PJX RESOURCES INC.

Financial Statements

Years ended December 31, 2021 and 2020

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

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

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

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

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

(signed)
John Keating
President and Chief Executive Officer

(signed)
Linda Brennan
Chief Financial Officer

Toronto, Canada
April 14, 2022

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Independent Auditor's Report

To the Shareholders of PJX Resources Inc.

Opinion

We have audited the financial statements of PJX Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

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

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

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

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

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 14, 2022

PJX Resources Inc.

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

December 31,	Note	2021	2020
ASSETS			
Current assets			
Cash		**$ 2,637,608**	$ 1,061,346
Amounts receivable	**6**	**9,127**	17,847
Prepayments	**7(a)**	**34,368**	30,423
BC refundable tax credits	**12(a)**	**135,000**	-
Total current assets		**2,816,103**	1,109,616
Non-current assets			
Deposits	**7(b)**	**170,677**	189,207
Property and equipment	**8(a)**	**74,082**	2,115
Right-of-use asset	**8(a)**	**12,497**	21,317
Total non-current assets		**257,256**	212,639
Total assets		**3,073,359**	1,322,255
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**15(c)**	**65,829**	166,033
Flow-through premium liability	**10(b)(i)**	**77,916**	48,805
Current lease liabilities	**8(b)**	**9,075**	8,606
Total current liabilities		**152,820**	223,444
Non-current liabilities			
Reclamation obligation	**7(c)**	**24,500**	24,500
Non-current lease liabilities	**8(b)**	**4,721**	13,796
Total non-current liabilities		**29,221**	38,296
Total liabilities		**182,041**	261,740
SHAREHOLDERS' EQUITY			
Share capital	**10(b)**	**13,943,868**	11,947,758
Warrants	**11**	**1,796,164**	1,786,069
Contributed surplus		**5,752,848**	5,053,323
Accumulated deficit		**(18,601,562)**	(17,726,635)
Total shareholders' equity		**2,891,318**	1,060,515
Total shareholders' equity and liabilities		**$ 3,073,359**	$ 1,322,255

Going concern (Note 1)
Commitments and contingencies (Note 9 and 14)

Approved by the Board of Directors:

(Signed) John Keating
John Keating, Director

(Signed) Linda Brennan
Linda Brennan, Director

See accompanying notes to the financial statements.

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

Years ended December 31,	Note	2021	2020
Expenses			
Exploration	12(a)	$ 1,008,241	$ 999,960
General and administration	12(b)	555,720	510,476
Share based compensation	10(b)(ii)	347,794	286,633
Depreciation	8(a)	16,317	9,695
Total operating expenses		1,928,072	1,806,764
Interest revenue			(580)
Gain on sale of royalty	13	(1,000,000)	-
Loss before income taxes		(928,072)	(1,806,184)
Other tax recoveries		4,340	-
Flow-through premium recoveries	10(b)(i)	48,805	209,845
Net loss and comprehensive loss for the year		$ (874,927)	$ (1,596,339)
Basic and diluted loss per share		($0.01)	($0.01)
Weighted average number of shares outstanding (basic and diluted)		123,080,245	110,391,109

See accompanying notes to the financial statements.

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

Years ended December 31,	**Note**	**2021**	2020
Share capital			
Balance, beginning of the year		**$ 11,947,758**	$ 11,156,342
Shares issued under private placement	**10(b)(i)**	**2,099,207**	898,357
Share premium on flow-through shares	**10(b)(i)**	**(77,916)**	(62,000)
Reallocation of issue cost to warrants	**11**	**25,652**	-
Shares issued on property option payment		**-**	22,950
Share issue cost	**10(b)**	**(50,833)**	(67,891)
Balance, end of the year		**13,943,868**	11,947,758
Warrants			
Balance, beginning of the year		**1,786,069**	2,060,933
Warrants issued on private placement	**11**	**387,478**	332,443
Compensation warrants issued		**-**	16,911
Reallocation of issue cost to warrants	**11**	**(25,652)**	-
Compensation warrants expired	**11**	**(19,120)**	(39,244)
Warrants expired	**11**	**(332,611)**	(584,974)
Balance, end of the year		**1,796,164**	1,786,069
Contributed surplus			
Balance, beginning of the year		**5,053,323**	4,142,472
Warrants expired	**11**	**351,731**	624,218
Share based compensation	**10(b)(ii)**	**347,794**	286,633
Balance, end of the year		**5,752,848**	5,053,323
Accumulated deficit			
Balance, beginning of the year		**(17,726,635)**	(16,130,296)
Net loss for the year		**(874,927)**	(1,596,339)
Balance, end of the year		**(18,601,562)**	(17,726,635)
Total shareholders' equity		**$ 2,891,318**	$ 1,060,515

See accompanying notes to the financial statements.

