



**PJX RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2022

# **PJX RESOURCES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis (“MD&A”) of the operating results and financial condition of PJX Resources Inc. (“PJX” or the “Company”) for the fiscal years ended December 31, 2022 (“Fiscal 2022”) and December 31, 2021 (“Fiscal 2021”) should be read in conjunction with the audited financial statements of the Company and notes thereto at December 31, 2022.

The audited financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts are expressed in Canadian dollars.

Additional information has been filed electronically through the System for Electronic Document Analysis and Retrieval (“SEDAR”) and is available online at [www.sedar.com](http://www.sedar.com).

The date of this report is April 13, 2023.

### **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

### **FORWARD LOOKING INFORMATION**

The Company’s MD&A contains statements that constitute “forward-looking statements” within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking information includes, but is not limited to, information concerning PJX’s exploration program and planned gold production as well as PJX’s strategies and future prospects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate”, or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur”, or “be achieved”. Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Assumptions upon which such forward-looking information is based include, without limitation, availability of skilled labour, equipment, and materials. Many of these assumptions are based on factors and events that are not within the control of PJX and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in ore reserves, resources, grade or recovery rates, risks relating to international operations (including legislative, political, social, or economic developments in the jurisdictions in which PJX operates), economic factors, government regulation and approvals, environmental and reclamation risks, actual results of exploration activities, fluctuating metal prices and currency exchange rates, costs, changes in project parameters, conclusions of economic evaluations, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and the availability of skilled labour, failure of plant, equipment or processes to operate as anticipated, capital expenditures and requirements for additional capital, risks associated with internal control over financial reporting, and other risks of the mining industry as well as those risk factors discussed in the Long Form Prospectus of PJX available at [www.sedar.com](http://www.sedar.com). Although PJX has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. PJX undertakes no obligation to update forward-looking information if circumstances or management’s estimates or opinions should change except as required by

applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

### **NATURE OF OPERATIONS AND GOING CONCERN**

PJX is a Canadian corporation with corporate offices located at 5600 One First Canadian Place, Toronto, Ontario. The Company is listed on the TSX Venture Exchange.

The principal activities of the Company are mineral exploration properties located near Cranbrook, British Columbia. The Company is considered to be in the exploration stage, has no producing properties and, consequently, has no current operating income or cash flow. Financing of the Company's activities to date has been obtained primarily from equity issues.

The financial statements of the Company have been prepared using generally accepted accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due in the foreseeable future. For the year ended December 31, 2022, the Company incurred a loss of \$1,481,121 or \$0.01 per share, (December 31, 2021: \$874,927 or \$0.01 per share), and reported an accumulated deficit of \$20,082,684 (December 31, 2021: \$18,601,562). As at December 31, 2022 the working capital of the Company was \$1,217,190 (December 31, 2021: \$2,663,283). 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. These factors indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. 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.

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 holds 100% interest in 8 properties (the Vine, Gold Shear, DD, Eddy, Parker Copper, Zinger, Dewdney Trail, and West Basin). All properties are road accessible and proximal to power, rail and workforce in the Sullivan base metal and placer gold mining district.

### **Highlights**

#### **Corporate**

The Annual General and Special Meeting was held on June 28, 2022. The Shareholders of record:

1. approved the Audited Financial Statements for the period ended December 31, 2021;
2. set the number of directors of the Company at six and elected Messrs. John Keating, James Clare, Vic Bradley, Trygve Hoy, Joseph Del Campo, and Ms. Linda Brennan;
3. appointed McGovern Hurley LLP as Auditors of the Company for the ensuing year; and
4. approved the Company's Share Incentive Plan.

#### **Financial**

On May 10, 2022, a total of 12,296,276 warrants expiring on May 15, 2022, and exercisable at \$0.25 were extended by an additional year to May 15, 2023. All other terms remain unchanged.

On September 26, 2022, a total of 9,350,400 warrants expiring on October 5, 2022, and exercisable at \$0.20 were extended by an additional year to October 5, 2023. All other terms remain unchanged.

On November 24, 2022, a total of 5,802,157 warrants expiring on December 5, 2022, and exercisable at \$0.25 were extended by an additional year to December 5, 2023. All other terms remain unchanged.

On December 13, 2022, the Company extended the term of 4,574,131 share purchase warrants exercisable at \$0.30 and expiring on December 17, 2022, for one additional year to December 17, 2023. All other terms remained unchanged.

### ***Exploration***

Exploration during Q4 and throughout 2022 focused primarily on the Dewdney Trail Property. This work has resulted in the discovery of a new, potentially large mineralizing system with gold, silver and copper associated with syenite (alkalic) intrusions. Mineralization occurs with veining in a cluster of alkalic multi-phased porphyritic intrusions. One rock grab sample of intrusive with quartz veins analyzed 6.9 g/t gold, 447 g/t silver and 1.108% copper.

Geological, geophysical and mineralogical data support the discovery of a large mineralized magmatic centre on the Dewdney Trail Property. Intrusive related copper-gold-silver-molybdenum deposits, such as the Butte Mining District in Montana, are associated with such magmatic centres. The Dewdney Trail Property will be the main focus of exploration in 2023.

