



**PJX RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2020

## **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 fiscal years ended December 31, 2020 ("Fiscal 2020") and December 31, 2019 ("Fiscal 2019") should be read in conjunction with the audited financial statements of the Company and notes thereto at December 31, 2020.

The audited 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 April 27, 2021.

#### **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 primarily from equity issues.

The financial statements of the Company 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, 2020, the Company incurred a loss of \$1,596,339 or \$0.01 per share, (December 31, 2019: \$2,464,660 or \$0.02 per share), and reported an accumulated deficit of \$17,726,635 (December 31, 2019: \$16,130,296). As at December 31, 2020 the working capital of the Company was \$886,172 (December 31, 2019: \$1,068,275). Management believes that the working capital is sufficient to support operations for the next twelve months.

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 8 properties (the Vine, Gold Shear, DD, Eddy, Parker Copper, Zinger, Dewdney Trail, and West Basin). All properties are road accessible and proximal to power, rail and workforce in the Sullivan base metal and placer gold mining district.

## **Highlights**

### **Corporate**

The Annual General and Special Meeting was held on June 24, 2020. The Shareholders of record:

1. approved the Audited Financial Statements for the period ended December 31, 2019;
2. set the number of directors of the Company at six and re-elected Messrs. John Keating, James Clare, Kent Pearson, Trygve Hoy, Joseph Del Campo, and Ms. Linda Brennan;
3. appointed McGovern Hurley LLP as Auditors of the Company for the ensuing year; and
4. approved the Company's Share Incentive Plan.

On August 12, 2020, the Company announced the appointment of Mr. Victor ("Vic") Bradley to the Company's Board of Directors. Mr. Bradley is well respected for his many years of experience and knowledge in the mining industry. He founded Yamana Gold Inc. in early 1994 and served as President/CEO and then Chairman of the Board and Lead Director until 2008. He served as Chairman of Osisko Mining Corp from November 2006 up to its sale for \$4.1 billion to Agnico Eagle and Yamana in June, 2014. He now serves as Chairman of Osisko Bermuda Ltd., Osisko Gold Royalties' offshore subsidiary that controls all of its assets outside of North America. Vic has a long-standing history and familiarity of southeastern British Columbia and the Company looks forward to working with him to

capitalize on PJX's gold and silver-lead-zinc potential in the Vulcan Gold Belt and Sullivan base metal mining camp.

### ***Financial***

On May 5, 2020, the Company announced that it had extended the term of 12,296,276 share purchase warrants, (the "Warrants"). The new expiration date of the Warrants is May 15, 2021.

On August 12, 2020, the Company announced:

- the extension of the exercise period of a total of 6,833,284 outstanding share purchase warrants. The new expiration date of the Warrants is on August 29, 2021.
- the grant of 2,792,500 stock purchase options to certain directors, employees and consultants to acquire common shares at an exercise price of \$0.20, expiring August 11, 2025.

On September 21, 2020, the Company announced the undertaking of a non-brokered private placement of up to eight million units, with a 25% overallotment option at the discretion of the Company, through the issuance of flow through ("flow through unit") and non-flow through units ("unit") at a price of \$0.15 per flow through unit and \$0.125 per unit respectively.

On October 6, 2020, the Company closed the private placement for total proceeds of \$1,230,800. The Offering was oversubscribed and 25% overallotment option was undertaken.

### ***Exploration***

PJX's primary focus is to discover new gold and base metal deposits to the benefit of our shareholders and local communities. PJX has consolidated 100% ownership of the largest land package in the Vulcan Gold Belt within the Sullivan Mining District. The last remaining claim to the David Gold Occurrence on PJX's Gold Shear Property was acquired in June 2020.

The Vulcan Gold Belt is defined by the intersection of 2 mantle tapping structures (Vulcan Tectonic Zone and Rocky Mountain-Tintina Fault). These deep crustal penetrating structures provided the pathway throughout earth's history for intrusives and fluids carrying gold and base metals up from deep in the crust and possibly the mantle.

Management believes the pathways were instrumental in the formation of the world class Sullivan zinc-silver-lead deposit about 1.45 Billion years ago. These same pathways were later used to introduce gold mineralization over various periods of time and possibly as young as only 30 million years ago.

PJX's compilation of historical work and infilling of data gaps with new mapping, prospecting, geophysics, geochemistry, trenching and drilling has identified over 16 primary target areas with the potential to each host one or multiple gold and/or base metal deposits.

### ***2020 Exploration Summary***

In March 2020, PJX received notice from the Gold Commissioner of British Columbia advising of a time extension to file work carried out on its mineral claims in response to the Novel Coronavirus ("COVID-19") limitations. This extension ensures that all claims held by PJX will be held in good standing until December 31, 2021. During the year ended December 31, 2020, the Company ensured that it has undertaken sufficient exploration to maintain its mineral claims in good standing beyond the extension date of December 31, 2021.