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

Years ended December 31,	Note	2021	2020
Cash flows from operating activities			
Net loss for the year		$ (874,927)	$ (1,596,339)
Items not involving cash:			
Depreciation	8(a)	16,317	9,695
Flow-through premium recoveries	10(b)(i)	(48,805)	(209,845)
Share based compensation	10(b)(ii)	347,794	286,633
Shares issued on option payment	10(b)(iii)	-	22,950
Changes in non-cash working capital:			
Deposits		18,530	(14,257)
Amounts receivable and prepayments		4,775	9,447
BC refundable tax credits	12(a)	(135,000)	40,000
Accounts payable and accrued liabilities		(100,204)	81,842
Net cash used in operating activities		(771,520)	(1,369,874)
Cash flow from investing activities			
Acquisition of equipment		(79,464)	-
Net cash used in investing activities		(79,464)	-
Cash flow from financing activities			
Payment of lease liability		(8,606)	(8,161)
Proceeds on issuance of shares and warrants	10	2,486,685	1,230,800
Cash portion of issue costs	10(b)(i)	(50,833)	(50,980)
Net cash generated by financing activities		2,427,246	1,171,659
Net change in cash		1,576,262	(198,215)
Cash, beginning of the year		1,061,346	1,259,561
Cash, end of the year		**$ 2,637,608**	$ 1,061,346

Supplementary information:

Compensation warrants issued:			
Units		-	301,120
Value	10(b)(i)	$ -	$ 16,911

See accompanying notes to the financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

These financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2021, the Company generated a net loss of $874,927 or $0.01 per share (December 31, 2020: net loss of $1,596,339 or $0.01 per share) and reported an accumulated deficit of $18,601,562 (December 31, 2020: $17,726,635). As of December 31, 2021, the working capital of the Company was $2,663,283 (December 31, 2020: $886,172). Management believes that the working capital is sufficient to support operations for the next twelve months. However, additional funding will be required to allow the Company to continue operating and to fund future exploration and development programs. The Company will continue to explore financing alternatives to raise capital. Although PJX has been successful in these activities in the past, the Company has no assurance on the success or sufficiency of these initiatives or that such financing will be available on acceptable terms.

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

These financial statements were approved by the Board of Directors for issue on April 14, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

(a) Basis of presentation
These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared on a historical cost basis. In addition,

these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

(b) Financial instruments

Financial assets

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

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

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

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

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

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

Impairment of financial assets
The Company’s only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on

shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

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

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

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

(c) Exploration and evaluation expenditures

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

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

(d) Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. There were no such onerous contracts as at December 31, 2021 and 2020.

(e) Share-based compensation transactions

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

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

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

(f) Income taxes

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

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

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

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

(g) Restoration, rehabilitation and environmental obligations

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

(h) Loss per share

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

(i) Segmented reporting

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

(j) Flow-through shares

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

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

(k) Property and equipment

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

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

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

(l) Leases

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

(m) Government assistance

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

(n) Significant accounting judgments and estimates

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

Critical accounting estimates and judgements

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

- The inputs used in accounting for share-based payment transactions in profit or loss. PJX estimates the value of share-based compensation granted using the Black-Scholes valuation method. Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.

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

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

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

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

- Contingencies – See Note 14.

<u>Changes in accounting policies:</u>

During the year ended December 31, 2021, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IFRS 9 and IFRS 16. These new standards and changes did not have any material impact on the Company's financial statements.

Future accounting changes:

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods commencing on or after January 1, 2022. 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.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

The Company is currently evaluating the impact of these amendments on its financial statements.

3. CAPITAL MANAGEMENT

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, contributed surplus and accumulated deficit, which as at December 31, 2021 totaled $2,891,318 (December 31, 2020: $1,060,515). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2021. 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 to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2021, the Company believes it is compliant with the policies of the TSXV.

4. FINANCIAL RISK FACTORS

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

<u>Credit risk</u>
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits and tax credits receivables from the BC provincial government. 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. Credit risk related to the BC refundable tax credit is also assessed to be minimal.