Down hole geophysics was carried out to explore for the extension of the New Massive Sulphide (NMS) zone intersected at a depth of 800 metres (“m”) on the Vine Property. Down hole survey results combined with surface geophysics suggest that the NMS zone may extend to the northwest with a possible target depth of 1500 m.

Subsequent to year end, the compilation of results received for 4 holes, drilled on the Dewdney Trail Property in late 2022 as a preliminary test of the large 2.5 kilometre (km) long Lewis Ridge Electromagnetic (EM) and magnetic anomaly, suggest the potential for additional intrusive related gold mineralization as well as the possibility for cobalt mineralization.

Subsequent to the year end, in February, 2023, DLP Resources Inc. (“DLP”) returned the DD Property to PJX. PJX Resources retains a 100% interest in the DD Property and DLP will provide all related exploration data. DLP has indicated that they will now focus on Sullivan-type zinc-lead-silver targets on the Moby Dick and NZOU properties. PJX has a 50% interest in the Moby Dick Property with the right to earn a 50% interest in the NZOU Property which are both adjacent to the DD Property. See Subsequent Events.

PJX will continue to develop and advance gold and base metal targets to make new discoveries. Most companies have a limited number of targets to test. PJX continues to develop a pipeline of targets with over 20 target areas identified to date. Targets range from Sullivan type deposits to orogenic gold, sedimentary copper, and intrusive related gold, copper, and silver.

Given the large stable of PJX properties with multiple targets, the company will continue to explore and form strategic alliances to discover and advance multiple gold and/or base metal (copper, zinc, lead, silver) deposits.

### ***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 60,000 hectares (600 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 \$35 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 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 Company continues to focus resources on exploration activities to discover a gold or base metal deposit.

The ability of the Company to continue exploration is primarily 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 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 is expected to decline as a number of mines have closed and new world class deposits are not being discovered. Gold and base metal prices continued to rebound during 2022 following the downward pressure in response to fall-out from COVID-19. They are expected to strengthen amid global uncertainty and may spike to new highs due to potential stockpile shortages. Gold and silver markets may rise significantly in the short term in response to current economic, social and political challenges created by the COVID-19 pandemic, rising inflation and interest rates amid the Ukraine crisis. Overall, metal prices are expected to strengthen in the long term as economies recover, market volatility lessens and demand for metals increases in step with expanding economies.

### ***Ability to Deliver Results***

In addition to legal and capital market expertise, PJX's Board is made up of members with experience in all aspects of the minerals and metals industry from early-stage exploration through to production stage companies. In order to advance its exploration projects effectively, the Company contracts experienced mineral exploration professionals with many years of working experience specific to our geographic regions of interest.

## **RESULTS OF OPERATIONS**

### ***Exploration***

During the year ended December 31, 2022, PJX incurred \$966,114 in exploration expenses compared with \$1,008,241 in exploration expenses during the same period of Fiscal 2021 after estimated BC Mineral Exploration Tax Credit (METC) refunds of \$160,000 and \$135,000 respectively. The Company does not know when the funds will be received nor if it will receive the entire amounts applied for.

The following schedule describes exploration expenses incurred in each property for the years ended December 31, 2022 and 2021 as well as the balances since inception.

<b>Year ended December 31,</b>	<b>2022</b>	2021	Change
Dewdney Trail Property	\$ 815,412	\$ 228,302	\$ 587,110
Eddy Property	33,686	108,742	(75,056)
Zinger Property	76,464	147,582	(71,118)
Vine Property	93,873	213,224	(119,351)
DD Property	8,250	11,676	(3,426)
Gold Shear Property	73,658	413,050	(339,392)
Parker Copper Property	-	1,720	(1,720)
Others	24,771	18,945	5,826
	<b>\$ 1,126,114</b>	<b>\$ 1,143,241</b>	<b>\$ (17,128)</b>
<i>BC refundable tax credits receivable</i>	<b>(160,000)</b>	(135,000)	(25,000)
Total exploration expenses	<b>\$ 966,114</b>	<b>\$ 1,008,241</b>	<b>\$ (42,128)</b>

## MINERAL PROPERTIES

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 at a stage to form strategic alliances to advance some of the targets.

In February 2021, PJX and Osisko Gold Royalties Ltd (“OR”) signed an Investment Agreement whereby OR 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.

### Dewdney Trail Property

- The Dewdney Trail Property has potential to host orogenic gold, intrusive related gold-copper-silver, and Sullivan type zinc-lead-silver massive sulphide deposits.
- 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 Mobile-MT and Magnetic Survey across the entire Dewdney Trail Property.
- In July 2021, PJX completed a 5-year option agreement to acquire 100% interest in the historical Estella Mine (the “Estella”) crown grant claims from Imperial Metals Corporation (“Imperial”). The 14 Estella claims are encompassed by the large Dewdney Trail Property and occur within the Estella Basin target area. The Estella mine produced lead, zinc, and silver from a vein. The Estella claims have had no significant work or exploration since the mine ceased operating in the 1960’s.
- Geological mapping, prospecting, geochem surveys, and preliminary drilling (1980 m) during 2022 focused on exploring the Lewis Ridge target, a 2.5 km long Mobile-MT anomaly with a coincident mag signature, and on exploring the Estella Basin target area.