In June, 2020, PJX purchased the David 6 Claim. This was the last remaining historical claim not owned by PJX for the David Gold Zone on the Gold Shear Property. Exploration and drilling in 2019 and 2020 has confirmed the nature of high grade gold mineralization of the David Gold Zone. Gold mineralization

may be influenced by multiple phases of folding. Drilling and exploration are planned for 2021 to expand the David Gold Zone and identify additional potential gold zones on strike and/or at depth.

Drilling during 2019 and 2020 on one target on the Vine Property intersected massive sulphide mineralization and geology that would be similar to the type of mineralization that would occur within 1,000 metres of the Sullivan deposit. Geophysics supports that the target area to test extends for over 4 km on the Vine Property. Innovative new Biogeochem sampling of tree branches in 2020 has identified a boron and zinc geochem anomaly that will also be used to help plan the next phase of drilling in 2021.

### ***Partnerships***

PJX will continue to explore and advance primary and secondary targets to the drilling stage to make discoveries. Given the large stable of PJX properties with multiple targets, the company is now at a stage to form strategic alliances to advance and discover multiple gold and/or base metal (copper, zinc, lead, silver) deposits.

In July, 2020, the Company signed an Option Agreement with DLP Resources Inc. (“DLP”), where DLP can acquire an interest in PJX’s DD Property. Drilling by DLP in 2020 intersected a wide zone of alteration in the geological horizon that is favourable for hosting a Sullivan type zinc-lead-silver deposit. Additional Magnetotelluric geophysics in 2020 has identified multiple large conductive targets with plans to test targets in 2021.

During 2020, Osisko Gold Royalties Ltd. (“Osisko”) became the first company to do a field examination of PJX’s Gold Properties. In February, 2021, PJX and Osisko signed an Investment Agreement where Osisko purchased a 0.5% NSR royalty interest in PJX’s 4 gold properties (Gold Shear, Eddy, Zinger and Dewdney Trail) for \$1 million, and made an equity investment in PJX of \$1 million as a way to have an interest in all PJX properties. The agreement also provides an opportunity for PJX to consult with Osisko’s technical team that were responsible for advancing the Malarctic gold deposit in Quebec with a sale to Agnico Eagle and Yamana for \$4.1 billion in 2014. This same team is currently advancing the Barkerville gold deposit toward production in British Columbia.

### ***Strategy and Objectives***

PJX’s strategy is to generate value and opportunity for shareholders and local communities 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 the mineral rights to over 50,000 hectares (500 square km) of land in the Sullivan (zinc-lead-silver) mining district and the Vulcan Gold Belt. 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 over 20 new gold and base metal target areas to explore and test by drilling. The Company is now systematically testing these target areas for gold, zinc, lead, silver or copper deposit potential. The Company also continues to develop strategic partnerships to help advance the exploration and discovery potential of the many target areas.

### ***Key Performance Drivers***

The Company has assembled a team with more than 150 years of working experience in the mining and exploration industry and meeting its related challenges. 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.

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. 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 2020 placed downward pressure on prices as demand softened and stockpiles were reduced. Base metal prices are expected to rise as economies recover and prices 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 current economic, social and potential political challenges. 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.

### ***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.

## **RESULTS OF OPERATIONS**

### ***Exploration***

During the year ended December 31, 2020, PJX incurred \$999,960 in exploration expenses compared with \$1,499,706 (net of refundable tax credits) in exploration expenses during the same period of Fiscal 2019.

The following schedule describes exploration expenses incurred in each property for the years ended December 31, 2020 and 2019 as well as the balances since inception.

<b>Years ended December 31,</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 25,326	\$ 49,130	\$ (23,804)	\$ 1,335,420
Eddy Property	63,283	147,785	(84,502)	818,328
Zinger Property	12,086	25,727	(13,641)	1,028,328
Vine Property	430,288	1,091,346	(661,058)	5,921,882
DD Property	(4,414)	8,694	(13,108)	54,279
Gold Shear Property	441,658	266,445	175,213	818,402
Parker Copper Property	-	49,850	(49,850)	60,605
Others	14,858	-	14,858	66,836
	<b>\$ 983,085</b>	<b>\$ 1,638,977</b>	<b>\$ (655,892)</b>	<b>10,104,080</b>
<i>BC refundable tax credits received</i>	<b>16,875</b>	<b>(139,271)</b>	<b>156,146</b>	<b>(272,274)</b>
<b>Total exploration expenses</b>	<b>\$ 999,960</b>	<b>\$ 1,499,706</b>	<b>\$ (499,746)</b>	<b>\$ 9,831,806</b>

## **MINERAL PROPERTIES**

PJX has consolidated 100% of the mineral rights to the largest land package in the 60 km long Vulcan Gold Belt of the Sullivan Mining District. 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, DD, Parker-Copper, and West Basin properties have zinc, lead, copper and/or silver and gold showings with the potential to host massive sulphide deposits similar in style to the Sullivan zinc-lead-silver deposit or sediment-hosted copper deposits such as Montanore, Spar Lake or possibly Kamoia.



PJX plans to focus drilling to test high-grade gold mineralization on the Gold Shear Property and Sullivan type zinc-lead-copper-silver potential on the Vine Property. The Company also continues to identify new gold showings and advance existing gold and/or base metal targets toward a drill ready stage on other properties.