<u>Liquidity risk</u>
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2021, the Company had a cash balance of $2,637,608 (December 31, 2020: $1,061,346) to settle current liabilities of $152,820 which includes a non-cash flow through premium liability of $77,916 (December 31, 2020: $223,444 and $48,805, respectively). All of the

Company's financial liabilities, other than lease liabilities, have contractual maturities of less than 30 days and are subject to normal trade terms. In addition, refer to Note 3 for the Company's approach to capital management.

Market risk

Interest rate risk

The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. At December 31, 2021 and December 31, 2020, the Company did not have any amounts invested in interest bearing accounts.

Price risk

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

Based on Management's knowledge and experience in the financial markets, the Company believes that it is "reasonably possible" that commodity price fluctuation could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of mineral commodities. As of December 31, 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 stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As at December 31, 2021 and 2020, the carrying values approximate the fair value amounts of the Company's financial instruments due to their short-term nature.

6. AMOUNTS RECEIVABLE

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

7. PREPAYMENTS AND DEPOSITS

a) Prepayments totalling $34,368 (December 31, 2020: $30,423) represents advanced payments to suppliers.
b) At December 31, 2021, the Company has deposits with the British Columbia Ministry of Finance for $162,900 (December 31, 2020: $162,900) representing remediation cost bonds associated with its properties; and other advances totalling $7,777 (December 31, 2020: $26,307).
c) During the year ended December 31, 2018, the Company assumed obligations relating to an excavated trail located in the Zinger Property, in exchange for cash consideration of $25,000. The decommissioning liabilities are assessed based on the estimated costs to reclaim the excavation

(Expressed in Canadian dollars)

trails and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that the total undiscounted cash flows required to settle the obligations will be approximately $27,000. These obligations have been discounted using a risk-free rate of 3% and an inflation rate of 2% per year. Most of this obligation is not expected to be paid until approximately 5 years in the future and have already been fully funded with a refundable deposit, held on account with the British Columbia Ministry of Finance. Included under deposits disclosed in Note 7(b) are $24,500 (December 31, 2020: $24,500) that the Company has made with the British Columbia Ministry of Natural Resources on this respect, funds that will be refunded to the Company once its obligation is discharged.

8. PROPERTY AND EQUIPMENT, RIGHT OF USE ASSET AND LEASE LIABILITY

a) Property, equipment and right of use asset

The following schedules describe the transactions for Vehicles and Right of Use Asset arising during the years ended December 31, 2021, and 2020:

Property & equipment:		**Vehicles**		**Right of Use Asset**		**Total**
Book Value - opening	**$**	**3,500**	**$**	**35,282**	**$**	**38,782**
Acquisitions		**79,464**		**-**		**79,464**
	$	**82,964**	**$**	**35,282**	**$**	**118,246**
Accumulated depreciation						
Balance, December 31, 2020	**$**	**1,385**	**$**	**13,965**	**$**	**15,350**
Depreciation		**7,497**		**8,820**		**16,317**
Accumulated depreciation - December 31, 2021		**8,882**		**22,785**		**31,667**
Net book value - December 31, 2021	**$**	**74,082**	**$**	**12,497**	**$**	**86,579**

		Vehicles		**Right of Use Asset**		**Total**
Book Value - December 31, 2019 and 2020	**$**	**3,500**	**$**	**35,282**	**$**	**38,782**
	$	**3,500**	**$**	**35,282**	**$**	**38,782**
Accumulated depreciation						
Balance, December 31, 2019	**$**	**510**	**$**	**5,145**	**$**	**5,655**
Depreciation		**875**		**8,820**		**9,695**
Accumulated depreciation - December 31, 2020		**1,385**		**13,965**		**15,350**
Net book value December 31, 2020	**$**	**2,115**	**$**	**21,317**	**$**	**23,432**

b) Lease liability:

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

Years ended December 31,		**2021**		2020
Lease liability	**$**	**13,796**	$	22,402
Less: Current portion		**(9,075)**		(8,606)
Long-term portion	**$**	**4,721**	$	13,796

(Expressed in Canadian dollars)

Years ended December 31,		**2021**		2020
Undiscounted lease liability	**$**	**14,384**	$	23,974
No later than one year		**(9,589)**		(10,389)
Later than one year and no later than five years		**(4,795)**		(13,585)
	$	**-**	$	-

9. MINERAL EXPLORATION PROPERTIES

The Company has 100% ownership in eight properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property, the West Basin Property, the Gold Shear Property, the Parker Copper Property and the DD Property. The Company is also earning a 100% interest in the Estella Mine crown grants, which are part of the Company's Dewdney Trail Property. All properties are located in the Cranbrook area of British Columbia, Canada.