- This work has resulted in the discovery of a new potentially large mineralizing system with gold, silver and copper associated with syenite (alkalic) intrusions. Mineralization occurs with veining in a cluster of multi-phased porphyritic intrusions. One rock grab sample of intrusive with quartz veins analyzed 6.9 g/t gold, 447 g/t silver and 1.108% copper.
- Geological, geophysical and mineralogical data support the discovery of a large mineralized magmatic centre on the Dewdney Trail Property. Intrusive related copper-gold-silver-molybdenum deposits, such as the Butte Mining District in Montana, are associated with such magmatic centres.
- Subsequent to year end, the compilation of results received for 4 holes, drilled in late 2022, as a preliminary test of the large 3 km long Lewis Ridge EM and magnetic anomaly suggest the potential for additional intrusive related gold mineralization as well as the possibility for cobalt mineralization.
  - Hole DTLR22-01 intersected a porphyritic syenite/alkalic dyke with anomalous gold (198 ppb) from 80.78 to 83.12 m (2.34 m core length). This hole is approximately 3 kilometres north of the Estella Basin.
  - Hole DTLR22-02 intersected massive sulphide (pyrite) in a quartz dolomite vein from 125.87 to 127.29 m (1.42 m core length) that contained 644 ppm (0.06%) cobalt. The massive sulphide mineralization is weakly conductive, and the intersection occurs in graphitic and locally calcareous sediments that are also locally conductive. Neither are magnetic. The conductive materials may explain the EM geophysical signature but do not appear to explain the magnetic signature that may relate to a magnetic type of massive sulphide mineralization.

The Dewdney Trail Property will be a main focus of exploration in 2023. Additional exploration is required to test the potential for intrusive related gold-copper-silver mineralization and a massive sulphide body that may contain cobalt.

### **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.
- 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 for a Sullivan deposit at the Lower-Middle Aldridge Contact (LMC) depth but did not encounter massive sulphide mineralization.
- In 2019, PJX discovered a New Massive Sulphide (NMS) zone that was intersected 300 m below the LMC, Cominco's depth of drilling.
- A hole drilled by Kokanee Exploration in 1990 intersected a 3.4 m wide massive sulphide zone, with bedded and Durchbewegt textures, approximately 700 m south of PJX's 2019 drill hole. PJX's management and consulting geologist believe that the Kokanee and PJX holes both intersected the same geologic horizon.
- PJX's NMS zone also has Durchbewegt texture which is a style of massive sulphide mineralization that occurs within 1000 m of the economic part of the Sullivan deposit.
- Drilling during 2021 suggests the NMS zone occurs in a restricted basin that trends northwest toward the west gravity anomaly and needs to be tested at depth and on-strike.
- Down hole geophysics during 2022 explored for the extension of the New Massive Sulphide (NMS) zone intersected at a depth of 800 metres. Down hole survey results combined with surface geophysics also suggest that the NMS zone may extend to the northwest with a possible target depth of 1500 m. Additional surface geophysics to the northwest will be planned prior to the next phase of drilling.

## **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 of the Gold Shear Property 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 grams per tonne (“g/t”) gold; the highest is 193.90 g/t gold.
- PJX’s surface mapping, and compilation of historical 1990 drilling by Dragoon Resources Ltd, suggest that high-grade gold mineralization may occur as elongated zones that plunge to the north within the north trending David Shear.
- PJX drilling to date confirms the high-grade nature of gold mineralization in the David Gold Zone.
- Drilling in late 2021, tested along strike and down the interpreted plunge of the David Gold Zone. Drill results received in April 2022 extend the David Gold Zone to the north. The results also identified possible structural controls that influence high-grade gold mineralization. These results will be used to assess and develop targets to test on strike of the David Gold zone on the Gold Shear Property and PJX’s adjacent Eddy property.

## **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 South and Northwest target areas.
- **South 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 10 km trend. Expert Geophysics flew a 548 line-km airborne Mobile-MT and Mag Survey over the Gar and the Leader intrusives. 3D inversion and interpretation of Mag and Mobile-MT data by Expert Geophysics has helped identify multiple targets.
  - Gar target – intrusive related gold target possibly similar to Fort Knox deposit in Alaska. Nuggety gold in sheeted veins associated with a 1600 m 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.
  - North Gar target – possible second gold bearing intrusive and is located adjacent to the Gar intrusive. Geophysical signature appears to be larger than the GAR target and has an orientation that is the same as gold bearing sheeted veins in the Gar intrusive. North Gar target is hidden under alluvium/overburden.
  - PGC (Porphyry Gold-Copper) target - Expert Geophysic’s interpretation of mag data has identified a donut shaped anomaly that resembles a magnetic signature for a gold-rich copper porphyry target. This is the first target of its type in the Sullivan Mining District. The target occurs in an area covered by alluvium/overburden. Prospecting and soil sampling are planned as part of the next phase to assess the target, prior to possible drilling.

