planned development programs. In addition, current events associated with the declared Coronavirus "COVID-19" global pandemic might have significant effects related to disruptions of 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 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 ended March 31, 2020 and 2019, the Company contracted professional services from a director of PJX.

<b>Three months ended March 31,</b>	<b>2020</b>	<b>2019</b>
Professional fees paid to a director	-	447
	<b>\$ -</b>	<b>447</b>

### **b) Key management compensation:**

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

<b>Three months ended March 31,</b>	<b>2020</b>	<b>2019</b>
Salaries	<b>\$ 66,000</b>	66,000
Stock-based compensation	-	421,374
	<b>\$ 66,000</b>	<b>487,374</b>

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

	<b>March 31,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
Payable to officers of the Company	<b>\$ 5,351</b>	\$ 19,564
Payable to a law firm where a director of the Company is a partner	-	261
	<b>\$ 5,351</b>	<b>\$ 19,825</b>

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

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

## **COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS**

The Company is a party to certain employment contracts. These contracts contain clauses requiring that \$812,000 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 March 31, 2020 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 of March 31, 2020, PJX has a flow-through exploration obligation of approximately \$471,448 to incur before December 31, 2020.

## **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 judgments

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, 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.

## **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 March 31, 2020, the Company had a cash balance of \$720,397 (December 31, 2019: \$1,259,561) to settle current liabilities of \$218,489 (December 31, 2019: \$208,078). 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 March 31, 2020, the Company did not have any amounts invested in interest bearing accounts.

### *Sensitivity analysis*

As of March 31, 2020, 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 March 31, 2020, 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, 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.

## **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**

Exploration is the Research & Development foundation of the Minerals and Metals Industry. The mineral claims to which the Company has a right to acquire an interest or owns are in the exploration stages and are without a known body of commercial ore. The Company does not hold any interest in a mining property in production and is focused on exploration to make new discoveries with the potential to be brought into production. The Company continues 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. Development of the mineral properties would follow only if favorable results are determined at each stage of assessment.

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 assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered given its early stage of operations. The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties to which the Company may be subject.

### *Liquidity and Capital Markets Risks*

Global economic and other factors impact markets. The Company anticipates future expenditures will require additional infusions of capital; there can be no assurance that such financing will be available or, if available, will be on reasonable terms depending on market and other factors beyond the control of the Company. If financing is obtained by issuing common shares from treasury, control of the Resulting Issuer may change and investors may suffer additional dilution. Furthermore, if financing is not available, lease expiry dates, work commitments, rental payments or option payments, if any, may not be satisfied and could result in a loss of shareholder investment.

### *Dependence on Management*

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

### *Regulatory / Political Risk*

The Company's exploration properties are located in British Columbia, Canada. The Company requires permits from various government authorities and, depending on the stage of development, such operations may be governed by laws, regulations or responsibilities relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environment, First Nations consultation and other matters. The Company works with all interested parties on an on-going basis to comply with all applicable material laws and regulations and address the interests of communities where it operates. There can be no assurance, however, that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that laws, regulations, or actions would not have an adverse effect on any exploration or mining project which the Company might undertake.

### *Title Risks*

Although the Company has exercised due diligence with respect to determining title to properties in which it has a material interest, and government records support PJX's title, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be challenged by prior unregistered agreements, or transfers, or conflicting claims; or indigenous claims, and title may be affected by undetected defects.

### *Metal Prices*

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

### *Shareholder Dilution*

The Company's constating documents permit the issuance of an unlimited number of common shares and a limited number of preferred shares issuable in series on such terms as the Directors determine without the approval of shareholders, who have no pre-emptive rights in connection with such issuances. In addition, the Company is required to issue common shares upon the conversion of its outstanding share purchase warrants and options in accordance with their terms. Accordingly, holders of common shares may suffer dilution.