In 2021, Osisko Gold Royalties Ltd. ("Osisko") acquired a 0.5% net smelter return royalty on the Company's Gold Shear, Eddy, Zinger and Dewdney Trail properties. See Note 13.

a) DD Property Agreement:

On July 26, 2015, PJX announced that it has entered into an option agreement with Doug Anderson and Dave Pighin (the "Optionors"), to acquire 100% of the DD Property, near Cranbrook, British Columbia. The Company has also staked land adjacent to the DD Property.

Under the DD Property Agreement (the "DD Agreement"), PJX is required to issue to the Optionors on or before each anniversary day of the DD Agreement, 50,000 PJX common shares over a 5-year period to a maximum of 250,000 shares. As of June 2, 2020, the Company has fully earned its interest in this property. See Note 10(b)(iii) for a detail of shares issued under this agreement.

Upon the deemed exercise of the option, the Optionors have been granted an aggregate Net Smelter Royalty ("NSR") of 2% in respect of the DD Property and on certain claims owned by PJX, under certain predefined terms. The Company will have the right to purchase 50% of such NSR (being a 1% NSR - 0.5% from each individual comprising the Optionors) for $1,000,000, and the remaining 50% of such NSR (being a 1% NSR - 0.5% from each individual comprising the Optionors) for $1,000,000.

On July 13, 2020, the Company entered into an Option Agreement with DLP Resources Inc. ("DLP") where DLP could earn up to a 75% undivided interest in the DD property by paying a non-refundable deposit of $20,000 and executing an Option Agreement that contains the following terms:

In order to earn an undivided 50% interest in the DD Property:

- Within 12 months of the effective date of the Option Agreement, incur work in the property for a cumulative amount of $350,000 (completed);
- Within 24 months of the effective date of the Option Agreement, incur work in the property for a cumulative amount of $1,000,000 (completed);
- Within 36 months of the effective date of the Option Agreement, incur work in the property for a cumulative amount of $2,500,000;
- Within 48 months of the effective date of the Option Agreement, incur work in the property for a cumulative amount of $4,000,000 and cash payments of $250,000 inclusive of the $20,000 non-refundable deposit.

In order to earn an additional undivided 25% interest in the DD property:

- Complete a bankable commercial feasibility study on the DD property within 96 months of the effective date of the Option 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.

On August 17, 2020 the Company and DLP signed an addendum (the "Addendum") to the Option Agreement where three additional properties (Moby Dick, NZOU and LMC (NZOU)), where DLP has an option to earn a 100% interest from a third party (the "Third Party"), was added to the Option Agreement.

Under the terms of the Addendum, PJX will acquire:

- 50% of the Moby Dick property by paying 50% of staking costs of the Moby Dick property, representing approximately $461;
- 50% of the NZOU property by reimbursing DLP for 50% of DLP's option commitment on the NZOU properties (NZOU and LMC (NZOU)), by incurring $32,500 in exploration work commitments and reimbursing 50% of DLP's share option commitments with the Third Party, representing 200,000 shares of DLP.

PJX has the option to reimburse 50% of DLP's share payment by:

- Paying DLP 50% of the share option commitment in cash at DLP's share market price, or
- If DLP's share market price exceeds $0.50, then PJX can elect to pay 50% of the value of the option commitment in cash to a maximum of $0.50 per DLP share price. Any value of the option commitment above a DLP share price of $0.50 owed by PJX would then be applied as part of DLP's earn in commitment as part of the DD Option Agreement.

Should DLP exercise their option in the NZOU option agreement, a 2% NSR will be granted to the Third Party, where DLP has the right to purchase back 50% of this 2% NSR for $1 million. This right would be shared 50:50 with PJX.

b) Gold Shear Property Agreement:

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

To earn its interest in the Gold Shear Property, the Company paid $45,000 and issued 200,000 common shares of PJX over a period of 24 months.

As of September 2, 2020, the Company had fully earned its interest in this property (see Note 10(b) (iii)).

Under the Agreement, the Optionor retains a 2% NSR. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for $1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for $1,000,000.

