



PJX RESOURCES INC.
Financial Statements
Years ended December 31, 2016 and 2015

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 27, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PJX Resources Inc.

We have audited the accompanying financial statements of PJX Resources Inc., which comprise the statements of financial position as at December 31, 2016 and 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJX Resources Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
April 27, 2017

PJX Resources Inc.

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

December 31,	Note	2016	2015
ASSETS			
Current assets			
Cash		\$ 2,987,455	\$ 847,107
Accounts receivable	6	24,537	19,284
Prepayments	7(a)	4,167	8,500
Total current assets		3,016,159	874,891
Non-current assets			
Deposits	7(b)	119,000	66,572
Property and equipment	8	27,182	38,831
Total non-current assets		146,182	105,403
Total assets		3,162,341	980,294
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		210,750	57,455
Flow-through premium liability	10(b)(i)	159,949	-
Total current liabilities		370,699	57,455
Total liabilities		370,699	57,455
SHAREHOLDERS' EQUITY			
Share capital	10(b)	7,646,928	5,685,010
Warrants	11	1,913,620	821,533
Contributed surplus		2,252,452	1,687,445
Accumulated deficit		(9,021,358)	(7,271,149)
Total shareholders' equity		2,791,642	922,839
Total shareholders' equity and liabilities		\$ 3,162,341	\$ 980,294

Going concern (Note 1)

Commitments and contingencies (Notes 9 and 14)

Subsequent event (Note 17)

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	2016	2015
Expenses			
Exploration	12(a)	\$ 639,967	\$ 1,010,146
General and administration	12(b)	630,366	528,481
Share based compensation	10(b)(ii)	524,436	244,188
Depreciation	8	11,649	6,853
Other revenues	13	(22,158)	-
Loss before income taxes		(1,784,260)	(1,789,668)
Deferred tax recoveries	15	34,051	208,105
Net loss and comprehensive loss for the year		\$ (1,750,209)	\$ (1,581,563)
Basic and diluted loss per share		(\$0.03)	(\$0.03)
Weighted average number of shares outstanding		57,671,809	49,041,542

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	2016	2015
Share capital			
Balance, beginning of the year		\$ 5,685,010	\$ 4,481,000
Shares issued under private placement	10(b)	1,206,992	578,448
Shares issued on property option payment	9	9,000	-
Flow-through shares issued	10(b)	1,149,534	800,680
Share premium on flow-through shares	10(b)	(194,000)	(128,000)
Share issue cost	10(b)	(209,608)	(47,118)
Balance, end of the year		7,646,928	5,685,010
Warrants			
Balance, beginning of the year		821,533	778,009
Warrants issued on private placement	11	1,030,920	526,424
Compensation warrant issued	11	101,738	-
Warrants expired	11	(40,571)	(482,900)
Balance, end of the year		1,913,620	821,533
Contributed surplus			
Balance, beginning of the year		1,687,445	998,790
Warrants expired	11	40,571	482,900
Share based compensation	10(b)(ii)	524,436	244,188
Tax impact of expired compensation warrants		-	(38,433)
Balance, end of the year		2,252,452	1,687,445
Accumulated deficit			
Balance, beginning of the year		(7,271,149)	(5,689,586)
Net loss for the year		(1,750,209)	(1,581,563)
Balance, end of the year		(9,021,358)	(7,271,149)
Total shareholders' equity		\$ 2,791,642	\$ 922,839

See accompanying notes to the financial statements.

