



**PJX RESOURCES INC.**  
**Financial Statements**  
**Three and nine months ended September 30, 2018 and 2017**  
**UNAUDITED**

The accompanying unaudited condensed 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  
November 08, 2018

#### **Notice of Disclosure of Non-auditor Review of Interim Financial Statements**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company for the interim periods ended September 30, 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") accounting principles and are the responsibility of the Company's management.

The Company's independent auditors, UHY McGovern Hurley LLP, have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

**PJX Resources Inc.**

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

	Note	September 30, 2018	December 31, 2017
		(Unaudited)	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 1,397,138	\$ 572,886
Amounts receivable	6	47,064	26,799
Prepayments	7(a)	54,094	52,941
Total current assets		1,498,296	652,626
<b>Non-current assets</b>			
Deposits	7(b)	161,688	100,888
Property and equipment	8	6,796	15,533
Total non-current assets		168,484	116,421
<b>Total assets</b>		<b>1,666,780</b>	<b>769,047</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		152,843	63,290
Total current liabilities		152,843	63,290
<b>Total liabilities</b>		<b>152,843</b>	<b>63,290</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10(b)	9,660,215	7,778,989
Warrants	11	1,878,236	1,387,195
Contributed surplus		3,195,173	2,765,628
Accumulated deficit		(13,219,687)	(11,226,055)
<b>Total shareholders' equity</b>		<b>1,513,937</b>	<b>705,757</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 1,666,780</b>	<b>\$ 769,047</b>

Going concern (Note 1)

Commitments and contingencies (Notes 9 and 14)

Subsequent event (Note 16)

Approved by the Board of Directors:

*(Signed) John Keating*  
John Keating, Director

*(Signed) Linda Brennan*  
Linda Brennan, Director

See accompanying notes to the unaudited condensed interim financial statements.

PJX Resources Inc.  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
**(UNAUDITED)**

Periods ended September 30,	Note	Three Months		Nine months	
		2018	2017	2018	2017
<b>Expenses</b>					
Exploration	12(a)	\$ 753,688	\$ 381,737	\$ 1,188,963	\$ 1,357,567
General and administration	12(b)	167,724	130,351	512,498	424,771
Share based compensation	10(b)(ii)	313,642	3,955	313,642	11,865
Depreciation	8	2,912	2,912	8,737	8,737
		1,237,966	518,955	2,023,840	1,802,940
Interest revenue		(5,208)	-	(5,208)	-
Other revenues	13	-	-	(25,000)	-
Loss before income taxes		(1,232,758)	(518,955)	(1,993,632)	(1,802,940)
Deferred tax recoveries	10(b)(i)	-	63,467	-	159,949
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (1,232,758)</b>	<b>\$ (455,488)</b>	<b>\$ (1,993,632)</b>	<b>\$ (1,642,991)</b>
<b>Basic and diluted loss per share</b>		<b>(\$0.01)</b>	<b>(\$0.01)</b>	<b>(\$0.02)</b>	<b>(\$0.02)</b>
<b>Weighted average number of shares outstanding</b>		<b>92,264,129</b>	<b>75,957,961</b>	<b>83,936,577</b>	<b>73,753,068</b>

See accompanying notes to the unaudited condensed interim financial statements.