On May 29, 2020, the Company entered into an agreement with Mr. David Morgan (the "Seller") where PJX acquired a 100% interest in the "David 6" Claim by paying $2,000 cash (paid) and issuing 20,000 shares of the Company (issued). Upon the closing of the transaction, the Seller was granted a NSR of 2% in respect of the David 6 claim. PJX will have the right to purchase 50% of such NSR for $1,000,000 and the remaining 50% of such NSR (being 1%) for $1,000,000.

The Company has included the David 6 Claim as part of its Gold Shear Property.

(Expressed in Canadian dollars)

c) Estella Mine Crown Grants:

On July 29, 2021, the Company announced the option of the historical Estella Mine crown grants (the "Estella") from Imperial Metals Corporation ("Imperial").

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 NSR of 2% in respect of 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 Company has included Estella as part of its Dewdney Trail Property.

d) Other Properties:

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

10. SHARE CAPITAL

(a) Authorized capital

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

(b) Issued capital

The following schedule describes the share transactions since December 31, 2019:

	# of Shares	Value
Balance at December 31, 2019	108,054,294	$ 11,156,342
Shares issued on property option payment (Note 10(b)(iii))	170,000	22,950
Shares issued on private placement (Note 10(b)(i))	9,350,400	1,230,800
Value allocated to warrants		(332,443)
Share premium on flow-through shares (Note 10(b)(i))		(62,000)
Share issue cost (Note 10(b)(i))		(67,891)
Balance at December 31, 2020	117,574,694	$ 11,947,758
Shares issued on private placement (Note 10(b)(i))	15,641,794	2,486,685
Value allocated to warrants		(387,478)
Share premium on flow-through shares (Note 10(b)(i))		(77,916)
Reallocation of issue cost to warrant		25,652
Share issue cost (Note 10(b)(i))		(50,833)
Balance at December 31, 2021	**133,216,488**	**$ 13,943,868**

(Expressed in Canadian dollars)

(i) Private placements

On October 6, 2020, the Company closed a non-brokered 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.

Each flow-through unit consists of one common share issued as a “flow-through share” within the meaning of the Income Tax Act (Canada) and one common share purchase warrant. Each unit consists of one common share and one common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share at an exercise price of $0.20 for 24 months following completion of the offering.

As the proceeds received by the Company on October 6, 2020, for a flow-through unit and non-flow though 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.

In connection with the offering the Company paid finder fees for a total of $50,980 and issued 301,120 compensation warrants, valued at $16,911. Each of the finder’s warrants entitles the finder to purchase one common share of the Company at a price of $0.20 for 24 months.

On March 1, 2021, the Company announced the completion of an investment agreement with Osisko Gold Royalties Ltd (“Osisko”) pursuant to which Osisko purchased 6,250,000 common shares of PJX at a subscription price equal to $0.16 per share, for gross proceeds of $1,000,000. The Company incurred $30,000 in legal fees related to this transaction that have been allocated to share issue cost.

Included under share issue cost are $20,833 of legal expenses related to prior years that have been reclassified as share issue cost.

On December 22, 2021, the Company closed a non-brokered private placement for gross proceeds of $1,486,685, through the issuance of 3,895,794 flow-through units at a price of $0.17 per unit and 5,496,000 units at a price of $0.15 per unit.

Each flow-through unit consists of one common share issued as a “flow-through share” within the meaning of the Income Tax Act (Canada) and one common share purchase warrant. Each unit consists of one common share and one common share purchase warrant. Each warrant, whether acquired as part of a flow-through unit or unit, entitles the holder to purchase one common share at an exercise price of $0.25 for 24 months following completion of the offering.

As the proceeds received by the Company on December 22, 2021, for a flow-through unit and non-flow though unit at the time of the transaction were different, a premium on flow-through shares of $77,916 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.

The following schedule describes the flow-through premium liabilities as at December 31, 2021 and 2020:

Years ended December 31,	**2021**	2020
Unamortized premium balance - opening	**$ 48,805**	$ 196,650
Premium on issued flow-through shares	**77,916**	62,000
Premium amortization and adjustments	**(48,805)**	(209,845)
Unamortized premium balance - ending	**$ 77,916**	$ 48,805

(Expressed in Canadian dollars)

(ii) Share based compensation

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

On 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 were amortized during fiscal 2020 and the remaining balance of $9,111 was vested during the year ended December 31, 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 $338,683 has been vested as of December 31, 2021.