## **DD-Moby Dick-NZOU Properties**

- 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 2020, PJX signed an agreement granting DLP 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 by DLP in 2021 to test a number of large MT targets defined by Quantec Geophysics, intersected an extensive thickness (168 m) of fragmentals, from 1705 m depth, with abundant pyrrhotite with hydrothermal alteration that supports the potential for Sullivan type mineralization.
- DLP drilled one deep hole during 2022 on the DD Property that became stuck in a fault at 1300 m prior to testing a magnetotelluric (MT) target at about 1700 m.
- In February, 2023, DLP returned the DD Property to PJX and will provide all related exploration data. PJX Resources retains a 100% interest in the DD Property. DLP has indicated that they will now focus on the Sullivan-type Zn-Pb-Ag targets on the Moby Dick and NZOU properties. PJX has a 50% interest in Moby Dick Property with the right to earn a 50% interest in the NZOU Property which are both adjacent to the DD Property.

### 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.

- The **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. Additional high-grade gold mineralization has been found on strike with these showings. These showings require additional surface work prior to drilling.
- The **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 (Montanore, Spar Lake) in correlative rocks in the United States and the Kamao deposit in Congo. Prospecting in 2020 and 2021 suggests the favourable copper horizon may continue down dip to the west and along strike to the north. Follow up work was not continued in 2022 as the Company focussed its work on its core properties.

### Estella Property Option

On July 29, 2021, the Company announced option of the historical Estella Mine crown grants from Imperial Metals Corporation under the Estella Property Option Agreement.

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 (paid); 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 and, for reporting purposes, included in 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. Optioning the Estella Mine crown grants allows PJX to fully explore the Dewdney Trail Property.

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

### **SELECTED ANNUAL INFORMATION**

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

<b>Years ended December 31,</b>	<b>2022</b>	2021	2020
Loss for the year	<b>(1,481,121)</b>	(874,927)	(1,596,339)
Loss per share	<b>(0.01)</b>	(0.01)	(0.01)
Total assets	<b>1,531,590</b>	3,073,359	1,322,255
Non-current assets	<b>220,808</b>	257,256	212,639
Total liabilities	<b>118,092</b>	182,041	261,740
Non-current liabilities	<b>24,500</b>	29,221	38,296
Shares issued and outstanding	<b>133,216,488</b>	133,216,488	117,574,694

The Company generated a net loss of \$1,481,121 for the year ended December 31, 2022, compared with a loss of \$874,927 for Fiscal 2021. The main drivers for both fiscal year losses were general and administration expenses and exploration expenditures as detailed below.

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

The following schedule describes general and administration expenses incurred by the Company during the fiscal years ended December 31, 2022, and 2021:

<b>Year ended December 31,</b>	<b>2022</b>	2021	Change
Insurance	\$ <b>18,867</b>	\$ 13,306	\$ 5,561
Interest, bank charges and penalties	<b>632</b>	1,278	(646)
Investor relations	<b>76,194</b>	71,553	4,641
Listing and regulatory fees	<b>52,461</b>	84,589	(32,128)
Office expenses	<b>21,064</b>	14,597	6,467
Professional fees	<b>88,700</b>	100,932	(12,232)
Rent	<b>14,610</b>	11,972	2,638
Salaries and benefits	<b>274,308</b>	236,474	37,834
Taxes and levies	-	4,655	(4,655)
Travel and transportation	<b>13,225</b>	16,364	(3,139)
	<b>\$ 560,061</b>	\$ 555,720	\$ 4,341

The most significant changes in general and administration expenses during the year ended December 31, 2022, when compared to the same period of Fiscal 2021, were:

- The decrease of listing and regulatory expenses of \$32,128 is mainly due to a reduction of regulatory activities incurred during 2021 only. These would include OTC initial listing fee paid during 2021, and TSX-V payments related to stock option and other corporate filings such as private placement applications.
- The decrease in professional fees of \$12,232 is composed of an increase in accounting and auditing fees for approximately \$13,000, a reduction in legal fees by approximately \$29,000 and an increase in other professional fees for approximately \$4,000.

- The increase in salaries and benefits for \$37,834 is related to the increase in compensation to senior officers with an impact, on fiscal 2022 of \$28,000, a reduction in salary allocation to exploration during 2022 of approximately \$11,000, and a reduction of approximately \$2,000 related to other adjustments to indirect compensation during fiscal 2022.