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

Years ended December 31,	2016	2015
Cash flows from operating activities		
Net loss for the year	\$ (1,750,209)	\$ (1,581,563)
<i>Items not involving cash:</i>		
Depreciation	11,649	6,853
Deferred tax recoveries	(34,051)	(208,105)
Shares issued on property option payment	9,000	-
Share based compensation	524,436	244,188
<i>Changes in non-cash working capital:</i>		
Deposits	(52,428)	(13,507)
Accounts receivable and prepayments	(920)	(6,112)
Accounts payable and accrued liabilities	153,294	(7,100)
Net cash used in operating activities	(1,139,229)	(1,565,346)
Cash flow from investing activities		
Acquisition of property and equipment	-	(45,684)
Net cash used in investing activities	-	(45,684)
Cash flow from financing activities		
Proceeds on issuance of shares and warrants	1,837,625	889,500
Proceeds on issuance of flow-through shares and warrants	1,645,280	1,036,000
Share issue cost	(146,460)	(47,118)
Share issue cost allocated to warrants	(56,868)	(19,948)
Net cash generated by financing activities	3,279,577	1,858,434
Net change in cash	2,140,348	247,404
Cash, beginning of the year	847,107	599,703
Cash, end of the year	\$ 2,987,455	\$ 847,107

Supplemental Information:

Compensation warrants issued:

Units	806,876	-
Value	\$ 101,738	\$ -

See accompanying notes to the financial statements.

PJX Resources Inc.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

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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.

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.

The 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, 2016, the Company incurred a loss of \$1,750,209 or \$0.03 per share, (December 31, 2015: \$1,581,563 or \$0.03 per share), and reported an accumulated deficit of \$9,021,358 (December 31, 2015: \$7,271,149). As at December 31, 2016 the working capital of the Company was \$2,645,460 (December 31, 2015: \$817,436). Management believes that the working capital is sufficient to support operations for the next twelve months.

These financial statements were approved by the Board of Directors for issue on April 27, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The principal accounting policies applied in the preparation of these financial statements 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

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recognition and measurement of items included in note 2(m).

(b) Financial assets and liabilities

The Company's financial instruments are comprised of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Deposits	Loans and receivables
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized, at trade date, at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amounts are reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortized cost would have been

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had the impairment not been recognized. This policy is not applicable for the current period.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
Level 3 – valuation techniques using inputs of the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(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, 2016 and 2015.

(e) Share-based payment 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 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 financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Management estimates that none of the options granted will be forfeited given its short vesting period.

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Share-based payment 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 financial position 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.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(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

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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 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 income in the period that such determination is made.

(l) 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.

(m) 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.

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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 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.
- Contingencies – See Note 14.

Changes in accounting policies:

The Company did not adopt new or change current accounting policies during fiscal 2016.

Future accounting changes:

- IFRS 9 'Financial Instruments: Classification and Measurement' – IFRS 9 as issued reflects the IASB's work to date on the replacement of Financial Instruments: Recognition and Measurement (IAS 39), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures. On July 24, 2014, the IASB issued the final version of IFRS 9 with an effective adoption date of January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of IFRS 9 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, 2016 totaled \$2,791,642 (December 31, 2015 – \$922,839). 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, 2016. 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.

4. FINANCIAL RISK FACTORS

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and deposits. Cash is held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. Deposits are held with the British Columbia Ministry of Energy and Mines, from which management believes that the credit risk is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2016, the Company had a cash balance of \$2,987,455 (December 31, 2015: \$847,107) to settle current liabilities of \$370,699 (December 31, 2015: \$57,455). All of the Company's financial 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

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chartered banks. The Company periodically monitors its cash management policy. At December 31, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, the carrying values approximate the fair value amounts of the Company's financial instruments. The Company has not disclosed the fair value of deposits, accounts payable, accrued liabilities and cash because the carrying values approximate fair values.

6. ACCOUNTS RECEIVABLE

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

7. PREPAYMENTS & DEPOSITS

- a) Prepayments totalling \$4,167 (December 31, 2015: \$8,500) represents advanced payments to suppliers.
- b) At December 31, 2016, the Company has deposits with the British Columbia Ministry of Finance for \$96,500 (December 31, 2015: \$65,000) representing remediation cost bonds associated with its properties; and other advances totalling \$22,500 (December 31, 2015: \$1,572).

