



**PJX RESOURCES INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the three and nine months ended September 30, 2021 and 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 three and nine months ended September 30, 2021 ("Q3 F2021") and September 30, 2020 ("Q3 F2020") should be read in conjunction with the unaudited condensed interim financial statements of the Company and notes thereto at September 30, 2021.

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 November 10, 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 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 unaudited 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 nine months period ended September 30, 2021, the Company generated a loss of \$732,095 or \$0.01 per share, (September 30, 2020: loss of \$1,121,635 or \$0.01 per share) and reported an accumulated deficit of \$18,458,730 (December 31, 2020: \$17,726,635). As at September 30, 2021 the working capital of the Company was \$1,378,349 (December 31, 2020: \$886,172). 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 for Q3 F2021***

### ***Financial***

On September 16, 2021, the Company's board of directors authorized granting stock purchase options to certain directors, employees and consultants to acquire an aggregate of 2,685,000 common shares at an exercise price of \$0.20, expiring September 12, 2026.

### ***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 Sullivan Mining District within the Vulcan Gold Belt.

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.

The geological environment has potential to host a variety of deposit types including orogenic and intrusive related gold and copper deposits, such as the Telfer gold-copper deposit in Australia, Sukoi-Log gold deposit in Russia, Pebble gold-copper deposit in Alaska, and/or sediment hosted copper (Spar Lake, Montanore, Kamao) and/or the Sullivan type zinc-lead-silver deposits.

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.

### ***Q3 F2021 Events***

- In July, 2021, PJX announced the option of the historical Estella Mine crown grants from Imperial Metals Corporation. The 14 Estella crown grants are encompassed by PJX's large Dewdney Trail Property. The Dewdney Trail Property and the Estella have potential to host intrusive related gold and copper deposits as well as sedimentary hosted massive silver-lead-zinc mineralization similar to the historical Kootenay King mine located approximately 5 km to the south. The Estella crown grants have had no significant work or exploration since the late 1960's.
- In August, PJX announced that grab samples of quartz veins in a granitic intrusion returned gold values ranging from anomalous to 28,841 ppb (28.84 grams per tonne ("g/t")) gold on the Zinger Property's Gar Target. A 1,600 m long gold soil anomaly occurs over the Gar Intrusive. This intrusive related gold target is largely covered by overburden and has not previously been explored with geophysics or drill tested.
- Expert Geophysics completed a 548 line-km airborne Magnetotelluric and Magnetic Survey on the northern part of the Zinger Property that also covers the Gar target. Survey data is being processed and will be compiled with PJX's mapping and geochem data to identify and define intrusive related gold and copper targets as well as potential sediment-hosted copper targets to test.
- In September, 2021, PJX announced the potential of 2 large areas (Tackle Basin and Lewis Ridge) containing gold, copper, zinc, lead, and/or silver mineralization in soils along a 10 km trend on the Dewdney Trail Property.
  - Tackle Basin is an area approximately 2 km x 2 km with gold in soils at the headwaters of Wildhorse creek that produced more than 1.4 million ounces of placer gold.
  - Lewis Ridge is an area approximately 3 km x 2 km with a multi-element signature of gold, copper, zinc, lead, bismuth, molybdenum, arsenic and silver in soil. This geochemical signature supports the potential for a range of possible deposits including an intrusive related gold-copper deposit at depth or a Sullivan type zinc-lead-silver massive sulphide deposit.
- Expert Geophysics completed an 851 line-km airborne Magnetotelluric and Magnetic Survey across the entire Dewdney Trail Property. Survey data is being processed and will be compiled with PJX's mapping and geochem to identify and define intrusive related gold and copper targets as well as Sullivan type zinc-lead-silver massive sulphide targets to test.
- In September, 2021, drilling also commenced to test the strike and down dip potential of the high-grade David Gold Zone on the Gold Shear Property.
- Field work also continued to assess gold target areas on the Eddy Property that are on strike with the high-grade David Gold Zone, as well gold and copper targets on other properties.