During fiscal 2021, a total of 1,150,000 options with a weighted average exercise price of $0.23 were cancelled and 2,885,000 options with an exercise price of $0.20 expired on November 17, 2021.

The following schedule describes the options outstanding at December 31, 2021:

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
August 19, 2023	$0.25	1.63	1,675,000	1,675,000
January 3, 2024	$0.25	2.01	2,610,000	2,610,000
August 11, 2025	$0.20	3.61	2,492,500	2,492,500
September 12, 2026	$0.20	4.70	2,685,000	2,655,000
Balance at December 31, 2021	**$0.22**	**1.79**	**9,462,500**	**9,432,500**

(Expressed in Canadian dollars)

The following schedule describes the options transactions since December 31, 2019:

	Number of stock options	Weighted average exercise price	
Balance at December 31, 2019	9,400,000	$	0.22
Options granted	2,792,500		0.20
Options expired	(1,380,000)		0.19
Balance at December 31, 2020	10,812,500	$	0.22
Options granted	2,685,000		0.20
Options expired	(2,885,000)		0.20
Options cancelled	(1,150,000)		0.23
Balance at December 31, 2021	**9,462,500**	**$**	**0.22**

(iii) Shares issued on property option payments

DD Agreement:

Under the DD Property Agreement, PJX was required to issue to the Optionors on or before each anniversary day of the DD Agreement, 50,000 PJX common shares over a 5-year period to a maximum of 250,000 shares. The last and final issuance of 50,000 shares, with a fair value of $4,750 were issued on June 2, 2020 (See Note 9(a)).

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

Gold Shear Agreement:

Under this agreement entered on January 17, 2018, the Company is required to issue 200,000 PJX shares to the optionor within a period of 24 months of the signing of the Agreement The last and final issuance of 100,000 shares, with a fair value of $16,300 were issued on June 2, 2020 (see Note 9(b)).

Under the new purchase agreement that the Company entered to acquire the David 6 Claim and on June 2, 2020, the Company issued 20,000 common shares valued at $1,900.

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

11. WARRANTS

The following schedules describe the warrants outstanding at December 31, 2021 and 2020:

Expiry Date	Number of Warrants	Exercise price	Value
December 17, 2022 *	4,574,131	$ 0.30	$ 241,972
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
December 20, 2023	9,391,794	0.25	387,478
Balance at December 31, 2021	**42,365,611**	**$ 0.24**	**$ 1,796,164**

* Exercisable at $0.25 until December 17, 2020 and at $0.30 from then until December 17, 2021 and subsequently extended to December 17, 2022

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

(Expressed in Canadian dollars)

Expiry Date	Number of Warrants	Exercise price	Value
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
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	274,893
December 5, 2022	649,733	0.25	30,799
Balance at December 31, 2020	**40,139,701**	**$ 0.24**	**$ 1,786,069**

* Exercisable at $0.25 until December 17, 2020 and at $0.30 from then until December 17, 2021.
** Warrants expiry date extended from August 29, 2020 to August 29, 2021.
*** Warrants expiry date extended from May 15, 2020 to May 15, 2021.

The following schedule describes the warrant transactions since December 31, 2019:

	Number of Warrants	Exercise price	Value
Balance at December 31, 2019	43,782,066	$ 0.26	$ 2,060,933
Warrants issued on private placement	9,350,400	0.20	332,443
Compensation warrants issued	301,120	0.20	16,911
Warrants expired	(13,293,885)	0.25	(624,218)
Balance at December 31, 2020	40,139,701	0.24	1,786,069
Warrants issued on private placement	9,391,794	0.25	387,478
Warrants expired	(7,165,884)	0.25	(351,731)
Reallocation of issue cost to warrants			(25,652)
Balance at December 31, 2021	**42,365,611**	**$ 0.24**	**$ 1,796,164**

Warrants issued:

As part of the financing closed on October 6, 2020, the Company issued 9,350,400 warrants valued at $332,443. 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 $0.20 per share for 24 months.

As part of the financing closed 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.

As part of the financing closed on December 21, 2021, the Company issued 9,391,794 warrants valued at $387,478. 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 24 months.

