



**PJX RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2015 and 2014

# **PJX RESOURCES INC.**

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

The following discussion and analysis ("MD&A") of the operating results and financial condition of PJX Resources Inc. ("PJX" or the "Company") for the three months ended March 31, 2015 ("Q1 F2015") and March 31, 2014 ("Q1 F2014") should be read in conjunction with the unaudited condensed interim financial statements of the Company and notes thereto at March 31, 2015.

The unaudited condensed interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are expressed in Canadian dollars.

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

The date of this report is May 27, 2015.

### ***Approval***

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

### ***Forward-looking Information***

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

forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

### ***Nature of Operations and Going Concern***

PJX is a Canadian corporation 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 Company is listed on the TSX Venture Exchange.

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

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing in order to fund its working capital and exploration requirements and eventually to generate positive cash flows either from operations or the sale of properties.

The Company's financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

### ***COMPANY OVERVIEW***

The Company's goal is to build shareholder value and community opportunity through the exploration, discovery, and development of mineral resources.

The Company's principal mineral property is the Dewdney Trail Property. The Company holds 100% interest in the Dewdney Trail Property and 4 additional properties (the Vine (including the Vine Extension), Eddy, Zinger and West Basin) in the Cranbrook area. All properties are road accessible and proximal to power lines, rail and communities with a mining history.

The Technical Report written by R.I. Thompson, PhD, P.Eng, a Qualified Person within the meaning of National Instrument 43-101, concludes that gold showings on the Dewdney Trail Property exhibit many features in common that support potential for a large tonnage deposit of the Sediment Hosted Vein type (SHV). SHV deposits are some of the largest gold producers in the world.

### ***Highlights for Q1 F2015***

#### ***Exploration***

- Computer modelling of the Vine Property gravity geophysical survey has identified 2 separate large target areas (Eastern and Western targets) with potential to host Sedimentary Exhalative (Sedex) massive sulphide (zinc, lead, silver) mineralization.
- Modelling and drilling on the Eastern target during Q1 of 2015 suggests the potential for flat lying massive sulphides and/or vertical massive sulphide veins or breccia zones possibly occurring in a geological environment similar to what occurs at the former Sullivan mine located 35 kilometers ("km") to the north of the Vine Property.

## ***Financial***

- Subsequent to the quarter end, on April 1, 2015, the Company announced that it has completed a Non-Brokered Private Placement for total proceeds of \$1,273,000 by issuing aggregate of 6,365,000 units consisting of 2,855,000 Flow Through Units and 3,510,000 Units. Each Flow Through Unit was issued at a price of \$0.20 per flow through unit and consists of one common share and one half of one non-transferable common share purchase warrant. Each Unit was issued at a price of \$0.20 per Unit and consists of one common share and one non-transferable common share purchase warrant. Each Warrant, regardless of whether issued as part of a Flow Through Unit or a Unit, entitles the holder to purchase one common share at an exercise price of \$0.20 for 24 months following completion of the Offering.
- On April 8, 2015 the Company announced that it had modified the above mentioned Offering by changing the structure of the securities placed to 3,605,000 Flow Through Units and 2,760,000 Units. The announced total proceeds remained unchanged.

## ***Strategy and Objectives***

PJX's strategy is to build opportunity by using innovative technology and approaches to explore and develop areas with high potential for world class gold and other metal deposits.

### ***Objectives for 2015***

- Exploration during 2014 has identified the potential for Sedex zinc, lead and silver mineralization on the Vine property and new zones with gold potential on the Zinger property. Gold targets have also been identified on the other properties. Drilling is planned to test the Vine property targets during 2015. The Zinger and Dewdney Trail gold targets will be prioritized for testing which could include further work to refine the target, trenching and/or drilling.
- Finance the Company to support continued exploration.
- Continue to communicate to existing and prospective shareholders the potential of the Cranbrook properties and how PJX will attempt to realize that potential.

### ***Key Performance Drivers***

The ability of the Company to continue exploration is dependent on the ability to raise capital in the market. Equity capital interest in PJX depends on the price of gold, exploration results and the market's appetite for risk.