DLP Resources Inc. was granted an option to earn an interest in the DD Property by exploring for a Sullivan type deposit.

A summary of the Company's properties appears below. Please visit [www.pjxresources.com](http://www.pjxresources.com) for additional information.

### **Gold Shear Property**

- Historical and recent exploration support the potential for shear zone hosted, orogenic type, high-grade gold mineralization.
- 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 grams per tonne ("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.
- Drilling in November-December 2020 intersected a large fold structure on strike with the David Shear zone. Anomalous gold values were associated with the structure. Structurally controlled gold deposits often occur at folds, bends or dilations in a shear.
- Drilling in 2021 is planned to test where the David shear hosting the David gold zone may intersect the newly identified fold structure. Drilling is also planned to test the potential down plunge extension of the high-grade David Gold Zone.

### **Vine Property**

- The Vine Property occurs within a sedimentary basin called the Vine Basin that is geologically similar to the Sullivan Basin hosting the Sullivan deposit located about 35 km to the north.
- Drilling newly identified MT conductive geophysical targets, in 2019, intersected a New Massive Sulphide (NMS) Zone for the first time within a large East Gravity target area.
- 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.
- In the 1980s, Cominco believed that massive sulphide mineralization (zinc, lead, copper, silver, and gold) found at surface in the vertical dipping Vine vein may represent remobilized mineralization from a horizontal Sullivan type deposit at 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 metres below the depth of Cominco's drilling.
- A hole drilled by Kokanee Exploration in 1990 intersected a 3.4 metres wide massive sulphide zone, with bedded and Durchbewegt textures, approximately 700 metres 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.
- Expanded MT geophysics supports the potential that the NMS zone may extend for over 4 km to the west.
- Drilling during 2021 intersected faults that have offset the NMS horizon. The pattern of faulting now identified on the Vine Property is consistent with the fault pattern that is believed to have provided pathways for mineralizing fluids at the Sullivan.

- Biogeochem survey during 2021 identified coincident zinc and boron anomalies in tree samples. The anomalies occur within the large MT geophysical anomaly. Tourmaline is a boron based alteration mineral that occurs at the Sullivan deposit.
- 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.

### DD Property

- The DD Property occurs within a sedimentary basin, called the Panda Basin, that is geologically similar to the Vine Basin and to the Sullivan Basin that is located about 45 km to the northeast.
- Historic holes drilled to test the geological horizon that hosts the Sullivan deposit in the vicinity of the DD Property encountered geology that supports the potential for a Sullivan Type Deposit.
- One 1425-metre-long sub-vertical hole (Pan-18-01), drilled by Teck Resources in late 2018, stopped short of the LMC horizon, in a gabbro sill rock unit, and needed to be extended.
- On July 20, 2020, PJX announced the signing of an agreement granting DLP Resources Inc. an option to earn an interest in the DD Property according to the following terms:
  - DLP to earn a 50% undivided interest in the DD Property by spending \$4 million in exploration expenditures and making a total of \$250,000 cash payments to PJX over 48 months of the effective date of the agreement.
  - DLP will have the right to earn an additional undivided 25% interest (75% total interest) by delivering a bankable commercial feasibility study on the DD Property within 96 months of the effective date of the agreement.
  - Upon DLP's exercise of the Option and acquisition of a 50% or 75% interest in the DD Property, as applicable, the parties will enter into a joint venture agreement for the further development of the property.
  - Should DLP elect to earn the additional 25%, PJX will not incur additional costs until a production decision is made and information is provided to PJX enabling the Company to secure bank financing of PJX's portion of the cost to go into production.
- In August, 2020, DLP completed drilling the extension of the original PAN-18-01 hole. Although no significant zinc mineralization was observed in the moderately to intensely altered siltstones of the Sullivan Horizon there is a possibility that PAN-18-01 is in a distal part of a mineralized system.
- During Q3 2020, Quantec Geophysics carried out an expanded Magnetotelluric (MT) survey across the DD Property. Numerous large MT targets were identified that could represent conductive massive sulphide (zinc-lead-iron) similar to Sullivan type mineralization.
- During Q1 2021, DLP drilled hole (DDH21-01) approximately 2 km away from Pan-18-01 to test one of the MT targets. The hole intersected alteration also considered as a distal part of a mineralizing system.
- Results support the potential for a massive sulphide deposit on the DD Property. Additional drilling during 2021 is planned to explore large MT anomalies along a 5 km untested trend.

### 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 108 g/t gold from the Hill Vein, 34 g/t gold from the MC and a 45cm rock chip sample of 79 g/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. The Eddy Property is adjacent to the **Gold Shear Property** and on-strike with the David Gold Zone.
- **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 km structural trend. Re-



evaluation of drilling and geophysics suggests that gold may concentrate where vertical fold structures intersect sub-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 correlative rocks in the United States and the Kamoia deposit in Congo. Prospecting in 2020 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.