## **OUTSTANDING SHARE DATA**

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

Balance at December 31, 2018	98,743,803
Shares issued on property option payment	125,000
Shares issued on private placement	9,135,491
Shares issued on exercise of warrants	50,000
Balance at December 31, 2019	108,054,294
Shares issued on property option payment	100,000
<b>Balance at the date of this report</b>	<b>108,154,294</b>
Total number of warrants issued and outstanding	42,945,612
Total number of options issued and outstanding	9,400,000
<b>Fully diluted number of shares at the date of this report</b>	<b>160,499,906</b>

### **Warrants outstanding:**

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

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>
August 29, 2020 **	6,833,284	\$ 0.25
November 18, 2020 ***	12,457,431	0.25
May 15, 2021 ****	12,296,276	0.25
December 17, 2021 *	4,574,131	0.25
December 17, 2021 *	332,600	0.25
December 5, 2022	5,802,157	0.25
December 5, 2022	649,733	0.25
<b>Balance at the date of this report</b>	<b>42,945,612</b>	<b>\$ 0.25</b>

\* 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.

\*\*\* Warrants expiry date extended from November 18, 2019 to November 18, 2020.

\*\*\*\* Extended for one year from its original expiry date of May 15, 2020.

Subsequent to quarter end, 12,296,276 warrants exercisable until May 15, 2020 were extended for one year. Also, on May 15, 2020, 836,454 compensation warrants exercisable at \$0.25, expired unexercised.

### **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 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:

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
July 20, 2020	\$0.19	0.15	1,380,000	1,380,000
November 17, 2021	\$0.20	1.48	3,135,000	3,135,000
August 19, 2023	\$0.25	3.24	1,925,000	1,925,000
January 3, 2024	\$0.25	3.61	2,960,000	2,960,000
<b>Balance at the date of this report</b>	<b>\$0.22</b>	<b>2.32</b>	<b>9,400,000</b>	<b>9,400,000</b>

### **QUALIFIED PERSON**

The above scientific and technical information has been prepared or reviewed by John Keating, P.Geo., 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.

### **SUBSEQUENT EVENT**

On May 5, 2020, the Company announced that it has extended the term of 12,296,276 share purchase warrants, (the "Warrants"). The Warrants were issued pursuant to a private placement announced on May 1, 2018 and accepted for filing by the TSX Venture Exchange on May 17, 2018. The Warrants were due to expire on May 15, 2020 and are exercisable at \$0.25 per share. The new expiration date of the Warrants is May 15, 2021. All other terms of the warrants, including the exercise price will remain unchanged. The extension of the warrants has been accepted by the TSX Venture Exchange,

## **Corporate information**

### **Directors**

John Keating, P.Geo<sup>(3)</sup>  
*President & CEO, PJX Resources Inc.*  
*Toronto, Ontario, Canada*

Linda Brennan, B.Comm<sup>(2)</sup>  
*CFO, PJX Resources Inc.*  
*Vancouver, British Columbia, Canada*

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

Kent Pearson, P.Geo<sup>(1)(2)</sup>  
*Toronto, Ontario, Canada*

Joseph Del Campo, CPA, CMA<sup>(1)(2)</sup>  
*Toronto, Ontario, Canada*

Dr. Trygve Hoy, PhD, MSc, P. Eng<sup>(1)(2)</sup>  
*Sooke, B.C, Canada*

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

### **Officers**

John Keating, P.Geo  
*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**

100 King Street West  
Suite 5600  
Toronto, Ontario Canada  
M5X 1C9  
Telephone: (416) 799-9205  
Facsimile: (416) 644-8801  
E-mail: [info@pjxresources.com](mailto:info@pjxresources.com)

### **Investor Relations**

Further information about the Company is available on the Company's website at [www.pjxresources.com](http://www.pjxresources.com)

The Company's filings with Canadian securities regulatory authorities can be accessed on SEDAR at [www.sedar.com](http://www.sedar.com)