**PJX Resources Inc.**

**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(UNAUDITED)

Periods ended September 30,	Note	Three months		Nine months	
		2018	2017	2018	2017
<b>Share capital</b>					
Balance, beginning of the period		\$ 9,632,215	\$ 7,770,739	\$ 7,778,989	\$ 7,646,928
Shares issued under private placement		-	-	1,849,726	-
Share premium on flow-through shares		-	-	-	-
Warrants exercised and other adjustments	11	17,000	-	17,000	123,811
Shares issued on property option payment	10(b)(iii)	11,000	8,250	14,500	8,250
Balance, end of the period		9,660,215	7,778,989	9,660,215	7,778,989
<b>Warrants</b>					
Balance, beginning of the period		1,387,195	1,597,840	1,387,195	1,913,620
Warrants issued on private placement	11	530,000	-	530,000	-
Compensation warrants issued	11	76,944	-	76,944	-
Warrants exercised	11	(3,606)	-	(3,606)	(34,156)
Warrants expired	11	(112,297)	-	(112,297)	(281,624)
Balance, end of the period		1,878,236	1,597,840	1,878,236	1,597,840
<b>Contributed surplus</b>					
Balance, beginning of the period		2,765,628	2,551,031	2,765,628	2,252,452
Warrants exercised		3,606	-	3,606	-
Warrants expired and other adjustments		112,297	-	112,297	290,669
Share based compensation	10(b)(ii)	313,642	3,955	313,642	11,865
Balance, end of the period		3,195,173	2,554,986	3,195,173	2,554,986
<b>Accumulated deficit</b>					
Balance, beginning of the period		(11,986,929)	(10,208,861)	(11,226,055)	(9,021,358)
Net loss for the period		(1,232,758)	(455,488)	(1,993,632)	(1,642,991)
Balance, end of the period		(13,219,687)	(10,664,349)	(13,219,687)	(10,664,349)
<b>Total shareholders' equity</b>		<b>\$ 1,513,937</b>	<b>\$ 1,267,466</b>	<b>\$ 1,513,937</b>	<b>\$ 1,267,466</b>

See accompanying notes to the unaudited condensed interim financial statements.

**PJX Resources Inc.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
**(UNAUDITED)**

<b>Nine months ended September 30,</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (1,993,632)	\$(1,642,991)
<i>Items not involving cash:</i>		
Depreciation	8,737	8,737
Deferred tax recoveries	-	(159,949)
Share based compensation	313,642	11,865
Shares issued on option payment	14,500	8,250
<i>Changes in non-cash working capital:</i>		
Deposits	(60,800)	(4,388)
Accounts receivable and prepayments	(21,418)	(44,866)
Accounts payable and accrued liabilities	89,553	(138,590)
Net cash used in operating activities	<b>(1,649,418)</b>	<b>(1,961,932)</b>
<b>Cash flow from financing activities</b>		
Proceeds on issuance of shares and warrants	994,850	98,700
Proceeds on issuance of flow-through shares and warrants	1,622,517	-
Share issue cost	(28,163)	-
Share issue cost allocated to warrants	(115,514)	-
Net cash generated by financing activities	<b>2,473,690</b>	<b>98,700</b>
Net change in cash	<b>824,272</b>	<b>(1,863,232)</b>
Cash, beginning of the period	<b>572,866</b>	<b>2,987,455</b>
<b>Cash, end of the period</b>	<b>\$ 1,397,138</b>	<b>\$ 1,124,223</b>

See accompanying notes to the unaudited condensed interim financial statements.

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

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**Three and nine months ended September 30, 2018 and 2017**  
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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 nine months ended September 30, 2018, the Company incurred a loss of \$1,993,632 or \$0.02 per share, (September 30, 2017: \$1,642,991 or \$0.02 per share), and reported an accumulated deficit of \$13,219,687 (December 31, 2017: \$11,226,055). As at September 30, 2018 the working capital of the Company was \$1,345,453 (December 31, 2017: \$589,336). Management believes that the working capital is sufficient to support operations for the next twelve months.

These unaudited condensed interim financial statements were approved by the Board of Directors for issue on November 08, 2018.

## **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.

### *Statement of Compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRSs

**PJX Resources Inc.**  
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issued and outstanding as of November 08, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim 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 September 30, 2018 totaled \$1,513,937 (December 31, 2017 – \$705,757). 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 nine months ended September 30, 2018 and 2017. 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 September 30, 2018, the Company had a cash balance of \$1,397,138 (December

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31, 2017: \$572,886) to settle current liabilities of \$152,843 (December 31, 2017: \$63,290). 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 chartered banks. The Company periodically monitors its cash management policy. At September 30, 2018 and 2017, the Company did not have any amounts invested in interest bearing accounts. During the three months ended September 30, 2018 the Company liquidated a GIC investment realizing interest of \$5,208.