In conclusion, PJX remains focused on advancing priority gold, silver, zinc, lead, and copper targets with the potential to discover one or multiple deposits. Gold targets on the Gold Shear and Eddy Properties along with silver-zinc-lead-copper targets on the Vine and DD Properties are expected to continue to be the main focus for exploration in the short term.

### **SELECTED ANNUAL INFORMATION**

The following table provides selected financial information and should be read in conjunction with the Company's financial statements.

<b>Years ended December 31,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Revenue	\$ -	\$ -	\$ -
Loss for the year	<b>(1,596,339)</b>	(2,464,660)	(2,439,581)
Loss per share	<b>(0.01)</b>	(0.02)	(0.03)
Total assets	<b>1,322,255</b>	1,565,355	2,453,207
Non-current assets	<b>212,639</b>	208,078	165,937
Total liabilities	<b>261,740</b>	335,904	476,479
Long-term liabilities	<b>38,296</b>	46,902	24,500
Shares issued and outstanding	<b>117,574,694</b>	108,054,294	98,743,803

The Company generated a net loss of \$1,596,339 for the year ended December 31, 2020 compared with a loss of \$2,464,660 for Fiscal 2019. The main drivers for both fiscal year losses were general and administration expenses and exploration expenditures as detailed below.

#### **General and administration:**

The following schedule describes general and administration expenses incurred by the Company during the fiscal years ended December 31, 2020 and 2019:

<b>Years ended December 31,</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
Insurance	\$ <b>13,248</b>	\$ 16,408	\$ (3,160)
Interest, bank charges and penalties	<b>1,872</b>	1,320	552
Investor relations	<b>58,300</b>	246,874	(188,574)
Listing and regulatory fees	<b>45,414</b>	39,524	5,890
Office expenses	<b>15,144</b>	17,342	(2,198)
Professional fees	<b>155,453</b>	80,234	75,219
Rent	<b>8,919</b>	12,949	(4,030)
Salaries and benefits	<b>199,080</b>	276,263	(77,183)
Taxes and levies	<b>8,862</b>	-	8,862
Travel and transportation	<b>4,184</b>	24,476	(20,292)
	<b>\$ 510,476</b>	\$ 715,390	\$ (204,914)

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

- The decrease in investor relations expenses of \$188,574 is principally due to a reduction in investor relation services contracted by approximately \$120,000 and the reduction in traveling expenses related to investor relations of approximately \$60,000;
- The increase in professional fees of \$75,219 is principally composed of an increase in legal fees for approximately \$84,000, associated with expenses related to the royalty sale to and financing with Osisko, closed subsequent to year end, and the reduction in accounting fees of approximately \$8,000 due to an excess accrued during Fiscal 2019; and
- The decrease in salaries and benefits for \$77,183 is related to the reallocation during Fiscal 2020 of approximately \$75,000 to exploration expenses to reflect the portion of management compensation directly associated to exploration work.

### Exploration:

The following schedule describes exploration expenses incurred by the Company during the fiscal years ended December 31, 2020 and 2019:

Years ended December 31,	2020	2019	Change	Balance since inception
Geology, geophysics and geochemistry	\$ 228,303	\$ 393,141	\$ (164,838)	\$ 2,951,675
Exploration-other accommodation	-	-	-	2,440
Permitting	861	1,160	(299)	55,435
Land rights, claims and environment	26,482	19,682	6,800	169,872
Drilling	555,917	1,074,470	(518,553)	5,369,937
Laboratory	32,601	47,357	(14,756)	385,298
Roads and surface preparation	-	-	-	70,944
Camp cost and exploration supplies	1,743	5,774	(4,031)	30,676
Exploration - travel and transportation	15,167	36,500	(21,333)	269,779
Exploration- meals	6,158	7,813	(1,655)	51,505
Rent - field office	3,796	7,946	(4,150)	57,467
Insurances	2,526	-	2,526	2,728
Surface sampling and mapping	-	-	-	50,505
Option payments (receipts)	27,050	34,375	(7,325)	511,261
Reclamation provision	-	-	-	24,500
Legal expenses-exploration	-	-	-	1,898
Non-flow-through exploration expenses	82,481	10,759	71,722	98,160
	\$ 983,085	\$ 1,638,977	\$ (655,892)	\$ 10,104,080
<i>BC refundable tax credits received</i>	16,875	(139,271)	156,146	(272,274)
Total exploration expenses	\$ 999,960	\$ 1,499,706	\$ (499,746)	\$ 9,831,806

Exploration expenses decreased by an aggregate of \$655,892 during Fiscal 2020 compared to Fiscal 2019, before a refundable credit received from the British Columbia Government of \$16,875 (corresponding to \$99,271 2017 in tax credits received during Fiscal 2019 and an estimated of \$40,000, accrued for 2018 under the same concept). The most significant changes in exploration expenses during the year ended December 31, 2020, segregated by function, when compared to Fiscal 2019, were:

#### *Geology, geophysics and geochemistry ("GG&G")*

GG&G expenses decreased by \$164,838 during Fiscal 2020 when compared to the same period of Fiscal 2019. This change was principally composed by:

- A decrease in geology expenses of approximately \$12,000;
- A decrease in geophysics of approximately \$123,000;

- A decrease in prospecting charges of approximately \$36,000;
- A decrease in geological reports of \$6,000;
- An increase in geochemistry of approximately \$13,000; and
- An increase in salary allocations of approximately \$57,000.