2015 continues to be volatile for all stock markets. Market volatility, the price of metals and the appetite for risk cannot be controlled by the Company. However, the Company has assembled a team that has more than 100 years of working experience in the mining and exploration industry and meeting its related challenges. Demand for gold, silver and base metals is forecast by some to remain relatively robust, while supply for some metals, such as zinc, is expected to decline as mines close in the coming years. PJX believes it is well positioned to attract investor interest given its 100% interest in a large land package with favourable geology to host world class deposits. In addition, the properties are road accessible, proximal to rail, hydro, and located in mining friendly communities with an experienced workforce. The prime objective is to focus resources on exploration activities to discover a gold or base metal deposit. Marketing activities will be continued to communicate PJX's exploration results and potential.

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

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

## ***Exploration***

### **Acquisition of the Mineral Properties**

On October 17, 2013, PJX completed a Purchase and Sale ("P&S") Agreement, with Spirit Gold Inc. ("SG"), and acquired 100% ownership in the Cranbrook Properties with no NSR or other retained interest by SG. Acquisition terms required PJX to make a \$125,000 payment (paid), and issue 500,000 PJX common shares to SG. SG has agreed to not sell the Shares for a period of 2 years from the closing date of the agreement and vote with PJX Management and Board during this period. If, at any time after 2 years, SG wishes to assign, sell or transfer the Shares, SG must notify PJX and PJX will have the opportunity to arrange for the sale of the Shares on terms not less favourable to SG than the terms contained in the notice provided by SG.

On February 27, 2014, PJX announced that it completed a P&S Agreement with Klondike Gold Corp. ("KG") to acquire a 100% interest in the Vine Extension Property. Under the P&S Agreement, PJX purchased full ownership of the Property by issuing 700,000 PJX common shares, valued at \$91,000, to KG (issued). In addition to receiving the Shares, KG retains a royalty equal to 1% NSR from minerals produced from claims comprising the Vine Extension Property. The fair value of the issued shares are included as option payments under share issue cost.

KG agreed to vote with PJX Management and Board for a period of 2 years from the closing date (February 20, 2014). If, at any time for a period of 1 year from the closing date, KG wishes to assign, sell or transfer the Shares, KG must notify PJX and PJX will have the opportunity to arrange for the sale of the Shares on terms not less favorable to KG than the terms contained in the notice provided by KG.

The Cranbrook Properties are all accessible by road and located within a 40 km radius of Cranbrook and Kimberley, British Columbia. Three properties (Dewdney Trail, Zinger and Eddy) cover historical gold showings and have the potential to host large tonnage gold deposits. The fourth property (Vine Property) has an historical resource estimate of 1.3 million tonnes averaging 2.2 g/t gold, 36.3 g/t silver, 3.12% lead, 3.12% zinc and 0.11% copper. This historical resource was not prepared using resource categorizations as set out in NI 43-101. PJX is uncertain about the relevance or reliability of the resource estimate. PJX is not treating the historical estimate as current mineral resources or reserves, as a qualified person has not done sufficient work to classify the historical estimate.

### **DEWDNEY TRAIL PROPERTY**

The Dewdney Trail Property is the largest in size and considered to be one of the most prospective because of gold discoveries found in geology favourable for hosting large tonnage SHV gold deposits. The large property is over 21,000 hectares in size and is located 29 km northeast of Cranbrook, British Columbia.

Placer gold provided the first exploration interest in the area, starting in the mid to late nineteenth century, with deposits on the Wild Horse Creek proving large and profitable. Anecdotal information suggests at least 1.5 million ounces (46.7 million grams) of gold have been recovered from the creek; however, no corresponding lode gold deposits of any size have been discovered in the rock, suggesting the Wildhorse Creek Area has undeveloped potential for gold deposits. The Dewdney Trail Property is located upstream from placer deposits in Wildhorse Creek and may host the source of the placer gold.

Mapping to date has identified more than 15 km of favourable geology with potential to host gold mineralization. The favourable gold bearing quartzite-argillite unit ranges from 75 to over 200 m true width. Rock grab samples of the unit from prospecting and mapping contain gold concentrations up to 15 g/t. This target unit is pervasively altered (sericite-quartz-pyrite-Fe oxide-Fe carbonate) and veined throughout its length and width. Veins are locally closely spaced (centimetre scale), have widths ranging from millimetres to centimetres, and range in length from centimetres to a metre. Given the significant size potential of the sedimentary unit, PJX considers the Dewdney Trail Property to have great gold deposit potential.