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8. PROPERTY AND EQUIPMENT

December 31,	2016	2015
Vehicle		
Balance, beginning of the year	\$ 45,684	\$ -
Acquisitions	-	45,684
Balance end of the year	\$ 45,684	\$ 45,684
Accumulated depreciation		
Balance, beginning of the year	\$ 6,853	\$ -
Depreciation expense	11,649	6,853
Balance end of the year	\$ 18,502	\$ 6,853
Net book value	\$ 27,182	\$ 38,831

9. MINERAL EXPLORATION PROPERTIES

The Company has 100% ownership in five properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property and the West Basin Property, all located in the Cranbrook area of British Columbia, Canada. In addition, the Company had entered into the following arrangements during the years ended December 31, 2015 and 2016:

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; 50,000 shares valued at \$9,000 were issued on July 18, 2016, based on the price of Company shares at the closing day before the transaction.

Upon the deemed exercise of the option, the Optionors will be granted an aggregate 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.

Should the Company enter during the option period into a third-party agreement (the "Third-Party Agreement") to option out the DD Property, and the Third-Party Agreement includes the receipt by PJX of cash option payments (that do not relate to work or other commitments), the Company will pay to the Optionors 5% of the cash payment received from the third party during the option period or until the option is exercised, whichever occurs first.

On May 10, 2016, the Company entered into an option agreement (the "Teck Agreement") with Teck Resources Limited ("Teck") whereby Teck has been granted an option to acquire up to a 75% interest in the DD zinc-lead-silver Property which is located in the Cranbrook area of British Columbia.

The Teck Agreement provides for Teck to earn an interest in the property as follows:

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Stage 1: Teck has an initial option to earn a 51% interest in the DD Property by incurring \$4 million of expenditures by January 31, 2021 (the “First Option”).

Stage 2: Teck may elect to earn an additional 24% interest in the Property, thereby increasing its interest to 75%, by incurring an additional \$4 million of expenditures by January 31, 2024 (the “Second Option”).

Provided that Teck has exercised the First Option, a joint venture shall be deemed to be formed on the date upon which the earlier of the following occurs: (i) Teck declines or advises that it is no longer pursuing the Second Option; (ii) Teck delivers a notice to PJX notifying PJX of the exercise of the Second Option; or (iii) January 31, 2024. If either party's interest in the joint venture is diluted to less than 10%, their interest shall be converted to a 5% Net Profits Royalty.

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 during the years ended December 31, 2016 and 2015:

	# of Shares	Value
Balance, December 31, 2014	43,813,446	\$ 4,481,000
Shares issued under private placement	4,447,500	889,500
Value allocated to warrants		(311,052)
		578,448
Flow-through shares issued under private placement	5,180,000	1,036,000
Value allocated to warrants		(235,320)
		800,680
Share premium on flow-through shares		(128,000)
<i>Share issue cost</i>		(47,118)
Balance, December 31, 2015	53,440,946	\$ 5,685,010
Shares issued on property option payment (Note 9)	50,000	\$ 9,000
Shares issued under private placement	12,250,832	1,837,625
Value allocated to warrants		(630,633)
		1,206,992
Flow-through shares issued under private placement	9,678,118	1,645,280
Value allocated to warrants		(495,746)
		1,149,534
Share premium on flow-through shares		(194,000)
<i>Share issue cost</i>		(209,608)
Balance, December 31, 2016	75,419,896	\$ 7,646,928

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(i) Private placements

On April 8, 2015, the Company announced the completion of a private placement for gross proceeds of \$1,273,000 by issuing 3,605,000 flow-through units at a price of \$0.20 per flow-through unit, and 2,760,000 non-flow-through units at a price of \$0.20 per unit. Each flow-through unit consisted of one flow-through share and one half of one non-transferable warrant. Each non-flow-through unit consisted of one common share and one non-transferable warrant. Each warrant, will entitle 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 for a flow-through unit and non-flow though unit at the time of the transaction were the same (\$0.20) and, as the flow-through investors received one half of one non-transferable warrant less than the non-flow-through investors, a premium on flow-through shares of \$128,000 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium was subsequently amortized as the flow-through funds were utilized in qualified exploration programs.