#### *Drilling*

The decrease in drilling charges of \$518,553 are composed of increases in drilling at the Gold Shear Property of approximately \$66,000, a decrease at the Vine Property of approximately \$578,000 and a decrease at the Zinger Property of approximately \$7,000.

#### *Laboratory*

The reduction of \$14,756 in laboratory expenses is composed of a reduction at the Eddy Property of approximately \$24,000, an increase of approximately \$3,000 at the Zinger Property, an increase at the Vine Property of approximately \$14,000, and a decrease at the Gold Shear Property for approximately \$8,000.

#### *Option payments*

The decrease of \$7,325 in option payments is composed by:

- An increase in payments incurred at the Gold Shear Property of approximately \$14,000. During Fiscal 2019 75,000 shares valued at \$16,125 and cash payments for \$11,000 were made on the Gold Shear Property. During Fiscal 2020, the Company issued 100,000 shares valued at \$16,300 and made cash payment for \$25,000.
- A reduction in payments at the DD Property of approximately \$21,500, resulted from:
  - A cash option payment received during Fiscal 2020 for \$20,000 for a first payment on the disposition of up to 75% of such property and the issuance of 50,000 shares valued at \$4,750 and cash payments of \$5,750;
  - Compared to 50,000 shares issued during Fiscal 2019, valued at \$7,250.

The following schedule describes exploration expenses incurred for each property during the years ended December 31, 2020 and 2019:

<b>Years ended December 31,</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>Balance since inception</b>
Dewdney Trail Property	\$ 25,326	\$ 49,130	\$ (23,804)	\$ 1,335,420
Eddy Property	63,283	147,785	(84,502)	818,328
Zinger Property	12,086	25,727	(13,641)	1,028,328
Vine Property	430,288	1,091,346	(661,058)	5,921,882
DD Property	(4,414)	8,694	(13,108)	54,279
Gold Shear Property	441,658	266,445	175,213	818,402
Parker Copper Property	-	49,850	(49,850)	60,605
Others	14,858	-	14,858	66,836
	<b>\$ 983,085</b>	<b>\$ 1,638,977</b>	<b>\$ (655,892)</b>	<b>10,104,080</b>
<i>BC refundable tax credits received</i>	<b>16,875</b>	<b>(139,271)</b>	<b>156,146</b>	<b>(272,274)</b>
<b>Total exploration expenses</b>	<b>\$ 999,960</b>	<b>\$ 1,499,706</b>	<b>\$ (499,746)</b>	<b>\$ 9,831,806</b>

Exploration expenses incurred during the year ended December 31, 2020 focused on the Vine, Gold Shear and Eddy Properties.

The decrease of \$23,804 at the Dewdney Trail Property was mainly composed of decreases of approximately \$23,000 in general geological expenses;

The decrease in expenses at the Eddy Property of \$84,502 was related to a decrease of approximately \$47,000 in geochemistry, a decrease of approximately \$33,000 in prospecting and a reduction of approximately \$7,000 in other geology and geological reports. Laboratory expenses also decreased by approximately \$24,000, and salary allocated to the Eddy Property during the period increased by approximately \$21,000 as claim management expenses increase by approximately \$5,000.

The reduction in expenses at the Zinger Property of \$13,641 were due to reductions in general geology for approximately \$3,000, a reduction in drilling expenses of approximately \$7,000 and a reduction in travel related charges for approximately \$3,000.

The decrease of \$661,058 at the Vine Property was mainly composed of a decrease in general geological expenses for approximately \$64,000, a decrease in exploration supplies of approximately \$5,000, a decrease in travel related expenses of approximately \$21,000 an increase in laboratory expenses of approximately \$14,000 and a reduction in drilling charges for approximately \$578,000.

The decrease of \$13,108 at the DD property is mainly the result of a net decrease in option payments for \$21,500 partially offset by an increase in land rights and claim management payments for approximately \$10,000.

The increase of \$175,213 at the Gold Shear Property is composed by an increase of approximately \$100,000 in geological charges, a decrease of approximately \$8,000 in laboratory expenses, an increase of approximately \$4,000 in land rights and claim management, an increase of approximately \$66,000 in drilling related charges and an increase of approximately \$14,000 related to option payments.

The Company did not conduct any significant exploration work in the Parker Copper Property.

Further discussion of the work undertaken on each of these properties can be found in the Exploration section of this document.

## **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.

On September 21, 2020, the Company announced the undertaking of a non-brokered private placement of up to eight million units, with a 25% over-allotment option at the discretion of the Company, through the issuance of flow through units and non-flow through units (“unit”) at a price of \$0.15 per flow through unit and \$0.125 per unit. On October 6, 2020, the Company closed this private placement for gross proceeds of \$1,230,800, through the issuance of 2,480,000 flow-through units at a price of \$0.15 per unit and 6,870,400 units at a price of \$0.125 per unit.