### Exploration:

The following schedule describes exploration expenses incurred by the Company during the fiscal years ended December 31, 2022 and 2021, segregated by project and by nature:

<b>Year ended December 31,</b>	<b>2022</b>	2021	Change
Dewdney Trail Property	\$ 815,412	\$ 228,302	\$ 587,110
Eddy Property	33,686	108,742	(75,056)
Zinger Property	76,464	147,582	(71,118)
Vine Property	93,873	213,224	(119,351)
DD Property	8,250	11,676	(3,426)
Gold Shear Property	73,658	413,050	(339,392)
Parker Copper Property	-	1,720	(1,720)
Others	24,771	18,945	5,826
	<b>\$ 1,126,114</b>	<b>\$ 1,143,241</b>	<b>\$ (17,128)</b>
<i>BC refundable tax credits receivable</i>	<b>(160,000)</b>	(135,000)	(25,000)
Total exploration expenses	<b>\$ 966,114</b>	<b>\$ 1,008,241</b>	<b>\$ (42,128)</b>

<b>Year ended December 31,</b>	<b>2022</b>	2021	Change
Geology, geophysics and geochemistry	\$ 411,273	\$ 506,842	\$ (95,569)
Exploration-other accommodation	610	1,712	(1,102)
Permitting	21,744	5,135	16,609
Land rights, claims and environment	12,165	23,092	(10,927)
Drilling	490,533	507,299	(16,766)
Laboratory	80,528	46,498	34,030
Roads and surface preparation	-	-	-
Camp cost and exploration supplies	1,336	3,687	(2,351)
Exploration - travel and transportation	33,760	14,467	19,292
Exploration- meals	6,950	5,879	1,071
Rent - field office	9,925	9,774	151
Insurances	3,038	2,477	561
Surface sampling and mapping	-	-	-
Option payments	20,000	15,000	5,000
Reclamation provision	-	-	-
Legal expenses-exploration	34,252	-	34,252
Non-flow-through exploration expenses	-	1,379	(1,379)
	<b>\$ 1,126,114</b>	<b>\$ 1,143,241</b>	<b>\$ (17,128)</b>
<i>BC refundable tax credits receivable</i>	<b>(160,000)</b>	(135,000)	(25,000)
Total exploration expenses	<b>\$ 966,114</b>	<b>\$ 1,008,241</b>	<b>\$ (42,128)</b>

Exploration expenses increased by an aggregate of \$17,128 during Fiscal 2022 compared to an increase of \$160,156 for Fiscal 2021, before a refundable credit received from the British Columbia Government of \$160,000 and \$135,000 for fiscal years 2022 and 2021 respectively.

The most significant changes in exploration expenses during the year ended December 31, 2022, segregated by function, when compared to Fiscal 2021, were:

*Geology, geophysics and geochemistry (“GG&G”)*

GG&G expenses decreased by \$95,569 during Fiscal 2022 when compared to the same period of Fiscal 2021. This change was principally composed of:

- An increase of approximately \$16,000 at Dewdney Trail Property;
- A decrease of approximately \$70,000 at the Eddy Property;
- A decrease of approximately \$84,000 at the Zinger Property;
- An increase of approximately \$56,000 at the Vine Property; and
- A decrease of approximately \$13,000 at Gold Shear Property

*Drilling:*

The decrease in drilling charges of \$16,766 was composed of:

- An increase at the Dewdney Trail Property of approximately \$475,000
- A decrease at the Vine Property of approximately \$174,000
- A decrease at the Gold Shear Property of approximately \$317,000

*Laboratory:*

The increase of \$34,030 in laboratory expenses is mainly composed of:

- An increase at the Dewdney Trail Property of approximately \$50,000
- A decrease at the Eddy Property of approximately \$11,000
- A decrease at the Gold Shear Property of approximately \$10,000
- An Other projects increase for approximately \$5,000

*Travel and transportation:*

The increase in travel and transportation of \$19,293 is principally related to an increase at the Dewdney Trail Property of approximately \$24,000 and other miscellaneous reductions at other projects for approximately \$5,000.

*Legal expenses:*

Legal expenses assigned to exploration properties of \$34,252 is composed of:

- Dewdney Trail Property for \$6,503;
- Eddy Property for \$6,250;
- Vine Property for \$6,250;
- Gold Shear Property for \$6,250;
- DD Property for \$8,250; and
- Other properties for \$749

*Option payments:*

During fiscal 2022 the Company paid \$20,000 in options payments to Imperial Metals Inc. related to the Estella Property while during fiscal 2021 \$15,000 were disbursed for the same concept.

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

## **LIQUIDITY AND CAPITAL RESOURCES**

On March 1, 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 were primarily applied to fund the further exploration and development of these properties.

On December 22, 2021, the Company closed a non-brokered private placement of 9,391,794 units through the issuance of 3,895,794 Flow Through Units at a price of \$0.17 per Flow Through Unit and 5,496,000 Non-flow Through Units at a price of \$0.15 per Unit for total proceeds of \$1,486,685.

As at December 31, 2022, the Company had total current assets of \$1,310,782 (cash, amounts receivable, mining tax credits receivable and prepayments) that will be used for general and administrative expenses as well as exploration on its properties.

The working capital of the Company has decreased from \$2,663,283 at December 31, 2021 to \$1,217,190 at December 31, 2022. When compared to Fiscal 2021, current assets decreased by \$1.5 million and current liabilities decreased by \$59,228 for the same comparative period, representing a decrease in working capital of approximately \$1.4 million from the comparative period.