### ***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 have risen as economies recover and stockpiles are replenished. 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.

## **MINERAL PROPERTIES**

PJX has consolidated 100% of the mineral rights to the largest land package in the Sullivan Mining District and the 60 km long Vulcan Gold Belt. 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 continues to explore and advance targets to the drilling stage to discover gold and/or base metal (copper, zinc, lead, silver) deposits. Given the large stable of PJX properties with multiple targets, the company is now at a stage to form strategic alliances to advance some of the targets.

In 2020, DLP Resources Inc. was granted an option to earn an interest in the DD Property by exploring for a Sullivan type deposit. 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.

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 in 2019 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 gold zone. 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 gold zone. Anomalous gold values were associated with the structure. Structurally controlled gold deposits often occur at folds, bends or dilations in a shear.
- In September, 2021, drilling commenced to test the high-grade David gold zone on strike and at depth. Results of this work will be announced when analyses are received and compiled.

### **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 geophysics and drilling are 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.
- In July 2020, PJX signed an agreement granting DLP Resources Inc. an option to earn a 50% interest in the DD Property by spending \$4 million and paying \$250,000 cash over 4 years, with the right to earn an additional 25% interest by delivering a bankable commercial feasibility study on the DD Property within 96 months.
- Drilling in early 2021 to test a number of large MT targets defined by Quantec Geophysics, intersected an extensive thickness (168m) of fragmentals, part of the Sullivan Horizon, from 1705m depth with abundant pyrrhotite with hydrothermal alteration that supports the potential for Sullivan type mineralization.

The increased thickness of the Sullivan Horizon combined with surface MT surveys suggests the potential to discover a Sullivan type zinc-lead-silver deposit increases toward the east on the DD Property. DLP Resources plans to continue drilling once permits are received.

### **Dewdney Trail Property**

- Dewdney Trail Property has potential to host orogenic gold, intrusive related gold-copper, and Sullivan type zinc-lead-silver massive sulphide mineralization.
- In September 2021, PJX announced that two large target areas (Tackle Basin and Lewis Ridge) containing gold, copper, zinc, lead, and/or silver in soils have been identified along a 10 km trend to date.
  - Tackle Basin is an area approximately 2 km x 2 km with gold in soils at the headwaters of Wildhorse creek that produced an estimated 1.4 million ounces of placer gold since 1864.
  - Lewis Ridge is an area approximately 3 km x 2 km with a multi-element signature of gold, copper, zinc, lead, bismuth, molybdenum, arsenic and silver in soil. This geochemical signature supports the potential for a range of possible deposits including an intrusive related gold-copper deposit at depth or a Sullivan type zinc-lead-silver massive sulphide deposit.
- Expert Geophysics completed an 851 line-km airborne Magnetotelluric and Magnetic Survey across the entire Dewdney Trail Property. Survey data is being processed and will be compiled with PJX's mapping and geochem data to identify and define intrusive related gold and copper targets as well as Sullivan type zinc-lead-silver massive sulphide targets to test.

### **Zinger Property**

- The Zinger Property has multiple large target areas with potential to host orogenic gold and intrusive related gold type deposits. Two large target areas identified to date are the Southwest target and Northwest target areas.
  - Southwest target area has orogenic style gold mineralization with locally 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.
  - Northwest target area has intrusive related gold mineralization associated with multiple intrusives along a 10km trend. One intrusive called Gar has a 1600m gold in soil anomaly that has not been previously tested by geophysics or drilling. The area has limited outcrop exposure. PJX grab samples of veins in altered granite returned gold values ranging from anomalous to 28.84 g/t gold.
- Expert Geophysics has flown a 548 line-km airborne Magnetotelluric and Magnetic Survey over the Gar and another intrusive called Leader. Airborne geophysical results will be compiled with geochemical and geological data to define intrusive related gold targets to test.