In addition, subsequent to year end, the Company announced the completion of an investment agreement with Osisko Gold Royalties Ltd pursuant to which Osisko has agreed to purchase 6,250,000 common shares of PJX at a subscription price equal to \$0.16 per share, for an aggregate purchase price of \$1,000,000, and acquire a 0.5% NSR on the Company’s Gold Shear, Eddy, Zinger and Dewdney Trail properties for an additional aggregate cash consideration of \$1,000,000. The share purchase price and the royalty purchase price shall be primarily applied to PJX to fund the further exploration and development of the properties. (See “Subsequent Events section”).

As at December 31, 2020, the Company had total current assets of \$1,109,616 (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 \$1,068,275 at December 31, 2019 to \$886,172 at December 31, 2020. When compared to Fiscal 2019, current assets decreased by \$0.3 million and current liabilities decreased by \$0.07 million for the same comparative period, representing a decrease in working capital of approximately \$0.18 million 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 year ended December 31, 2020, the Company incurred a loss of \$1,596,339 or \$0.01 per share and reported an accumulated deficit of \$17,726,635. As at December 31, 2020 the working capital of the Company was \$886,172. Considering the additional funding of approximately \$2 million that the company obtained subsequent to year end, the Company's current cash position will enable it to fund the Corporation's planned operating and exploration expenses for the next twelve months,

Even though PJX has not, until now, experienced a significant impact on its operations due to the declared COVID-19 global pandemic, future development associated with this pandemic might significantly affect the Company's operations as the effects related to disruptions of workforces, economies, and financial markets globally, potentially leading to an economic downturn might impact it. 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.

### **SUMMARY OF QUARTERLY RESULTS**

The following table sets forth a breakdown of the most relevant components of the Company's costs and results of operations for each of the eight most recently completed quarters:

Quarter Ended	Revenue	Net loss		Exploration expenses	General and administration
		Total	Per Share		
December 31, 2020	Nil	\$ (474,704)	(\$0.00)	\$319,822	\$213,171
September 30, 2020	Nil	(498,917)	(0.00)	165,551	88,976
June 30, 2020	Nil	(172,947)	(0.00)	107,690	82,868
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

## FOURTH QUARTER

The following schedule describes the operating results of PJX during the fourth quarter of Fiscal 2020 compared to the same period of Fiscal 2019:

Three months ended December 31,	2020	2019
<b>Expenses</b>		
Exploration	\$ 319,822	\$ 31,881
General and administration	213,171	217,351
Share based compensation	8,497	(6,417)
Depreciation	2,423	2,569
<b>Total operating expenses</b>	<b>543,913</b>	<b>245,384</b>
Loss before income taxes	(543,913)	(245,384)
Flow-through premium recoveries	69,209	6,326
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (474,704)</b>	<b>\$ (239,058)</b>
<b>Basic and diluted loss per share</b>	<b>(\$0.00)</b>	<b>(\$0.00)</b>

The following schedules describe the exploration expenses, by function and by project, incurred by PJX during the fourth quarter of Fiscal 2020 compared to the same period of Fiscal 2019:

Three months ended December 31,	2020	2019	Change
Geology, geophysics and geochemistry	\$ 25,583	\$ 72,711	\$ (47,128)
Permitting	861	-	861
Land rights, claims and environment	20,892	7,838	13,054
Drilling	251,304	56,465	194,839
Laboratory	5,521	18,989	(13,468)
Camp cost and exploration supplies	762	172	590
Exploration - travel and transportation	1,923	10,192	(8,269)
Exploration- meals	1,418	1,170	248
Rent - field office	296	945	(649)
Insurances	(1,746)	-	(1,746)
Non-flow-through exploration expenses	13,008	2,670	10,338
	<b>\$ 319,822</b>	<b>\$ 171,152</b>	<b>\$ 148,670</b>
BC refundable tax credits received	-	(139,271)	139,271
Total exploration expenses	<b>\$ 319,822</b>	<b>\$ 31,881</b>	<b>\$ 287,941</b>

During the fourth quarter of Fiscal 2020 the Company focused on drilling its Gold Shear Property where it incurred related expenditures of \$251,304.

Geological work was performed at the Eddy property where around \$12,000 was incurred for this activity as well as at the Gold Shear Property where approximately \$20,000 in drilling related expenditures were incurred. Overall, geological work decreased by approximately \$28,000, geophysical by approximately \$13,000 and related report preparation costs decreased by approximately \$6,000.

Land rights and claim cost were incurred during the fourth quarter of Fiscal 2020 at Dewdney Trail Property for approximately \$6,000, the Eddy Property for approximately \$5,000 and the DD Property for approximately \$10,000.