The Company has successfully secured its key properties and is not required to make any option payments. See also the Commitments and Obligations section below.

#### *Outlook*

The Company has no producing properties and, consequently, has no current operating income or cash flow. The Company's access to capital may not be available on terms acceptable to the Company or at all. Financing of the Company's activities to date has been obtained from equity issues. The continuing short-term development of the Company's properties therefore depends on the Company's ability to obtain additional financing through equity investments. For the year ended December 31, 2022, the Company incurred a loss of \$1,481,121 or \$0.01 per share and reported an accumulated deficit of \$20,082,684. As at December 31, 2022, the working capital of the Company was \$1,217,190. The Company's current cash position will enable it to fund the Corporation's operating and exploration expenses for the next twelve months.

The Company constantly reviews future exploration plans related to advancing its properties. The work plan will consider what work will be most beneficial for each project and the Company as balanced against the cash balance and market conditions affecting future funding. The Company is focused on ensuring capital resources are spent in the most efficient manner.

### **SUMMARY OF QUARTERLY RESULTS**

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

Quarter Ended	Revenue	Net Income (loss)		Exploration expenses	General and administration
		Total	Per Share		
December 31, 2022	Nil	\$ (308,784)	(\$0.00)	\$134,276	\$167,118
September 30, 2022	Nil	(632,529)	(0.00)	529,168	138,022
June 30, 2022	Nil	(263,219)	(0.00)	162,551	115,194
March 31, 2022	Nil	(276,589)	(0.00)	140,119	139,726
December 31, 2021	Nil	(142,832)	(0.00)	28,959	168,739
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

## FOURTH QUARTER

The following schedule describes the operating results of PJX during the fourth quarter of Fiscal 2022 compared to the same period of Fiscal 2021:

Three months ended December 31,	2022	2021
<b>Expenses</b>		
Exploration	\$ 134,276	\$ (28,959)
General and administration	167,118	168,739
Share based compensation	-	(5,994)
Depreciation	7,390	9,046
<b>Total operating expenses</b>	<b>308,784</b>	142,832
Loss before income taxes	<b>(308,784)</b>	(142,832)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (308,784)</b>	\$ (142,832)
<b>Basic and diluted loss per share</b>	<b>(\$0.00)</b>	(\$0.00)

### Exploration:

The following schedules describe the exploration expenses, by function and by project, incurred by PJX during the fourth quarter of Fiscal 2022 compared to the same period of Fiscal 2021:

Three months ended December 31,	2022	2021	Change
Geology, geophysics and geochemistry	\$ 37,271	\$ 18,174	\$ 19,097
Permitting	2,751	2,083	668
Land rights, claims and environment	2,541	3,000	(459)
Drilling	200,512	72,136	128,376
Laboratory	40,829	2,368	38,461
Camp cost and exploration supplies	325	647	(322)
Exploration - travel and transportation	5,944	1,743	4,201
Exploration- meals	1,453	975	478
Rent - field office	2,482	2,445	37
Insurances	-	1,424	(1,424)
Legal expenses-exploration	168	-	168
Non-flow -through exploration expenses	-	1,046	(1,046)
	<b>\$ 294,276</b>	\$ 106,041	\$ 188,235
BC refundable tax credits receivable	<b>(160,000)</b>	(135,000)	(25,000)
Total exploration expenses	<b>\$ 134,276</b>	\$ (28,959)	\$ 163,235

Three months ended December 31,	2022	2021	Change
Dewdney Trail Property	\$ 276,457	\$ 5,044	\$ 271,413
Eddy Property	2,517	17,913	(15,396)
Zinger Property	10,960	1,957	9,003
Vine Property	2,170	1,794	376
Gold Shear Property	112	79,057	(78,945)
Parker Copper Property	-	276	(276)
Others	2,060	-	2,060
	<b>\$ 294,276</b>	\$ 106,041	\$ 188,235
BC refundable tax credits receivable	<b>(160,000)</b>	(135,000)	(25,000)
Total exploration expenses	<b>\$ 134,276</b>	\$ (28,959)	\$ 163,235

The most significant changes during the fourth quarter of fiscal 2022, when compared to the same period of fiscal 2021 are:

- A decrease in Geology of \$19,097 which was composed of an increase of approximately \$5,000 in geological work, an increase in geophysics for approximately \$2,000 and an increase in prospecting work for approximately \$13,000.
- Most of these changes were related to the Dewdney Trail Property, where an increase of approximately \$25,000 occurred; the Eddy Property, where a decrease of approximately \$8,000 occurred and the Zinger Property, where an increase of approximately \$6,000 occurred and other properties (Vine, Gold Shear, and Parker) were small changes occurred for a net decrease totalling approximately \$2,000.
- Drilling activities, which during the last quarter of fiscal 2022 increased by \$128,376 when compared to the same period of fiscal 2021, were also concentrated at the Dewdney Trail Property with an increase of approximately \$200,000. Reductions on drilling activities were mainly found at the Gold Shear Property, where they decreased by approximately \$72,000.
- Laboratory charges increased by \$38,461 during the last quarter of fiscal 2022, when compared to the same period of fiscal 2021. The increase is principally from the Dewdney Trail Property.
- The company estimated a refundable tax credit from the BC government for approximately \$160,000, compared with an estimated return of \$135,000 for fiscal 2021.