## **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.

- **Eddy Property** is adjacent to and on strike with the David Gold Zone on the Gold Shear Property. Three orogenic gold type targets (MC, Hill Vein and Red Zone) have been identified to date. 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.
- **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.

## **Estella Mine Crown Grants Option**

- On July 29, 2021, the Company announced option of the historical Estella Mine crown grants (“the Estella”) from Imperial Metals Corporation (“Imperial”).
- Subject to TSX Venture Exchange approval, PJX can earn a 100% interest in the Estella by making cash payments, or share equivalent payments, to Imperial totaling \$250,000 over a 5-year period as follows:
  - \$15,000 on signing the agreement (paid); and
  - \$20,000 on or before July 26, 2022; and
  - \$25,000 on or before July 26, 2023; and
  - \$30,000 on or before July 26, 2024; and
  - \$35,000 on or before July 26, 2025; and
  - \$125,000 on or before July 26, 2026.
- Upon exercise of the option by PJX, Imperial will retain a Net Smelter Return Royalty (“NSR”) of 2% in respect of the Estella. PJX will have the right to buy back 50% of the NSR [being a 1% NSR] for \$1,000,000, and the remaining 50% of the NSR [being a 1% NSR] for an additional \$1,000,000.
- The 14 Estella crown grants are encompassed by PJX’s large Dewdney Trail Property. The Dewdney Trail Property and the Estella have potential to host intrusive related gold and copper deposits as well as sedimentary hosted massive silver-lead-zinc mineralization similar to the historical Kootenay King mine located approximately 5 km to the south. The Estella crown grants have had no significant work or exploration since the late 1960’s.

In conclusion, PJX remains focused on advancing priority gold, silver, zinc, lead, and copper targets with the potential to discover one or multiple deposits.

## **RESULTS OF OPERATIONS**

### **Exploration**

The following schedule describes exploration expenses, segregated by nature, as well as by project, incurred by PJX for the three months period ended September 30, 2021 and 2020:

<b>Three months ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Geology, geophysics and geochemistry	\$ 113,934	\$ 123,269	\$ (9,335)
Exploration-other accommodation	427	-	427
Permitting	1,909	-	1,909
Land rights, claims and environment	4,489	-	4,489
Drilling	221,757	3,350	218,407
Laboratory	3,422	10,509	(7,087)
Camp cost and exploration supplies	1,559	403	1,156
Exploration - travel and transportation	4,970	3,518	1,452
Exploration- meals	3,054	3,069	(15)
Rent - field office	2,445	-	2,445
Insurances	566	1,424	(858)
Option payments (receipts)	15,000	-	15,000
Non-flow-through exploration expenses	-	20,009	(20,009)
	<b>\$ 373,532</b>	<b>\$ 165,551</b>	<b>\$ 207,981</b>

<b>Three months ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Dewdney Trail Property	\$ 47,984	\$ 5,845	\$ 42,139
Eddy Property	52,027	24,682	27,345
Zinger Property	18,479	8,983	9,496
Vine Property	4,842	13,097	(8,255)
Gold Shear Property	230,811	92,936	137,875
Parker Copper Property	450	-	450
Others	18,939	20,008	(1,069)
	<b>\$ 373,532</b>	<b>\$ 165,551</b>	<b>\$ 207,981</b>

Exploration activity during the three months ended September 30, 2021, focussed on the Dewdney Trail, Eddy, Zinger and Gold Shear properties, concentrating on geophysical and drilling work.