In December 2010, RIT Minerals Corp. completed a 43-101 Technical Report (the “43-101”) on the Dewdney Trail Property for the Company. A copy of the Technical Report was filed on SEDAR on May 24, 2011 and is available in the Company’s filings on SEDAR ([www.sedar.com](http://www.sedar.com)). The 43-101 concludes that the Dewdney Trail Property contains: i) 3 large-tonnage SHV gold prospects called Spirit, Tac (“Tackle”) and Lewis; ii) a vein-type prospect called Jack Leg, and iii) a skarn and stockwork Cu-Au (possible porphyry) prospect called Dew Drop.

SHV deposits contain some of the largest gold reserves in the world. In Asia they include: Muruntau (>80 million ounces (“M oz”)), SukHöy Log (>20 M oz), and Amantaytau, Daugiztau, Kumtor, Bakirchik, Olympiada, Nezhdaninskoe, Natalka and Maysky (all > 5 M oz); in Australia, deposits of the Victorian gold fields include the: Bendigo (> 20 M oz), Ballarat, Fosterville and Stawell; in New Zealand: the Macraes plus numerous smaller deposits; in South America there are enumerable small to medium deposits; and in North America numerous small to medium deposits occur in the Meguma terrane of Nova Scotia.

The Company has compiled historical data; undertaken an airborne geophysical survey, surface mapping, soil and rock sampling; along with targeted trenching and drilling to help identify the most promising areas to host potential gold deposits. This work has confirmed the geological characteristics, such as folding, faulting, alteration, host rocks, and proximity to placer gold creeks that support the potential for SHV type gold deposits. Three large target areas (Lewis, Tackle and M1) have been identified as priorities for future exploration. Dr. Paul Klipfel, P.Geo., President of Mineral Resources Inc., is an expert in SHV deposits and has visited many of the deposits around the World. Dr. Klipfel’s assessment, after reviewing PJX’s data and visiting the property in October 2013, is that “the dimensions of the M1, Tackle, and Lewis target areas in the Dewdney Trail Property are of sufficient size to host a significant SHV deposit. The presence of multiple targets is also consistent with SHV deposits as the mineralizing processes happen over regional-scaled areas with formation of numerous mineralized zones.”

#### *Outlook*

The Lewis, Tackle and M1 target areas are the primary focus for exploration on the Dewdney Trail Property. Geological mapping continues to define the structural and geological controls that may influence gold deposit formation along the 15 km trend of gold mineralization in surface showings. Detailed surficial exploration within the large target areas is required to define specific target locations for testing by trenching and/or drilling.

## **ZINGER PROPERTY**

The road-accessible Zinger Property is located 24 km west of Cranbrook, British Columbia. The large property, comprised of over 14,000 hectares of land, is located on the north flank of Perry Creek, directly upstream from the historic Perry Creek placer gold deposits. PJX plans to explore the Zinger Property to determine whether it may have been a source for the placer gold.

Over an estimated \$1 million in exploration work has been spent by other explorers prior to PJX acquiring the property. The majority of this work has been collected and compiled by PJX’s consulting geologists. This work has since been complemented by airborne and ground geophysics, soil and rock sampling, mapping and drilling.

The compilation has identified a trend of gold mineralization in bedrock samples that is at least 8 km long and 1.5 km wide. Over 1,380 bedrock grab sample analyses were compiled. Approximately 750 samples reported analyses above 20 ppb (0.02 g/t) gold. Of these, 86 samples ranged from 500 ppb (0.5 g/t) to 1000ppb (1.0 g/t), 101 samples ranged from 1000 ppb (1.0 g/t) to 5000 ppb (5.0 g/t), and 37 samples were equal to or greater than 5000 ppb (5.0 g/t) gold. The highest value reported was 39,597 ppb (39.6 g/t) gold.

Characteristics common to sample sites include: sericite-quartz-pyrite alteration; multiple veins sets on the millimetre and centimetre scale; brick red hematite staining; extensive silicification.

Mapping in 2012 and 2013 identified structural fold/flexures where sub-vertically dipping sediments warp or flex into a flat orientation and then return to a steep dip angle. These flexures in the sediments combined with cross faults appear to influence the location of alteration zones and possibly gold mineralization.