*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 September 30, 2018, and 2017, 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 September 30, 2018 and 2017, 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. AMOUNTS RECEIVABLE**

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

**7. PREPAYMENTS & DEPOSITS**

- a) Prepayments totalling \$54,094 (December 31, 2017: \$52,941) represents advanced payments to suppliers.
- b) At September 30, 2018, the Company has deposits with the British Columbia Ministry of Finance for \$134,900 (December 31, 2017: \$100,500) representing remediation cost bonds associated with its properties; and other advances totalling \$26,788 (December 31, 2017: \$388).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**8. PROPERTY AND EQUIPMENT**

<b>Periods ended,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2018</b>	<b>2017</b>
<b>Vehicle</b>		
Balance, beginning of the year	\$ 45,684	\$ 45,684
Balance end of the period	\$ 45,684	\$ 45,684
<b>Accumulated depreciation</b>		
Balance, beginning of the year	\$ 30,151	\$ 18,502
Depreciation expense	8,737	11,649
Balance end of the period	\$ 38,888	\$ 30,151
Net book value	\$ 6,796	\$ 15,533

**9. MINERAL EXPLORATION PROPERTIES**

The Company has, or is earning, 100% ownership in eight properties: the Dewdney Trail Property, the Eddy Property, the Zinger Property, the Vine Property, the West Basin, the Gold Shear Property, the Parker Copper Property and the DD Property, the latter optioned to Teck Resources Limited. All properties are located in the Cranbrook area of British Columbia, Canada.

The Company had entered into the following arrangements during the nine months ended September 30, 2018:

*Gold Shear Property:*

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

To earn its interest in the Property, the Company is required to realize the following scheduled payments:

- Within 30 days of the signing of the Agreement, pay \$10,000 cash (paid) and issue 25,000 common shares of PJX (issued) to the Optionor and,
- Within 12 months of the signing of the Agreement, pay an additional \$10,000 cash and issue an additional 75,000 common shares of PJX to the Optionor; and
- Within 24 months of the signing of the Agreement, to pay an additional \$25,000 cash and issue an additional 100,000 common shares of PJX to the Optionor.

Once PJX has fully earned its interest in the Property, it will grant a NSR of 2% to the Optionor of the Gold Shear Property. PJX will have the right to purchase 50% of such NSR (being a 1% NSR) for \$1,000,000, and the remaining 50% of such NSR (being a 1% NSR) for \$1,000,000.

**10. SHARE CAPITAL**

**(a) Authorized capital**

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

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**(b) Issued capital**

The following schedule describes the share transactions since December 31, 2016:

	# of Shares	Value
Balance, December 31, 2016	75,419,896	\$ 7,646,928
Shares issued on exercise of w arrants and other adjustments	493,500	123,811
Shares issued on property option payment	50,000	\$ 8,250
Balance at December 31, 2017	75,963,396	\$ 7,778,989
Shares issued on property option payment (Note 10(b)(iii))	75,000	14,500
Shares issued on private placement	15,296,276	2,600,367
Shares issued on exercise of w arrants	85,000	17,000
Value allocated to w arrants		(530,000)
<i>Share issue cost</i>		(220,641)
<b>Balance at September 30, 2018</b>	<b>91,419,672</b>	<b>\$ 9,660,215</b>

**(i) Private placements**

On May 17, 2018, the Company completed a private placement where 3,000,000 flow-through shares and 12,296,276 units were issued for gross proceeds of \$2,600,367. Under this transaction, PJX issued 3,000,000 flow-through shares at a price of \$0.17, 6,544,217 flow-through units at a price of \$0.17 per flow-through unit, and 5,752,059 non-flow-through units at a price of \$0.17 per unit. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable at \$0.25 for 24 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 24 months following completion of the Offering.

In connection with the offering the Company paid finder fees for a total of \$143,697 and issued 836,454 Compensation warrants, valued at \$76,944, exercisable at \$0.25 for 24 months following completion of the Offering.

As the price per share received by the Company for flow-through units and non-flow though units at the time of the transaction were the same, no premium on flow-through shares was recorded for this transaction.

The following schedule describes the flow-through premiums and amortization for the nine months ended September 30, 2018 and the year ended December 31, 2017:

	September 30, 2018	December 31, 2,017
Premium Balance - Opening	\$ -	\$ 159,949
Premium amortization		(159,949)
Unamortized premium balance	\$ -	\$ -

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**(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 August 20, 2018, the Company granted an aggregate of 1,925,000 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Plan, at an exercise price of \$0.25 per share. Out of the options granted, 1,675,000 were fully vested on granting and 250,000 vest every quarter over a period of 1 year. All options granted are exercisable until August 19, 2023. 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%; risk-free interest rate of 2.18%; and an expected average life of 5 years. The fair value of all these options was estimated at \$360,454 of which \$313,642, represented the value of the vested options, was recorded as share-based compensation within the statement of loss and credited to contributed surplus.