On October 26, 2015, the Company announced the completion of a private placement for gross proceeds of \$652,500 by issuing 1,575,000 flow-through units at a price of \$0.20 per flow-through unit, and 1,687,500 non-flow-through units at a price of \$0.20 per unit. Each flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 on or before October 25, 2017. Each non-flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 on or before October 25, 2017.

On August 30, 2016, the Company completed a private placement where 6,883,284 units were issued for gross proceeds of \$1,080,715 by issuing 2,411,117 flow-through units at a price of \$0.17 per flow-through unit, and 4,472,167 non-flow-through units at a price of \$0.15 per unit. Each flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 for 36 months following completion of the Offering. Each non-flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 for 36 months following completion of the Offering. In connection with the offering the Company paid finder fees for a total of \$71,659.

As the proceeds received by the Company 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 \$48,000 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is subsequently amortized as the flow-through funds are utilized in qualified exploration programs.

On October 31, 2016, the Company closed the first tranche of a private placement where 2,588,235 flow-through units at a price of \$0.17 per flow-through unit were issued for gross proceeds of \$440,000. Each flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 until October 31, 2019. In connection with the offering the Company paid finder fees for a total of \$42,700 and issued 207,058 broker warrants exercisable at \$0.25 until October 31, 2019.

As the proceeds received by the Company 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 \$52,000 was recorded. The premium has been deducted from capital and a tax liability premium for the same amount was recorded. The premium is subsequently amortized as the flow-through funds are utilized in qualified exploration programs.

On November 18, 2016, the Company completed the second and final tranche of a private placement where 7,778,665 units at a price of \$0.15 per unit were issued for gross proceeds of \$1,166,800 and 4,678,766 flow-through units at a price of \$0.17 per flow-through unit were issued for gross proceeds of

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\$795,390. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 until November 18, 2019. Each flow-through unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 until November 18, 2019. In connection with the offering the Company paid finder fees for a total of \$86,567 and issued 588,218 broker warrants exercisable at \$0.25 until November 18, 2019.

As the proceeds received by the Company on November 18, 2016 for a flow-through unit and non-flow through unit at the time of the transaction were different, a premium on flow-through shares of \$94,000 was recorded. The premium has been deducted from capital and a tax liability premium 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 premiums and amortization for the years ended December 31, 2015 and 2016:

Years ended December 31,	2016	2015
Premium balance - opening	\$ -	\$ 41,672
Premium on issued flow-through shares	194,000	128,000
Premium amortization	(34,051)	(169,672)
Unamortized premium balance	\$ 159,949	\$ -

(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 21, 2015 the Company granted an aggregate of 1,615,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of \$0.19 per share. The options are fully vested on granting and exercisable until July 20, 2020. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 113%, based on the Company's historical share price volatility; risk-free interest rate of 0.7%; and an expected average life of 5 years. The estimated fair value of \$244,188 was recorded as share-based compensation during the year ended December 31, 2015 within the statement of loss and was credited to contributed surplus.

On November 18, 2016 the Company granted an aggregate of 3,390,000 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 these options, 3,315,000 are fully vested on granting and 100,000 vested as follows: 25% on granting and the remaining being amortized 25% after three month from granting, 25% after six month from granting and 25% after twelve month from granting. All options granted are exercisable until November 17, 2021. The fair value of each option was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions: expected dividend yield of 0%, expected volatility of 111%, based on the Company's historical share price volatility; risk-free interest rate of 0.9%; and an expected average life of 5 years. The fair value of all the options granted was estimated at \$536,298 and \$524,436 was recorded as share-based compensation during the year ended December 31, 2016 within the statement of loss and was credited to contributed surplus.