*General and Administration:*

The following schedule describes the general and administration expenses incurred by PJX during the fourth quarter of Fiscal 2022 compared to the same period of Fiscal 2021:

Three months ended December 31,	2022	2021	Change
Insurance	\$ 4,238	\$ 3,475	\$ 763
Interest, bank charges and penalties	48	371	(323)
Investor relations	18,370	18,235	135
Listing and regulatory fees	6,150	28,755	(22,605)
Office expenses	5,171	4,031	1,140
Professional fees	55,850	40,348	15,502
Rent	3,737	890	2,847
Salaries and benefits	71,530	67,295	4,235
Travel and transportation	2,024	5,339	(3,315)
	\$ 167,118	\$ 168,739	\$ (1,621)

The most significant changes in general and administration expenses for the three months ended December 31, 2022, when compared to the same period of Fiscal 2021 are:

- The decrease in listing and regulatory fees of \$22,605 is mainly as a result of listing of the charges related to listing the Company on the OTC Markets and other payments to Canadian regulators related to a private placement.
- The increase in professional fees of \$15,502 resulting from provisions on auditing and accounting fees for 2022 year end.
- The increase in salaries of \$4,235 relates to increase in workers compensation charges imputed during the fourth quarter of fiscal 2022.
- The decrease in travel and transportation of \$3,315 relates to a decrease in non-IR related travel activities for approximately \$2,500 and a decrease in meals and entertainment for approximately \$800.

## **RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

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

During the years ended December 31, 2022 and 2021, the Company contracted legal services from a firm where a partner is also a director of PJX. During the year ended December 31, 2022, the Company purchased geological services from a director of the Company.

<b>Years ended December 31,</b>	<b>2022</b>	<b>2021</b>
Fee paid to a director for geological services rendered	\$ 7,864	\$ 6,768
Fees paid or accrued to a law firm where a director of the Company is a partner	29,414	129,738
	<b>\$ 37,278</b>	<b>\$136,506</b>

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

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

<b>Years ended December 31,</b>	<b>2022</b>	<b>2021</b>
Salaries and bonuses	\$ 319,992	\$291,900
Share-based compensation	-	280,482
	<b>\$ 319,992</b>	<b>\$572,382</b>

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

<b>As of December 31</b>	<b>2022</b>	<b>2021</b>
Payable to officers and directors	\$ 8,498	-
Payable to a law firm where a director of the Company is a partner	-	3,591
	<b>\$ 8,498</b>	<b>\$ 3,591</b>

Balances owing are unsecured, noninterest bearing and have no fixed terms of repayment.

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 \$960,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the Company's December 31, 2022 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 at December 31, 2022, PJX has met its 2022 flow-through obligations and does not have a flow-through exploration obligation to incur before December 31, 2023 (December 31, 2022 - \$662,000).

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 \$215,000 between July 26, 2022, and July 26, 2026.

### **TREND INFORMATION**

There are no major trends which are anticipated to have a material effect on the Company's financial condition and results of operations in the near future.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements, capital lease agreements or long-term debt obligations.

### **PROPOSED TRANSACTIONS**

There are no proposed transactions that will materially affect the performance of the Company.

### **CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES**

#### *Critical accounting estimates and judgments*

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

- The inputs used in accounting for share-based payment transactions in profit or loss. PJX estimates the value of stock-based compensation granted using the Black-Scholes valuation method. Several assumptions including volatility, risk-free interest rate and expected option life are significant assumptions used in determining the values of options.
- The assumptions used for determining the amount of deferred income tax assets, liabilities, expense and recovery, including the income tax rate to be used and recoverability of deferred tax assets involve critical judgement and estimates.
- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- The inputs used in accounting for share purchase warrants transactions in the statement of financial positions. PJX estimates the warrants issued using a standard valuation method. Several assumptions including volatility, risk-free interest rate and expected warrant life are significant

assumptions used in determining the values of warrants.

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

Changes in accounting policies:

During the year ended December 31, 2022, the Company adopted the following amended accounting policy or standard.

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 implementation of the policy did not have any effect in 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, 2023. 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 these 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, 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 credits is also assessed to be minimal.

#### Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2022, the Company had a cash balance of \$963,443 (December 31, 2021: \$2,637,608) to settle current liabilities of \$93,592 (December 31, 2021: \$152,820 (which includes a non-cash flow through premium liability of \$77,916)). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### Market risk

##### *Interest rate risk*

The Company's current policy is to invest excess cash in interest bearing accounts at major Canadian chartered banks. The Company periodically monitors its cash management policy. As at December 31, 2022, the Company did not have any amounts invested in interest bearing accounts.

##### *Sensitivity analysis*

As of December 31, 2022, both the carrying and fair value amounts of the Company's financial instruments are the same. Based on Management's knowledge and experience of the financial markets, the Company believes that is "reasonably possible" that commodity price fluctuation could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of mineral commodities. As of December 31, 2022, the Company was not in the production phase. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

##### *Capital Management*

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2022 and 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 in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2022, 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.