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

(Expressed in Canadian dollars)

Expiry date	Number of Warrants	Dividend yield	Volatility *	Risk free interest rate	Expected average life (years)	Value
December 17, 2022(1)	4,574,131	Nil	108%	2.02%	3	$ 241,972
May 15, 2022	12,296,276	Nil	104%	2.06%	2	537,320
October 5, 2022	9,350,400	Nil	112%	0.23%	2	306,791
October 5, 2022 (2)	301,120	Nil	112%	0.23%	2	16,911
December 5, 2022	5,802,157	Nil	103%	1.63%	3	274,893
December 5, 2022 (2)	649,733	Nil	103%	1.63%	3	30,799
December 20, 2023	9,391,794	Nil	109%	0.96%	2	387,478
	42,365,611					$ 1,796,164

* Volatility rates were determined based on historical share pricing volatility for the Company's common shares.
(1) Exercisable at $0.25 during years 1 and 2 and at $0.30 in year 3
(2) Compensation warrants

Warrants extended:

On May 5, 2020, the Company announced that it has extended the term of 12,296,276 share purchase warrants. These warrants were originally issued pursuant to a private placement completed in May 2018. The warrants were to expire on May 15, 2020, and exercisable at $0.25 per share. The new expiration date of the warrants is May 15, 2021. All other terms of the warrants remain unchanged.

In August 2020, the Company extended the term of 6,833,284 share purchase warrants exercisable at $0.25 and expiring on August 29, 2020, for one additional year to August 29, 2021. All other terms remained unchanged. These warrants expired unexercised.

On May 3, 2021, the Company extended the term of 12,296,276 share purchase warrants exercisable at $0.25 and expiring on May 15, 2021, for one additional year to May 15, 2022. All other terms remained unchanged.

On November 22, 2021, the Company extended the term of 4,574,131 share purchase warrants exercisable at $0.30 and expiring on December 17, 2021, for one additional year to December 17, 2022. All other terms remained unchanged.

Reallocation of issue cost to warrants:

During the year ended December 31, 2021, the Company reclassified $25,652 in share issue cost from capital stock to warrants, corresponding to the allocated value of share issue cost to warrants on the December 2019 financing (warrants expiring December 5, 2022).

Warrants expired:

Expired During 2021:

Expiry Date	Number of Warrants	Exercise price	Value
December 17, 2021	332,600	$ 0.25	$ 19,120
August 29, 2021	6,833,284	0.25	332,611
	7,165,884	$ 0.25	$ 351,731

(Expressed in Canadian dollars)

Expired During 2020:

Expiry Date	Number of Warrants	Exercise price	Value
May 17, 2020	836,454	$ 0.25	$ 39,244
November 18, 2020	12,457,431	0.25	584,974
	13,293,885	$ 0.25	$ 624,218

12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) Exploration Expenses:

The following schedule describes exploration expenses incurred during the years ended December 31, 2021 and 2020, and since inception, segregated by nature:

Years ended December 31,	2021	2020	Balance since inception
Geology, geophysics and geochemistry	**$ 506,842**	$ 228,303	$ 3,526,139
Exploration-other accommodation	**1,712**	-	4,152
Permitting	**5,135**	861	60,570
Land rights, claims and environment	**23,092**	26,482	192,964
Drilling	**507,299**	555,917	5,877,236
Laboratory	**46,498**	32,601	431,796
Roads and surface preparation	**-**	-	70,944
Camp cost and exploration supplies	**3,687**	1,743	34,363
Exploration - travel and transportation	**14,467**	15,167	284,246
Exploration- meals	**5,879**	6,158	57,384
Rent - field office	**9,774**	3,796	67,241
Insurances	**2,477**	2,526	5,205
Surface sampling and mapping	**-**	-	50,505
Option payments	**15,000**	27,050	526,261
Reclamation provision	**-**	-	24,500
Legal expenses-exploration	**-**	-	1,898
Non-flow-through exploration expenses	**1,379**	82,481	31,915
	$ 1,143,241	$ 983,085	$11,247,319
BC refundable tax credits receivable	**(135,000)**	16,875	(407,274)
Total exploration expenses	**$ 1,008,241**	$ 999,960	$10,840,045

As at December 31, 2021, the Company recorded a British Columbia refundable tax credits receivable of $135,000 (2020 - $16,875), relating to exploration expenditures incurred during the year ended December 31, 2021 of which $135,000 was receivable as at December 31, 2021 (2020 - $Nil).