During the third quarter of fiscal 2018, the Company cancelled 10,000 stock options exercisable at \$0.19 per share.

The following schedules describe the options outstanding at September 30, 2018 and December 31, 2017:

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
November 15, 2018	\$0.15	0.13	1,018,500	1,018,500
July 20, 2020	\$0.19	1.81	1,605,000	1,605,000
November 17, 2021	\$0.20	3.13	3,390,000	3,390,000
August 20, 2023	\$0.25	4.89	1,925,000	1,675,000
<b>Balance at September 30, 2018</b>	<b>\$0.20</b>	<b>2.91</b>	<b>7,938,500</b>	<b>7,688,500</b>

<b>Expiry Date</b>	<b>Exercise price</b>	<b>Life remaining in years</b>	<b>Number outstanding</b>	<b>Number vested</b>
November 15, 2018	\$0.15	0.87	1,018,500	1,018,500
July 20, 2020	\$0.19	2.55	1,615,000	1,615,000
November 17, 2021	\$0.20	3.88	3,390,000	3,390,000
<b>Balance at December 31, 2017</b>	<b>\$0.19</b>	<b>3.02</b>	<b>6,023,500</b>	<b>6,023,500</b>

The following schedule describes the option transactions since December 31, 2015:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
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 and 2017	6,023,500	0.19
Options granted during fiscal 2018	1,925,000	0.25
Cancelled options	(10,000)	0.19
<b>Balance at September 30, 2018</b>	<b>7,938,500</b>	<b>\$ 0.20</b>

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(iii) **Shares issued on property option payments**

Under the DD Property Agreement (the "DD Agreement"), entered on July 2016 between PJX and Doug Anderson and Dave Pighin (the "Optionors"), to acquire 100% of the DD Property, near Cranbrook, British Columbia., 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, 50,000 shares, valued at \$8,250, were issued on July 10, 2017 and 50,000 shares valued at \$11,000 were issued on July 6, 2018. The value ascribed to the shares issued were based on the Company's closing shares price the day before the transaction.

As part of the Gold Shear Agreement entered on January 17, 2018 (See Note 9), the Company is required to issue 200,000 PJX shares to the Optionor within a period of 24 month of the signing of the Agreement. In accordance to the terms of the Agreement, on January 22, 2018 the Company issued 25,000 common shares valued at \$3,500, based on the price of the Company shares at the closing day before the day of the transaction.

**11. WARRANTS**

**Warrants issued:**

As part of the May 17, 2018, financing the Company issued 12,296,276 warrants valued at \$530,000. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 until May 15, 2020.

As part of the May 17, 2018, financing the Company issued 836,454 compensation warrants valued at \$76,944. Each warrant, will entitle the holder to purchase one common share at an exercise price of \$0.25 until May 15, 2020.

**Warrants exercised:**

On April 7, 2017, 493,500 warrants with a fair value of \$34,157 were exercised at \$0.20 per warrant for net proceeds of \$98,700.

During the third quarter of fiscal 2018, 85,000 warrants with a fair value of \$3,606 were exercised at \$0.20 per warrant for net proceeds of \$17,000.

**Warrants expired:**

During the third quarter of fiscal 2018, 2,780,000 warrants exercisable at \$0.20, with a fair value of \$112,297 expired unexercised.

See also Note 16 – Subsequent Event.

During the year ended December 31, 2017 the following warrants expired unexercised:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
April 7, 2017	4,069,000	\$ 0.20	\$ 281,624
October 25, 2017	3,262,500	0.25	210,644
	7,331,500	\$ 0.22	\$ 492,268

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**Warrants extended:**

During the third quarter of fiscal 2017 certain warrants expiring September 27 and November 4, 2017 were extended until September 22, 2018 and November 4, 2018, respectively.

The following schedule describes the extended warrants and their revised expiry date.