<b>Three months ended December 31,</b>	<b>2020</b>	2019	Change
Dewdney Trail Property	\$ 8,831	\$ 20,320	\$ (11,489)
Eddy Property	16,715	22,188	(5,473)
Zinger Property	2,803	2,691	112
Vine Property	2,175	45,510	(43,335)
DD Property	9,836	-	9,836
Gold Shear Property	276,766	79,813	196,953
Parker Copper Property	-	630	(630)
Others	2,696	-	2,696
	<b>\$ 319,822</b>	<b>\$ 171,152</b>	<b>\$ 148,670</b>
<i>BC refundable tax credits received</i>	-	(139,271)	139,271
<b>Total exploration expenses</b>	<b>\$ 319,822</b>	<b>\$ 31,881</b>	<b>\$ 287,941</b>

Exploration expenses during the fourth quarter of Fiscal 2020 were focused on the Gold Shear Property, where the most relevant expenses during the fourth quarter of Fiscal 2020 were drilling for \$251,304 (F2019: \$55,040) and geophysics for \$15,126 (F2019: \$Nil).

At the Eddy Property, the most relevant expenses incurred were \$7,091 in geophysics, \$4,750 in geology and \$4,874 in claim management.

The following schedule describes the general and administration expenses incurred by PJX during the fourth quarter of Fiscal 2020 compared to the same period of Fiscal 2019:

<b>Three months ended December 31,</b>	<b>2020</b>	2019	Change
Insurance	\$ 2,269	\$ 2,875	\$ (606)
Interest, bank charges and penalties	334	578	(244)
Investor relations	12,121	68,739	(56,618)
Listing and regulatory fees	7,301	10,324	(3,023)
Office expenses	6,756	5,435	1,321
Professional fees	132,013	54,581	77,432
Rent	3,687	3,087	600
Salaries and benefits	48,624	67,671	(19,047)
Taxes and levies	(381)	-	(381)
Travel and transportation	447	4,061	(3,614)
	<b>\$ 213,171</b>	<b>\$ 217,351</b>	<b>\$ (4,180)</b>

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

- The decrease in investor relation expenses of \$56,618 is related to a reduction investor relation services contracted for a decrease of approximately \$35,000 and a decrease in investor relations meals and travelling related expenses for approximately \$20,000,
- The increase in professional fees of \$77,432 is due to an increase in legal fees of approximately \$86,000, of which \$79,000 are related to legal work performed on transactions related to the development of the Osisko Investment Agreement and a reduction of accounting fees of approximately \$8,000 for excess accruals posted during the fourth quarter of Fiscal 2019.
- The reduction in salaries and benefits of \$19,047 is mainly attributed to the allocation of approximately \$17,000 of this expense to exploration.

## **RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

### **a) Purchase of services:**

During the years ended December 31, 2020 and 2019, the Company contracted legal services from a firm where a partner is also a director of PJX. During the year ended December 31, 2019 the Company purchased geological services from a director of the Company.

Fees paid or accrued to a law firm where a director of the Company is a partner	\$ 52,752	\$ 1,397
Fee paid to a director for geological services rendered	1,200	10,150
	<b>\$ 53,952</b>	<b>\$ 11,547</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>Years ended December 31,</b>	<b>2020</b>	<b>2019</b>
Salaries and bonuses	\$ 264,000	\$264,000
Share-based compensation	256,348	421,374
	<b>\$ 520,348</b>	<b>\$685,374</b>

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

<b>As of December 31,</b>	<b>2020</b>	<b>2019</b>
Payable to officers of the Company	\$ 4,508	\$ 19,564
Payable to a law firm where a director of the Company is a partner	52,752	261
	<b>\$ 57,260</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 \$792,000 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 December 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 December 31, 2020, PJX has a flow-through exploration obligation of approximately \$270,000 to incur before December 31, 2021.

### **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.
- 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. See also "Commitments, Contingencies and Contractual Obligations."

#### Changes in accounting policies:

During the year ended December 31, 2020, the Company adopted a number of amendments and improvements of existing standards. These included IAS 1 – Presentation of Financial Statements, and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The adoption of these new amendments did not have any material impact on the Company’s financial statements.

#### 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, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023. The Company is currently evaluating the impact of the amendments on its financial statements.

### **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 are measured at amortized cost. Account receivables 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 December 31, 2020, the Company had a cash balance of \$1,061,346 (December 31, 2019: \$1,259,561) to settle current liabilities of \$223,444 which includes a non-cash flow through premium liability (December 31, 2019: \$289,002). 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 December 31, 2020, the Company did not have any amounts invested in interest bearing accounts.

#### *Sensitivity analysis*

As of December 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 December 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, 2020 and 2019. 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. As of December 31, 2020, the Company believes it is compliant with the Policies of the TSXV.

### **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.

### *Indigenous Rights and Other 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.

### *Land Use and Ecosystem Impacts Risks*

Although the Company has exercised due diligence with respect to determining land use and ecosystem impacts on its properties and government permits support PJX's regulatory compliance, there is no guarantee that existing regulations applicable to such properties will not be challenged or impugned. The Company works with the regulatory authorities to provide comment and stakeholder input in effort to ensure the Company protects its properties in conjunction with adhering to best practices in regards to land use and ecosystem impacts.

### *Climate Change Risks*

The Company's operations are sometimes subject to seasonal forest fire impacts and potential impacts with respect to water access for exploration purposes. Such operations are governed by laws, regulations or responsibilities as determined by governmental authorities. 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 the Company may continue operations and exploration activities 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.