In 2012, PJX's drill hole (Hole ZG12-02) intersected 2.92 g/t gold over 2 m within a broader interval of 0.50 g/t gold over 22.38 m from a depth of 2.62 m (bedrock) down to 25 m. Additional anomalous gold mineralization was intersected sporadically in the 188 m long hole including a 9 m section with a weighted average grade of 0.38 g/t gold from 158 to 167 m. The gold mineralization appears to be associated with quartz veining and/or flooding in folded and sheared siltstones and argillites. The sediments are variably silicified and altered with sericite, chlorite and iron-carbonate. This gold mineralized zone supports the geological model for gold distribution that has been developed based on surface mapping.

Two soil grids (West and East grids) established over 1 km south of Hole ZG12-02 have identified the potential for gold mineralization in the Gold Run Lake area on the property. Highly anomalous soil results ranging up-to 743 ppb and 4941 ppb (equivalent to 4.9 g/t) gold were encountered on the West and East grids, respectively. The gold anomalies appear to coincide with established geological trends and structures that are often associated with gold mineralization.

#### *Outlook*

Two highly anomalous gold in soil anomalies occur on strike with an 8 km long trend of gold mineralization in bedrock grab samples. Additional sampling is required as the anomalies appear to extend off the grids. The gold anomalies have never been trenched or drilled.

## **EDDY PROPERTY**

The road accessible Eddy Property is located 14 km south west of Cranbrook, British Columbia and 6 km southeast of the Zinger Property. The large property is comprised of more than 20,000 hectares of land on the north flank of the Moyie River. The Eddy Property hosts a succession of gold-mineralized quartz veins which occur along shear zones within the fold hinge of a regional anticline that is at least 9.5 km long. A total of 64 grab samples of bedrock have returned values up to 57 g/t gold and demonstrate the potential for high-grade gold concentrations along the shear zones.

The fold hinge and associated shears are breached by placer-bearing streams (e.g. Weaver Creek) that flow southeast or south into the Moyie River, a site of historical placer operations. Visible gold in shear-related quartz veins is commonplace, suggesting the shear zones may be the source of the placer gold. Alteration assemblage on the Eddy Property consists of quartz-sericite-pyrite-Fe carbonate, similar to the Dewdney Trail Project.

Prime geological targets for ore-body sized gold concentrations may occur at offsets along the Old Baldy shear fault system which traverses the Eddy Property for a distance exceeding 10 km. Several offsets in the fault system are consistent with releasing bends where shoot-like dilation zones for hosting gold may exist.

Airborne geophysical (Electromagnetic and Magnetic) surveys have identified potential structures and geology that may be associated with gold mineralization. Compilation of historical data with the new survey information has identified 4 large VTEM conductivity anomalies. Four preliminary holes drilled in

late 2012 to test the geophysical anomalies were inconclusive as the source of the anomalies could not be defined by the geology in the holes. Down hole geophysics on 2 of the holes (ED12-01, ED12-04) has identified moderate to strong conductors that may represent mineralized zones off to the side of the holes.

#### *Outlook*

Results from drilling and geophysics have been compiled with historical work and have identified multiple areas with gold and base metal potential for further testing. Additional work will be required to better define the geophysical anomalies and geological controls prior to further testing.

### **VINE PROPERTY (INCLUDES THE VINE EXTENSION PROPERTY)**

The road-accessible Vine Property is located 11 km south of Cranbrook, British Columbia. The property was initially 459 hectares in size and has since been expanded to over 8,000 hectares through staking and optioning the Vine Extension.

In the late 1970s, Cominco discovered lead, zinc and silver mineralization in Proterozoic aged Middle Aldridge Formation argillites and quartzites on the Vine Property.