(Expressed in Canadian dollars)

The following schedules describe exploration expenses incurred in each property during the years ended December 31, 2021 and 2020, and since inception:

Years ended December 31,	2021	2020	Balance since inception
Dewdney Trail Property	**$ 228,302**	$ 25,326	$ 1,563,722
Eddy Property	**108,742**	63,283	927,070
Zinger Property	**147,582**	12,086	1,175,910
Vine Property	**213,224**	430,288	6,135,106
DD Property	**11,676**	(4,414)	65,955
Gold Shear Property	**413,050**	441,658	1,231,452
Parker Copper Property	**1,720**	-	62,326
Others	**18,945**	14,858	85,778
	$ 1,143,241	$ 983,085	$ 11,247,319
BC refundable tax credits receivable	**(135,000)**	16,875	(407,274)
Total exploration expenses	**$ 1,008,241**	$ 999,960	$ 10,840,045

b) General and administration:

The following is a breakdown of the Company's general and administration expenses incurred during the years ended December 31, 2021 and 2020:

Years ended December 31,	2021	2020
Insurance	**$ 13,306**	$ 13,248
Interest, bank charges and penalties	**1,278**	1,872
Investor relations	**71,553**	58,300
Listing and regulatory fees	**84,589**	45,414
Office expenses	**14,597**	15,144
Professional fees	**100,932**	155,453
Rent	**11,972**	8,919
Salaries and benefits	**236,474**	199,080
Taxes and levies	**4,655**	8,862
Travel and transportation	**16,364**	4,184
	$ 555,720	$ 510,476

13. GAIN ON SALE OF ROYALTY

On March 1, 2021, the Company announced the completion of an investment agreement with Osisko pursuant to which Osisko acquired 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.

14. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to $960,000 to be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

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

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31 of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at December 31, 2021, the Company had $662,285 commitments related to flow-through share agreements entered into to be incurred by December 31, 2022.

Pursuant to the option agreement entered on July 29, 2021, with Imperial, to earn 100% interest in the Estella Property, the Company is committed to disburse a total of $235,000, between July 26, 2022, and July 26, 2026 (see Note 9(c)).

The Novel Coronavirus ("COVID-19") pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.

Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements.

15. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Purchase of services:

During the years ended December 31, 2021, and 2020, the Company incurred professional fees with companies where directors of the Company are partners or controlling executives, as described below:

(Expressed in Canadian dollars)

Years ended December 31,	2021	2020
Fees paid or accrued to a law firm where a director of the Company is a partner	$ 129,738	$ 52,752
Fee paid to a director for geological services rendered	6,768	1,200
	$ 136,506	$ 53,952

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 to key management for employee services is shown below:

Years ended December 31,	2021	2020
Salaries and bonuses	$ 291,900	$264,000
Share-based compensation	280,482	256,348
	$ 572,382	$520,348

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

December 31,	2021	2020
Payable to officers and directors	$ -	$ 4,508
Payable to a law firm where a director of the Company is a partner	3,591	52,752
	$ 3,591	$ 57,260

d) Participation in equity financings:

The following schedule describes directors' and officers' participation in equity financings pursued by the Company during the years ended December 31, 2021, and 2020:

Years ended December 31,	2021		2020	
	Units	Value	Units	Value
Officers	80,000	$ 13,600	80,000	$ 12,000
10% security holders	-	-	800,000	100,000
Directors	247,647	39,500	40,000	5,000
Total	327,647	$ 53,100	920,000	$ 117,000

(Expressed in Canadian dollars)

16. INCOME TAXES

	2021	2020
Loss before income taxes	**$(928,072)**	$(1,806,184)
Expected recovery	**(245,939)**	(478,639)
Premium on flow-through shares (Note 10(b)(i))	**(48,805)**	(209,845)
Share issue cost	**87,970**	35,970
Expenses non deductible for tax purposes	**95,829**	62,908
Tax benefits not recognized	**62,140**	379,761
Premium on flow-through shares	**$ (48,805)**	$ (209,845)

The applicable tax rate is 26.5% (2020: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized for non-capital losses of $3,800,000 (December 31, 2020: $3,957,000), expiring between 2031 and 2040, exploration and development expenses of $5,500,000 (December 31, 2020: $3,962,000) which have no expiry date, and share issue costs of $187,936 (December 31, 2020: $241,083) which will be deducted between 2022 and 2026. The potential future benefits of these losses have not been recognized in the financial statements because it is not probable that future taxable profits will be available against which the Company can use the benefits.