### *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.

### *COVID-19 Risk*

The COVID-19 pandemic continues to rapidly evolve on a global scale. The unprecedented nature and heightened uncertainty surrounding the pandemic mean that the type and extent of the risks posed by COVID-19 cannot be known, quantified or predicted with any certainty.

COVID-19 continues to have significant effects related to disruptions of workforces, economies, and financial markets globally. This potentially increases the risk of significant labour force disruption (including the supply of contract labour, equipment or site access) for PJX. Labour force disruption could also affect the provision of services to the Company such as delays in the receipt of laboratory results or provision of supplies. In addition, COVID-19 has the potential to spread rapidly and place the Company's workforce at risk. The Company follows the Worksafe BC and Provincial Health Office of British Columbia guidelines to protect its workforce and its operations from the risks and potential adverse impacts of the pandemic.

The Company continues to actively monitor the situation and may take additional measures, if and to the extent warranted, as matters develop. There can be no assurance, however, that such steps and measures will be sufficient to fully mitigate all such risks and potential adverse impacts.

### **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	170,000
Shares issued on private placement	9,350,400
Balance at December 31, 2020	117,574,694
<i>Shares issued subsequent to year-end:</i>	
Shares issued on private placement	6,250,000
Total shares issued at the end of this report	133,175,094
Warrants outstanding at the date of this report	40,139,701
Options outstanding at the date of this report	10,812,500
<b>Fully diluted number of shares at the date of this report</b>	<b>184,127,295</b>

### **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 Company at a price of \$0.25 per share for 36 months.

As part of the financing announced on December, 2020, the Company issued 649,733 compensation warrants valued at \$30,799. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per share for 36 months.

As the proceeds received by the Company on October 6, 2020, for a flow-through and non-flow through unit at the time of the transaction were different, a premium on flow-through shares of \$62,000 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.

As part of the financing announced on October 6, 2020, 2019, the Company issued 301,120 compensation warrants valued at \$16,911. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for 24 months.

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>	<b>Value</b>
August 29, 2021	6,833,284	\$ 0.25	\$ 332,611
May 15, 2021	12,296,276	0.25	537,320
December 17, 2021 *	4,574,131	0.30	241,972
December 17, 2021 *	332,600	0.30	19,120
December 5, 2022	5,802,157	0.25	274,893
December 5, 2022	649,733	0.25	30,799
October 5, 2022	9,350,400	0.20	332,443
October 5, 2022	301,120	0.20	16,911
<b>Balance at the date of this report</b>	<b>40,139,701</b>	<b>\$ 0.24</b>	<b>\$ 1,786,069</b>

\* Exercisable at \$0.25 until December 17, 2020 and at \$0.30 from then until December 17, 2021.

#### **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 vested 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, and \$6,511 during the year ended December 31, 2020. The amounts were 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.

On July 20, 2020, 1,380,000 options exercisable at \$0.19, expired unexercised.

On August 11, 2020, the Company granted an aggregate of 2,792,500 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of \$0.20 per share. Out of the options granted, 2,632,500 were fully vested on granting and 160,000 vest every quarter over a period of 1 year, with the first quarter vesting three months after granting. All options granted are exercisable until August 11, 2025. 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: share price of \$0.14, expected dividend yield of 0%, expected volatility of 109%; risk-free interest rate of 0.38%; and an expected average life of 5 years. The fair value of all these options was estimated at \$289,233 of which \$280,122 has been vested as of December 31, 2020, and \$9,111 deferred.

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>
November 17, 2021	\$0.20	0.56	3,135,000	3,135,000
August 19, 2023	\$0.25	2.31	1,925,000	1,925,000
January 3, 2024	\$0.25	2.69	2,960,000	2,960,000
August 11, 2025	\$0.20	4.29	2,792,500	2,792,500
<b>Balance at the date of this report</b>	<b>\$0.22</b>	<b>2.42</b>	<b>10,812,500</b>	<b>10,812,500</b>

### **QUALIFIED PERSON**

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

### **SUBSEQUENT EVENTS**

On March 1, 2021 the Company announced the completion of a previously announced Investment Agreement with Osisko Gold Royalties Ltd ("Osisko") pursuant to which Osisko has agreed to (i) purchase 6,250,000 common shares of PJX at a subscription price equal to \$0.16 per share, for an aggregate purchase price of \$1,000,000, and (ii) acquire a 0.5% net smelter return royalty on the Company's Gold Shear, Eddy, Zinger and Dewdney Trail properties for aggregate cash consideration of \$1,000,000.

The funds obtained through the issuance of the shares and sale of the NSR will be primarily applied to fund the Company's exploration and development of its properties.

All securities issued to Osisko pursuant to the Investment Agreement are subject to a statutory four month hold period ending on June 27, 2021.

Subsequent to year end, 40,000 options exercisable at \$0.20 vested.

## **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, Corporate Sec. PJX Resources Inc.*  
*Vancouver, BC, Canada*

James Clare, LLB  
*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*

Victor Bradley, CPA CA  
*Monaco*

- (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

### **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)