The most significant changes during the three months ended September 30, 2021, when compared to the same period of Fiscal 2020 were:

- The increase of \$42,139 at the Dewdney Trail Property was mainly composed of expenses in geology, geophysics and geochemistry (“GGG”) which increased by \$37,391. This was composed of general geological work that increased by approximately \$22,000 and geophysics that increased by approximately \$15,000.
- At the Eddy Property, the increased expenditures of \$27,345 was composed mainly of an increase in general geology for \$27,000 and an increase in prospecting work for approximately \$10,000, all offset by a decrease of approximately \$10,000 in allocated salaries.
- The increase of \$9,496 at the Zinger Property was composed of an increase in general geological work of approximately \$9,000, and geophysics for approximately \$6,000, all partially offset by a decrease in prospecting of approximately \$6,000.
- The Gold Shear Property increase of \$137,875 was mainly composed of an increase in drilling of approximately \$212,000, offset by decreases in general geology of approximately \$36,000, geophysics of approximately \$11,000, salary allocations of approximately \$10,000 and prospecting for approximately \$17,000.

The following schedule describes exploration expenses, segregated by nature, as well as by project, incurred by PJX for the nine months period ended September 30, 2021 and 2020:

<b>Nine months ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Geology, geophysics and geochemistry	\$ 488,668	\$ 260,029	\$ 228,639
Exploration-other accommodation	1,712	-	1,712
Permitting	3,052	-	3,052
Land rights, claims and environment	20,092	5,590	14,502
Drilling	435,163	304,613	130,550
Laboratory	44,130	27,080	17,050
Camp cost and exploration supplies	3,040	981	2,059
Exploration - travel and transportation	12,724	13,244	(520)
Exploration- meals	4,904	4,740	164
Rent - field office	7,329	3,500	3,829
Insurances	1,052	4,272	(3,220)
Option payments (receipts)	15,000	27,050	(12,050)
Non-flow-through exploration expenses	334	29,040	(28,706)
	<b>\$ 1,037,200</b>	<b>\$ 680,139</b>	<b>\$ 357,061</b>

<b>Nine months ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Dewdney Trail Property	\$ 223,258	\$ 16,495	\$ 206,763
Eddy Property	90,829	46,568	44,261
Zinger Property	145,625	9,283	136,342
Vine Property	211,430	428,113	(216,683)
Gold Shear Property	333,999	164,892	169,107
Parker Copper Property	1,445	-	1,445
Others	18,938	29,038	(10,100)
	<b>\$ 1,037,200</b>	<b>\$ 680,139</b>	<b>\$ 357,061</b>

The most significant changes during the nine months ended September 30, 2021, when compared to the same period of Fiscal 2020 were at the Dewdney Trail, Eddy, Zinger, Vine and Gold Shear properties.

- The increase of \$206,763 on the Dewdney Trail Property is mainly composed of an increase in general geological work of approximately \$29,000 and an increase in geophysics of approximately \$177,000, partially offset by report costs of approximately \$5,000. The remaining increase was generally related to increases in travelling, meals and accommodations associated with the project;
- The increase in expenses at Eddy of \$44,261 is mainly composed of an increase in general geology of approximately \$21,000, an increase in prospecting expenses of approximately \$31,000 as well as an increase in laboratory work for approximately \$10,000, all partially offset by a decrease in allocated salaries of approximately \$20,000;
- At the Zinger Property, the increase of \$136,342 was mainly composed of an increase in general geology for approximately \$13,000, an increase in geophysics of approximately \$127,000 partly offset by a reduction in prospecting work for approximately \$6,000;
- Exploration expenditures at the Vine property decreased by \$216,683. The reduction is mainly composed of a decrease in geophysics and geochemistry work for approximately \$46,000, a reduction of salaries allocated of approximately \$28,000, a reduction in laboratory work of approximately \$17,000 and a reduction in drilling expenses of approximately \$120,000 drilling expenses. The remaining decrease is mainly composed of reductions in travel, meals and accommodations related to the project;
- The increase of \$25,926 at the DD Property is the result of an option payment received during the nine-months ended September 20, 2020 resulting from the option payment received for approximately \$14,000, as the property is being optioned out. The remaining of the increase is related to the payment of claims on the property for approximately \$11,000;
- The increase in expenditures on the Gold Shear Property of \$169,107 is mainly composed of an increase in drilling for approximately \$249,000, an increase in laboratory expenses for approximately \$22,000 and an increase in geophysics for approximately \$6,000 partially offset by reductions in: general geology for approximately \$45,000, salary allocations for approximately