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The following schedules describe the options outstanding at December 31, 2016 and 2015:

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 15, 2018	\$0.15	1.87	1,018,500	1,018,500
July 20, 2020	\$0.19	3.55	1,615,000	1,615,000
November 17, 2021	\$0.20	4.88	3,390,000	3,315,000
Balance at December 31, 2016	\$0.19	4.02	6,023,500	5,948,500

Expiry Date	Exercise price	Life remaining in years	Number outstanding	Number vested
November 6, 2016	\$0.30	0.85	2,233,500	2,233,500
November 15, 2018	\$0.15	2.88	1,018,500	1,018,500
July 20, 2020	\$0.19	4.56	1,615,000	1,615,000
Balance at December 31, 2015	\$0.23	2.50	4,867,000	4,867,000

The following schedule describes the options transactions for the years ended December 31, 2016 and 2015:

	Number of stock options	Weighted average exercise price
Balance at December 31, 2014	3,252,000	\$0.25
Granted during fiscal 2015	1,615,000	0.19
Balance at December 31, 2015	4,867,000	\$0.23
Granted during fiscal 2016	3,390,000	0.20
Expired during fiscal 2016	(2,233,500)	0.30
Balance at December 31, 2016	6,023,500	\$0.19

11. WARRANTS

Warrants issued under private placements:

In connection with the financing completed on April 8, 2015, the Company issued 4,562,500 warrants, with a fair value of \$315,780. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.20 for 24 months following completion of the offering.

In connection with the financing completed on October 26, 2015, the Company issued 3,262,500 warrants, with a fair value of \$210,644. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 for 24 months following completion of the offering.

In connection with the financing completed on August 30, 2016, the Company issued 6,883,284 warrants, with a fair value of \$335,045. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 for 36 months following completion of the offering.

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In connection with the financing completed on October 31, 2016, the Company issued 2,588,235 warrants, with a fair value of \$110,900. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 until October 31, 2019.

As part of the October 31, 2016, financing the Company issued 207,058 compensation warrants valued at \$24,661 and expiring October 31, 2019. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 until October 31, 2019.

In connection with the financing completed on November 18, 2016, the Company issued 12,457,431 warrants, with a fair value of \$584,975. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 until November 18, 2019.

As part of the November 18, 2016 financing, the Company issued 599,818 compensation warrants valued at \$77,077 and expiring November 18, 2019. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 until November 18, 2019.

Warrants expired:

During the year ended December 31, 2016 the following warrants expired unexercised:

Expiry Date	Number of Warrants	Exercise price	Value
February 8, 2016	670,000	\$ 0.20	\$ 27,681
February 8, 2016	260,000	0.20	12,890
	930,000	\$ 0.20	\$ 40,571

During the year ended December 31, 2015 the following warrants expired unexercised:

Expiry Date	Number of Warrants	Exercise price	Value
September 25, 2015	6,319,500	\$ 0.20	\$ 215,864
September 25, 2015	2,620,000	0.25	74,200
December 27, 2015	750,000	0.25	50,243
November 28, 2015	3,334,000	0.20	120,056
November 28, 2015	485,000	0.20	22,537
	13,508,500	\$ 0.21	\$ 482,900

Warrants extended:

During the third quarter of fiscal 2016 the Company extended the expiry date of certain warrants by one year. The warrants originally issued on September 22, 2014 and November 4, 2014 have an exercise price of \$0.20 and expiring 24 months after their issuance date.

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The following schedule describe the revised expiry date.

Revised expiry date	Number of Warrants	Exercise price
September 27, 2017	2,840,000	\$ 0.20
November 4, 2017	2,999,245	0.20
	5,839,245	\$ 0.20

The following schedule describes the warrants transactions during the years ended December 31, 2016 and 2015:

All warrants:	Number of Warrants	Exercise price	Value
Balance at December 31, 2014	20,277,745	\$ 0.22	\$ 778,009
Issued on private placement	7,825,000	0.22	526,424
Warrants expired	(13,508,500)	0.21	(482,900)
Balance at December 31, 2015	14,594,245	\$ 0.21	\$ 821,533
Issued on private placement	21,928,950	\$ 0.25	\$ 1,030,920
Compensation warrants issued	806,876	0.25	101,738
Warrants expired	(930,000)	0.20	(40,571)
Balance at December 31, 2016	36,400,071	\$ 0.24	\$ 1,913,620