<b>Revised expiry date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>
September 22, 2018	2,840,000	\$ 0.20
November 4, 2018	2,999,245	0.20
	<b>5,839,245</b>	<b>\$ 0.20</b>

The following schedule describes the warrants transactions since December 31, 2016:

	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
Balance at December 31, 2016	36,400,071	0.24	\$ 1,913,620
Warrants expired	(7,331,500)	0.22	(492,268)
Warrants exercised	(493,500)	0.20	(34,157)
Balance December 31, 2017	28,575,071	0.24	1,387,195
Warrants issued on private placement	12,296,276	0.25	530,000
Compensation warrants issued	836,454	0.25	76,944
Balance at December 31, 2017	41,707,801	0.24	\$ 1,994,139
Warrants exercised	(85,000)	0.20	(3,606)
Warrants expired	(2,780,000)	0.20	(112,297)
<b>Balance at September 30, 2018</b>	<b>38,842,801</b>	<b>0.25</b>	<b>\$ 1,878,236</b>

The following schedule describes the warrants outstanding at September 30, 2018 and December 31, 2017:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
November 4, 2018	2,974,245	\$ 0.20	\$ 138,635
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	662,051
May 15, 2020	12,296,276	0.25	530,000
May 15, 2020	836,454	0.25	76,944
<b>Balance at September 30, 2018</b>	<b>38,842,801</b>	<b>\$ 0.25</b>	<b>\$ 1,878,236</b>

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<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Value</b>
September 22, 2018	2,840,000	\$ 0.20	\$ 114,721
November 4, 2018	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	662,051
<b>Balance at December 31, 2017</b>	<b>28,575,071</b>	<b>\$ 0.24</b>	<b>\$ 1,387,195</b>

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

<b>Expiry date</b>	<b>Number of Warrants</b>	<b>Dividend yield</b>	<b>Volatility *</b>	<b>Risk free interest rate</b>	<b>Expected average life (years)</b>	<b>Value</b>
November 4, 2018 <sup>(1)</sup>	2,974,245	Nil	125%	1.03%	1	138,635
August 30, 2019	6,883,284	Nil	117%	0.57%	3	335,045
October 31, 2019 <sup>(2)</sup>	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 <sup>(2)</sup>	599,818	Nil	114%	0.69%	3	77,077
November 18, 2019	12,457,431	Nil	114%	0.69%	3	584,974
May 15, 2020	12,296,276	Nil	104%	2.06%	2	530,000
May 15, 2020 <sup>(2)</sup>	836,454	Nil	104%	2.06%	2	76,944
	<b>38,842,801</b>					<b>\$ 1,878,236</b>

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

(1) Warrants extended by one year

(2) Compensation warrants

## 12. EXPLORATION AND GENERAL AND ADMINISTRATION EXPENSES

### a) Exploration Expenses:

The following schedules describe exploration expenses incurred by property during the three and nine months ended September 30, 2018 and 2017, and since inception:

<b>Periods ended September 30,</b>	<b>Three months</b>		<b>Nine months</b>		<b>Balance since inception</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	
Dewdney Trail Property	\$ 36,372	\$ 66,931	\$ 75,144	\$ 88,638	\$ 1,258,699
Eddy Property	40,805	10,915	58,210	21,420	587,711
Zinger Property	236,478	60,559	247,927	73,589	917,473
Vine Property	380,134	235,082	704,642	1,164,940	4,256,383
DD Property	11,201	8,250	18,101	8,250	43,699
Gold Shear	39,194	-	75,435	-	75,435
Parker Copper	9,504	-	9,504	-	9,504
Others	-	-	-	730	51,981
	<b>\$ 753,688</b>	<b>\$ 381,737</b>	<b>1,188,963</b>	<b>1,357,567</b>	<b>7,200,885</b>
<i>BC refundable tax credits received</i>	-	-	-	-	(149,878)
<b>Total exploration expenses</b>	<b>\$ 753,688</b>	<b>\$ 381,737</b>	<b>\$ 1,188,963</b>	<b>\$ 1,357,567</b>	<b>\$ 7,051,007</b>

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The following schedule describes exploration expenses incurred during the three and nine months ended September 30, 2018 and 2017, and since inception, segregated by nature:

Periods ended September 30,	Three months		Nine months		Balance since inception
	2018	2017	2018	2017	
Geology, geophysics and geochemistry	\$ 130,502	\$ 109,588	\$ 349,292	\$ 210,100	\$ 2,160,420
Exploration-other accommodation	-	-	-	-	2,440
Permitting	-	(4,000)	-	5,240	53,414
Land rights, claims and environment	10,916	3,375	23,258	8,503	123,634
Drilling	561,216	212,230	718,796	1,049,615	3,703,907
Laboratory	22,180	32,426	37,642	30,297	280,861
Roads and surface preparation	-	-	-	-	70,944
Camp cost and exploration supplies	627	1,242	2,933	4,589	22,228
Exploration - travel and transportation	8,966	12,442	19,920	24,328	209,052
Exploration- meals	3,145	3,947	5,900	7,136	35,949
Rent - field office	5,050	2,237	6,636	9,509	42,695
Surface sampling and mapping	-	-	-	-	50,505
Option payments	11,086	8,250	24,586	8,250	444,836
	\$ 753,688	\$ 381,737	\$ 1,188,963	\$ 1,357,567	\$ 7,200,885
<i>BC refundable tax credits received</i>	-	-	-	-	(149,878)
Total exploration expenses	\$ 753,688	\$ 381,737	\$ 1,188,963	\$ 1,357,567	\$ 7,051,007

**b) General and administration:**

The following is a breakdown of the Company's general and administration expenses incurred during the three and nine months ended September 30, 2018 and 2017:

Periods ended September 30,	Three months		Nine months	
	2018	2017	2018	2017
Insurance	\$ 2,083	\$ 1,042	\$ 8,332	\$ 7,292
Interest, bank charges and penalties	182	327	797	403
Investor relations	72,329	50,730	188,114	134,029
Listing and regulatory fees	9,724	239	42,889	26,986
Office expenses	5,394	2,544	20,076	11,645
Professional fees	7,875	5,619	24,806	21,649
Rent	(138)	2,912	9,132	8,756
Salaries and benefits	69,153	66,000	213,887	208,398
Travel and transportation	1,122	938	4,465	5,613
	\$ 167,724	\$ 130,351	\$ 512,498	\$ 424,771

**13. OTHER REVENUES**

During the first quarter of fiscal 2018, the Company was reimbursed by the previous property owners of the Zinger Property, for funds related to security deposits with the British Columbia Ministry of Finance. The security deposits had been paid by the previous property owner to secure permits to commence surface work on the properties. The permits were transferred to PJX upon the acquisition of the Property. As the deposits are not transferable, PJX was required to provide a new security deposits to the BC

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Government that have subsequently been refunded by the previous property owner to the Company. PJX recorded \$25,000 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 \$416,000 to be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payment has not been provided for in these financial statements.

The Company's exploration activities are subject to various 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 the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada) by incurring qualified exploration expenditures before December 31, of the year following the year in which the agreement is entered into. The Company indemnifies the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at September 30, 2018 the Company has approximately \$658,000 (December 31, 2017: \$Nil) in commitments related to previous flow-through share agreements entered into, based on exploration expenses incurred as at the date of this report.

**15. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

**a) 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>Periods ended September 30,</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Salaries	<b>\$ 66,000</b>	\$ 66,000	<b>\$ 198,000</b>	\$198,000
	<b>\$ 66,000</b>	\$ 66,000	<b>\$ 198,000</b>	\$198,000

**b) Purchase of services:**

During the three and nine months ended September 30, 2017 and 2016 the Company contracted legal services from a firm where a partner is also a director of PJX.

<b>Periods ended September 30,</b>	<b>Three months</b>		<b>Nine months</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Fees to legal firm where a director of PJX is a partner	-	1,261	<b>2,231</b>	2,516
	<b>\$ -</b>	1,261	<b>\$ 2,231</b>	\$ 2,516

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

<b>Payable to related parties:</b>		
<b>As of September 30,</b>	<b>2018</b>	<b>2017</b>
Payable to officers of the Company	<b>\$ 15,014</b>	<b>\$ 12,718</b>
	<b>\$ 15,014</b>	<b>\$ 12,718</b>

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

**16. SUBSEQUENT EVENT**

Subsequent to quarter end, 2,974,245 warrants with a fair value of \$138,635 and exercisable at \$0.20 expired unexercised.