The United Nations Declaration on the Rights of Indigenous People (UNDRIP) is in part intended to include indigenous people in the decision making in their traditional territories. The BC government is one of the first governments in the world to adopt UNDRIP. First Nations and the BC government are working to determine what this means in relation to the management of municipality, education, health, industrial, and other activities in the province including exploration and mining.

#### *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*

Even though COVID-19 restrictions have been lifted in British Columbia, management believes COVID-19 and other pandemic outbreaks may continue 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, pandemic diseases have the potential to spread rapidly and place the Company's workforce at risk. The Company follows WorkSafeBC BC and the Provincial Health Office of British Columbia guidelines to protect its workforce and its operations from the risks and potential adverse impacts of such outbreaks.

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

## **OUTSTANDING SHARE DATA**

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

Total shares issued at December 31, 2022 and date of this report	133,216,488
Warrants outstanding at the date of this report	41,414,758
Options outstanding at the date of this report	9,462,500
<b>Fully diluted number of shares at the date of this report</b>	<b>184,093,746</b>

## Warrants:

On May 3, 2021, the Company announced that it had extended the term of 12,296,276 share purchase 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 remain unchanged.

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

On November 22, 2021, the Company announced it has extended the term of 4,574,131 share purchase warrants. The Warrants were issued pursuant to a private placement announced on December 17, 2018 and accepted for filing by the TSX Venture Exchange on December 19, 2018. The Warrants were due to expire on December 17, 2021, and are exercisable at \$0.30 per share. The new expiration date of the Warrants was December 17, 2022, which was, in November 2022 further extended to December 17, 2023. All other terms of the warrants, including the exercise price remain unchanged.

On May 10, 2022, a total of 12,296,276 warrants expiring on May 15, 2022, and exercisable at \$0.25 were extended by an additional year to May 15, 2023. All other terms remain unchanged.

On September 26, 2022, a total of 9,350,400 warrants expiring on October 5, 2022, and exercisable at \$0.20 were extended by an additional year to October 5, 2023. All other terms remain unchanged.

On November 24, 2022, a total of 5,802,157 warrants expiring on December 5, 2022, and exercisable at \$0.25 were extended by an additional year to December 5, 2023. All other terms remain unchanged.

On December 13, 2022, the Company extended the term of 4,574,131 share purchase warrants exercisable at \$0.30 and expiring on December 17, 2022, for one additional year to December 17, 2023. All other terms remained unchanged.

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>
May 15, 2023	12,296,276	0.25	\$ 537,320
October 5, 2023	9,350,400	0.20	332,443
December 5, 2023	5,802,157	0.25	249,241
December 17, 2023	4,574,131	0.30	241,972
December 20, 2023	9,391,794	0.25	387,478
<b>Balance at the date of this report</b>	<b>41,414,758</b>	<b>\$ 0.24</b>	<b>\$ 1,748,454</b>

## 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 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 \$3,302 vested during fiscal 2022 and \$339,013 during fiscal 2021.

During Fiscal 2021, 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 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>
August 19, 2023	\$0.25	0.35	1,675,000	1,675,000
January 3, 2024	\$0.25	0.72	2,610,000	2,610,000
August 11, 2025	\$0.20	2.33	2,492,500	2,492,500
September 12, 2026	\$0.20	3.41	2,685,000	2,685,000
<b>Balance at the date of this report</b>	<b>\$0.22</b>	<b>1.84</b>	<b>9,462,500</b>	<b>9,462,500</b>

### **QUALIFIED PERSON**

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

### **SUBSEQUENT EVENTS**

Effective February 24, 2023, DLP returned the DD Property to PJX and will provide all related exploration data. PJX Resources retains a 100% interest in the DD Property. DLP has indicated that they will now focus on the Sullivan-type Zn-Pb-Ag targets on the Moby Dick and NZOU properties. PJX retains a 50% interest in Moby Dick Property with the right to earn a 50% interest in the NZOU Property which are both adjacent to the DD Property.

Subsequent to year end, the compilation of results received for 4 holes, drilled on the Dewdney Trail Property in late 2022 as a preliminary test of the large 2.5 km long Lewis Ridge Electromagnetic (EM) and magnetic anomaly, suggest the potential for additional intrusive related gold mineralization as well as the possibility for cobalt mineralization. Additional details can be found in the Dewdney Trail Property update in the Mineral Properties section of this document.



## **Corporate Information**

### **Directors**

John Keating, PGeo<sup>(3)</sup>  
*President & CEO*  
*Toronto, Ontario, Canada*

Linda Brennan, BComm  
*CFO, Corporate Secretary*  
*Victoria, 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) Executive Chairman

### **Officers**

John Keating, PGeo  
*President, CEO, PJX Resources Inc.*  
*Toronto, Ontario, Canada*

Linda Brennan, BComm  
*CFO, PJX Resources Inc.*  
*Victoria, 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**

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### **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)