\$9,000, prospecting for approximately \$18,000 and option payment for approximately \$41,000;

- Option payments of \$15,000 were incurred for the new Estella Mine Crown Grants during the nine months ended September 30, 2021, compared to \$27,050 for the comparative period where PJX issued 170,000 Company shares and paid \$25,000 cash for property options on the DD, Gold Shear and David 6 Claims, as well as paid \$25,000 cash, and received \$20,000 in cash for the option out of the 75% of the DD Property to DLP Resources Inc.

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

The following schedule describes the general and administration expenses incurred by PJX during the three months ended September 30, 2021 compared to the same period of Fiscal 2020:

Three months ended September 30,	2021	2020	Change
Insurance	\$ 3,781	\$ 2,810	\$ 971
Interest, bank charges and penalties	287	627	(340)
Investor relations	16,485	10,634	5,851
Listing and regulatory fees	32,446	19,348	13,098
Office expenses	2,997	2,635	362
Professional fees	12,317	4,720	7,597
Rent	3,707	3,687	20
Salaries and benefits	58,251	44,267	13,984
Taxes and levies	-	18	(18)
Travel and transportation	3,357	230	3,127
	<b>\$ 133,628</b>	<b>\$ 88,976</b>	<b>\$ 44,652</b>

The most significant changes in general and administration expenses during the three months ended September 30, 2021, when compared to the same period of Fiscal 2020, were:

- The increase in investor relation charges of \$5,851 is mainly due to an increase in subcontracted investor relation services following the reduction held during the COVID-19 pandemic;
- The increase in listing and regulatory fees of \$13,098 are related to applications and related expenses associated with prospecting listing the Company is pursuing in other foreign markets;
- The increase in professional fees of \$7,597 is mainly due to variances arising on previously estimated accrued amounts and actual invoices subsequently received, principally in legal fees, associated with the first quarter royalty sale;
- Salaries and benefits vary depending on the allocations of management time incurred in exploration duties. During the three months ended September 30, 2021 gross payroll totaled \$79,900 of which \$21,649 was allocated to exploration, compared to \$66,000 in gross payroll incurred during the three months ended September 30, 2020 and \$22,743 allocated to exploration during the comparative period.

The following schedule describes the general and administration expenses incurred by PJX during the nine months ended September 30, 2021 compared to the same period of Fiscal 2020:

Nine months ended September 30,	2021	2020	Change
Insurance	\$ 9,831	\$ 10,979	\$ (1,148)
Interest, bank charges and penalties	907	1,538	(631)
Investor relations	53,318	46,179	7,139
Listing and regulatory fees	55,834	38,113	17,721
Office expenses	10,566	8,388	2,178
Professional fees	60,584	23,440	37,144
Rent	11,082	5,232	5,850
Salaries and benefits	169,179	150,456	18,723
Taxes and levies	4,655	9,243	(4,588)
Travel and transportation	11,025	3,737	7,288
	<b>\$ 386,981</b>	<b>\$ 297,305</b>	<b>\$ 89,676</b>

The most significant changes in general and administration expenses during the nine months ended September 30, 2021, when compared to the same period of Fiscal 2020, were:

- The increase in investor relations of \$7,139 is mainly due to an increase in subcontracted investor relation services following the reduction held during the early stages of the COVID-19 pandemic;
- The increase in listing and regulatory fees of \$17,721 is related to additional regulatory fees disbursed in relation to the sale of a royalty during the first quarter of fiscal 2021 as well as expenses associated with the seeking of listing in other foreign markets that the Company is pursuing
- Professional fees increase of \$37,144 is related to an increase in legal fees mainly related to the financing and sale of a royalty during the first quarter of fiscal 2021;
- The increase in rental charges of \$5,830 is the result of the charge of certain rental expenses allocated to exploration expenses during the comparative period, which this year has been considered of a non-exploration nature;
- Salaries and benefits vary depending on the allocations of management time incurred in exploration duties. During the nine months ended September 30, 2021, gross payroll totaled \$211,900 of which \$52,278 was allocated to exploration, compared to \$198,000 in gross payroll incurred during the nine months ended September 30, 2020, and \$57,309 allocated to exploration during the comparative period;
- Expenditures in travel and transportation increased by \$7,288 during the nine months ended September 30, 2021, when compared to the nine months ended September 30, 2020, principally due to the reactivation of travel, reduced during the COVID-19 pandemic restrictions during the comparative period. Investor's relations traveling expenses increased by approximately \$5,000 and meals and entertainment increased by approximately \$2,300.

## **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.

<b>Quarter Ended</b>	<b>Revenue</b>	<b>Net Income (Loss)</b>		<b>Exploration Expenses</b>	<b>General and administration</b>
September 30, 2021	Nil	\$ (847,314)	\$ 0.01	\$ 373,532	\$ 133,628
June 30, 2021	Nil	(608,801)	(0.00)	558,834	98,754
March 31, 2021	Nil	724,020	0.01	104,834	154,599
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, 2020	Nil	(239,058)	(0.00)	31,881	217,351

## **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% overallotment 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.

On March 1st, 2021, 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.

As at September 30, 2021, the Company had total current assets of \$1,500,283 (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 increased from \$886,172 at December 31, 2020 to \$1,378,349 at September 30, 2021. When compared to December 31, 2021, current assets increased by \$390,667 and current liabilities decreased by \$101,510, representing an increase in working capital of approximately \$492,177 from December 31, 2020.

For the nine months ended September 30, 2021, the Company generated a net loss of \$732,095 or \$0.01 per share and reported an accumulated deficit of \$18,458,730. As at September 30, 2021 the working capital of the Company was \$1,378,349.

The Company has successfully secured its key properties and, as at September 30, 2021, and has exploration commitments of approximately \$235,000 related to share payment commitments to Imperial Metals for the Estella. See also the Estella Mine Crown Grants Option section on page 7 of this document.

### *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. Considering the additional funding of approximately \$2 million that the company obtained during Q1 F2021, 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.

## RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

### a) Purchase of services:

During the three months ended September 30, 2021 and 2020, the Company contracted professional services from a director of PJX.

Periods ended September 30,	Three months		Nine months	
	2021	2020	2021	2020
Fee paid to a director for geological services rendered	6,448	1,200	6,448	1,200
Fees paid to a director of the company for legal services rendered	3,628	-	48,888	-
	<u>\$ 10,076</u>	<u>\$ 1,200</u>	<u>\$ 55,336</u>	<u>\$ 1,200</u>

### b) Key management compensation:

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

Periods ended September 30,	Three months		Nine months	
	2021	2020	2021	2020
Salaries	\$ 70,667	\$ 66,000	\$ 212,000	\$ 198,000
Stock-based compensation	280,482	256,348	280,482	256,348
	<u>\$ 351,149</u>	<u>\$ 322,348</u>	<u>\$ 492,482</u>	<u>\$ 454,348</u>

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

As of September 30,	2021	2020
Payable to officers and directors	\$ 5,512	\$ -
Payable to a law firm where a director of the Company is a partner	10,000	-
	<u>\$ 15,512</u>	<u>\$ -</u>

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 \$792,00 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 September 30, 2021 unaudited condensed interim financial statements.