The following schedules describe the warrants outstanding at December 31, 2016:

Expiry Date	Number of Warrants	Exercise price	Value
April 7, 2017	4,562,500	\$ 0.20	\$ 315,780
September 23, 2017	2,840,000	0.20	114,721
October 25, 2017	3,262,500	0.25	210,644
November 4, 2017	2,999,245	0.20	139,817
August 30, 2019	6,883,284	0.25	335,045
October 31, 2019	2,795,293	0.25	135,561
November 18, 2019	13,057,249	0.25	662,052
Balance at December 31, 2016	36,400,071	\$ 0.24	\$ 1,913,620

The following schedule describes the warrants outstanding at December 31, 2015:

Expiry Date	Warrants	price	Value
February 8, 2016	670,000	\$ 0.20	\$ 27,681.00
February 8, 2016	260,000	0.20	12,890
September 23, 2017	2,650,000	0.20	105,633
September 23, 2017	190,000	0.20	9,088
November 4, 2016	1,094,245	0.20	45,237
November 4, 2016	1,905,000	0.20	94,580
April 7, 2017	4,562,500	0.20	315,780
October 25, 2017	3,262,500	0.25	210,644
Balance at December 31, 2015	14,594,245	\$ 0.21	\$ 821,533

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

Expiry date	Number of Warrants	Dividend yield	Expected volatility *	Risk free interest rate	Expected average life (years)	Value
April 7, 2017	4,562,500	Nil	128%	0.50%	2	\$ 315,780
September 23, 2017 ⁽¹⁾	2,840,000	Nil	111%	0.57%	2	114,721
October 25, 2017	3,262,500	Nil	128%	0.54%	2	210,644
November 4, 2017 ⁽¹⁾	2,999,245	Nil	125%	1.03%	2	139,817
August 30, 2019	6,883,284	Nil	117%	0.57%	3	335,045
October 31, 2019 ⁽²⁾	207,058	Nil	113%	0.55%	3	24,661
October 31, 2019	2,588,235	Nil	112%	0.55%	3	110,900
November 18, 2019 ⁽²⁾	599,818	Nil	114%	0.69%	3	77,077
November 18, 2019	12,457,431	Nil	114%	0.69%	3	584,975
	36,400,071					\$ 1,913,620

* Volatility rates were determined based on historical share pricing volatility for the Company's common shares.

⁽¹⁾ Warrants extended

⁽²⁾ Compensation warrants

12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

a) Exploration Expenses:

The following schedule describes exploration expenses incurred during the years ended December 31, 2016 and 2015, and since inception segregated by nature:

Years ended December 31,	2016	2015	Balance since inception
Geology, geophysics and geochemistry	\$ 145,789	\$ 173,255	\$ 1,555,363
Permitting	1,962	5,912	48,174
Land rights and claim management	30,142	8,820	91,208
Drilling	380,142	792,986	1,639,369
Laboratory	22,616	8,439	184,296
Roads and surface preparation	-	-	70,944
Camp cost and exploration supplies	3,025	1,387	14,058
Exploration - travel and transportation	41,389	40,397	153,226
Exploration- meals	4,445	5,209	20,687
Rent - field office	1,457	1,488	21,800
Surface sampling and mapping	-	-	50,505
Option payments	9,000	-	412,000
	\$ 639,967	\$ 1,037,893	\$ 4,264,070
<i>BC refundable tax credits received</i>	-	(27,747)	(149,878)
Total exploration expenses	\$ 639,967	\$ 1,010,146	\$ 4,114,192

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The following schedules describe exploration expenses incurred by property during the years ended December 31, 2016 and 2015, and since inception:

Years ended December 31,	2016	2015	Balance since inception
Dewdney Trail Property	\$ 128,135	\$ 32,185	\$ 1,037,334
Eddy Property	6,189	1,476	507,085
Zinger Property	121,340	916	578,728
Vine Property	374,322	994,581	2,072,320
DD Property	9,000	8,348	17,348
Others	981	387	51,255
	639,967	1,037,893	4,264,070
<i>BC refundable tax credits received</i>	-	(27,747)	(149,878)
Total exploration expenses	\$ 639,967	\$ 1,010,146	\$ 4,114,192

b) General and administration:

The following is a breakdown of the Company's general and administration expenses incurred during the years ended December 31, 2016 and 2015:

Years ended December 31,	2016	2015
Insurance	\$ 14,833	\$ 15,712
Interest, bank charges and penalties	794	3,915
Investor relations	126,759	120,634
Listing and regulatory fees	47,298	25,124
Office expenses	12,241	10,592
Professional fees	93,327	75,665
Rent	10,608	1,317
Salaries and benefits	311,763	272,714
Travel and transportation	12,743	2,808
	\$ 630,366	\$ 528,481

13. OTHER REVENUES

The Company was reimbursed by previous property owners, SG Spirit Gold ("SG"), for funds related to security deposits with the British Columbia Ministry of Finance. The security deposits had been paid by SG in relation to securing permits to commence surface work on the properties. The permits were transferred to PJX upon 100% acquisition of the properties. As the deposits are not transferable, PJX was required to provide new security deposits with the BC Government that have subsequently been refunded by SG to the Company. PJX has recorded \$21,500 in "Other Revenues" for this reimbursement.

14. COMMITMENTS AND CONTINGENCIES

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments up to \$423,830 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.

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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.

The Company is required to incur qualified exploration expenditures of approximately \$1,320,211 not later than December 31, 2017 as the result of the flow-through common shares issued during fiscal 2016. 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). The Company has indemnified 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.

15. INCOME TAXES

	2016	2015
Loss before income taxes	\$(1,784,260)	\$(1,789,668)
Expected recovery	(472,829)	(474,262)
Deferred tax recovery on expiry of w arrants	-	(38,433)
Premium on flow-through shares	(34,051)	(169,672)
Expenses non deductible for tax purposes	141,150	66,601
Share issue cost	26,217	47,306
Tax benefits not recognized	305,462	360,355
Recovery for income taxes	\$ (34,051)	\$ (208,105)

The applicable tax rate is 26.5% (2015: 26.5%).

The Company has temporary differences for which no deferred tax assets has been recognized for non-capital losses of \$3,422,153 (December 31, 2015: \$ 3,299,000), expiring between 2029 and 2036, exploration and development expenses of \$2,054,133 (December 31, 2015: \$ 1,439,000) which have no expiry date, and share issue costs of \$ 231,413 (2015: \$ 121,000) which will be deducted between 2017 and 2020.

16. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Purchase of services:

During the years ended December 31, 2016 and 2015, the Company contracted legal services from a firm where a partner is also a director of PJX.

Years ended December 31,	2016	2015
Fees to a law firm where a director of the Company is a partner	\$ 31,700	\$ 3,612
	\$ 31,700	\$ 3,612

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b) Key management compensation:

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

Periods ended December 31,	2016	2015
Salaries and bonuses	\$ 304,000	\$264,000
Share-based compensation	462,735	204,120
	\$ 766,735	\$468,120

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

December 31,	2016	2015
Payable to officers of the Company	\$ 13,602	\$ -
Bonuses payable to management	40,000	-
Company is a partner	986	1,770
	\$ 54,588	\$ 1,770

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

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

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, 2016 and 2015:

Years ended December 31,	2016		2015	
	Units	Value	Units	Value
Officers	100,000	\$ 17,000	-	\$ -
10% security holders	4,000,000	600,000	-	-
Directors	-	-	60,000	12,000
Total	4,100,000	\$ 617,000	60,000	\$ 12,000

17. SUBSEQUENT EVENT

Subsequent to December 31, 2016, 4,069,000 warrants exercisable at \$0.20 expired unexercised and 493,500 of the same series of warrants were exercised for gross proceeds of \$98,700.