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

Pursuant to the terms of certain flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through

share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As of September 30, 2021, PJX has no flow-through exploration obligation 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 incentive stock options ("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 nine months ended September 30, 2021, 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 September 30, 2021, the Company had a cash balance of \$1,439,779 (December 31, 2020: \$1,061,346) to settle current liabilities of \$121,934 (December 31, 2020: \$223,444) which includes a non-cash flow through premium liability of \$Nil (December 31, 2020: \$48,805). 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 September 30, 2021, the Company did not have any amounts invested in interest bearing accounts.

#### *Sensitivity analysis*

As of September 30, 2021, 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 September 30, 2021, 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 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 periods ended September 30, 2021 and 2020. 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 September 30, 2021, 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*

COVID-19 continues to have effects related to disruptions of workforces, economies, and financial markets globally. This potentially increases the risk of 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 since the last fiscal year end, on a fully diluted basis, as of the date of this report:

Total shares issued at September 30, 2021 and date of this report	123,824,694
Warrants outstanding at the date of this report	33,306,417
Options outstanding at the date of this report	12,347,500
<b>Fully diluted number of shares at the date of this report</b>	<b>169,478,611</b>

### **Warrants:**

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, 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.

On May 3, 2021, 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, 2021 and are exercisable at \$0.25 per share. The new expiration date of the Warrants is May 15, 2022. All other terms of the warrants, including the exercise price will remain unchanged.

On August 29, 2021, 6,833,284 warrants valued at \$332,611, exercisable at \$0.25 expired unexercised.

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>
December 17, 2021 *	4,574,131	0.30	241,972
December 17, 2021 *	332,600	0.30	19,120
May 15, 2022**	12,296,276	0.25	537,320
October 5, 2022	9,350,400	0.20	332,443
October 5, 2022	301,120	0.20	16,911
December 5, 2022	5,802,157	0.25	249,241
December 5, 2022	649,733	0.25	30,799
<b>Balance at the date of this report</b>	<b>33,306,417</b>	<b>\$ 0.24</b>	<b>\$ 1,427,806</b>

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

\*\* Warrants originally expiring on May 15, 2021 and extended to May 15, 2022

## Share based compensation:

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

On August 11, 2020, the Company granted an aggregate of 2,792,500 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 the remaining balance of \$16,573 was vested during the nine months ended September 30, 2021.

On September 13, 2021, the Company granted an aggregate of 2,685,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of \$0.20 per share. Out of the options granted, 2,645,000 were fully vested on granting and 40,000 vest every quarter over a period of 1 year, with the first quarter vesting three months after granting. All options granted are exercisable until September 12, 2026. 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 \$0.17, expected dividend yield of 0%, expected volatility of 106%; risk-free interest rate of 0.82%; and an expected average life of 5 years. The fair value of all these options was estimated at \$342,315 of which \$337,215 has been vested as of September 30, 2021.

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

During the third quarter of fiscal 2021, 1,150,000 options with a weighted average exercise price of \$0.23 were cancelled.

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	0.01	2,885,000	2,885,000
August 19, 2023	\$0.25	1.76	1,675,000	1,675,000
January 3, 2024	\$0.25	2.13	2,610,000	2,610,000
August 11, 2025	\$0.20	3.74	2,492,500	2,492,500
September 12, 2026	\$0.20	4.95	2,685,000	2,645,000
<b>Balance at the date of this report</b>	<b>\$0.22</b>	<b>1.45</b>	<b>12,347,500</b>	<b>12,307,500</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 EVENTS

Effective November 4, 2021, the Company's common shares commenced trading on the OTCQB Venture Market (the "OTCQB") in the United States under the stock symbol "PJXRF." The Company's common shares will continue to trade on the TSX Venture Exchange under the symbol "PJX".

## **Corporate information**

### **Directors**

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

Linda Brennan, B. Comm  
*CFO, Corporate Sec. PJX Resources Inc.*  
*Vancouver, BC, Canada*

James Clare, LLB  
*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<sup>(1)(2)</sup>  
*Monaco*

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

### **Officers**

John Keating, P.Ge<sup>(3)</sup>  
*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)