The following summary of the Vine occurrence is quoted from the B.C Ministry of Energy Mines, and Petroleum Resources' Minfile Record Summary (082GSW050):

*"The Vine 1 occurrence is a shear-related vein system in Middle Aldridge Formation argillites and quartzites.*

*Recent drilling (1990) of the Vine structure (630 metres depth) has intersected 3 massive sulphide veins. The upper vein has a true width of 4 metres, the middle vein a true width of 2 metres and the lower vein a true width of 3.4 metres. The upper vein averages 2.94 per cent lead, 0.2 per cent zinc and 29.13 grams per tonne silver across 4 metres. The middle vein averages 36.24 per cent lead, 12.16 per cent zinc, 229.67 grams per tonne silver and 0.34 grams per tonne gold across 2 metres. The lower vein averages 4.7 per cent lead, 2.09 per cent zinc, 0.36 per cent copper and 35.3 grams per tonne silver across 3.4 metres. The lower vein represents a new sulphide zone within the Vine structure (George Cross News Letter #224 (November), 1991).*

*Proven and probable reserves for the Vine property are 1,300,000 tonnes grading 2.2 grams per tonne gold, 36.3 grams per tonne silver, 3.12 per cent lead, 3.12 per cent zinc and 0.11 per cent copper (MDAP - Kokanee Exploration Ltd. Prospectus (1990))."*

Kokanee Exploration Ltd.'s resource estimate reported above is a historical estimate and was not prepared using the resources categorizations set out in NI 43-101. The Company is not aware of any more recent resource estimate for this property. The Company is uncertain as to the relevance or reliability of the historical estimate. PJX is not treating the historical estimate as current mineral resources or reserves, as a qualified person has not done sufficient work to classify the historical estimate.

Terralogic Exploration Services, geologic consultants for PJX, compiled historical Vine drilling data. Compilation and modeling suggest the mineralized Vine vein structure continues to depth and along strike beyond previous drilling. The compilation also suggests the potential for bedded massive sulphide mineralization at depth that would be more consistent with a Sedex style massive sulphide as opposed to the Vine vein

Ground geophysical surveys by Excel Geophysics have identified what appear to be 2 large positive gravity anomalies (eastern and western). PJX believes that the target areas may have potential to host Sedex massive sulphide (zinc, lead, silver) mineralization similar in style to the Sullivan deposit located 35 km to

the north. Massive sulphide mineralization containing zinc, lead, silver and iron sulphides are often more dense than surrounding rocks and this density contrast can appear as a positive gravity anomaly.

Drilling during Q2, 2014, and in Q1, 2015 has discovered what the Company believes is a restricted third-order sedimentary basin. Restricted third-order sedimentary basins are important geological environments often associated with Sedex deposits.

The Company's Q1, 2015 drill hole (VA15-02) intersected Proterozoic age Lower Aldridge sediments that contain anomalous sphalerite (zinc sulphide) and pyrrhotite (iron sulphide) mineralization along fractures and disseminated in sedimentary beds that are locally altered by sericite, chlorite, albite, silica and occasional garnets. The presence of anomalous sphalerite mineralization with alteration supports the potential for massive sulphides to be deposited in the basin at the target sedimentary horizon called the Footwall Quartzite. Historical holes (KV90-41 and KV94-57) drilled in the early 1990's by other companies discovered massive sulphide with zinc, lead and silver mineralization at the base of the Footwall Quartzite, approximately 1.2 km west of PJX's hole VA15-02. Hole VA15-02 intersected a fault before reaching the Footwall Quartzite target horizon. Preliminary assessment of the data suggests that the target horizon is at depth beneath the hole.

The western gravity target appears to be entirely separate and stratigraphically above the eastern target. A computer model, prepared by Excel Geophysics, suggests that the western target may have multiple zones of flat lying Sedex mineralization. The model also identified a potential vertical zone of mineralization that may be a possible feeder zone to the flat lying mineralization. The western target area has never been drilled.

Dr. Trygve Hoy (P.Eng), former research economic geologist with the British Columbia Department of Mines, noted in a report to PJX about the regional and local geological significance of the Vine and West Basin Properties that, "In summary, the Vine and West Basin area has potential for discovery of a significant lead-zinc-silver sedex deposit. The area is within a highly favourable structural and metallogenic belt, has characteristics and controls that are similar to those in the Sullivan camp area, has known Proterozoic-age lead-zinc-silver mineralization, and a prominent geophysical target. Future exploration should be directed to mainly defining more rigorously the gravity geophysical anomaly and systematic diamond drilling to test the "footwall quartzite" horizon as well as the overlying Sullivan horizon."

#### *Outlook*

Exploration during 2014 and early 2015 has identified the potential for Sedex style zinc, lead, and silver mineralization similar to the Sullivan deposit, This new geological information and existing geophysical data are being used to refine target depths and locations in preparation for the next phase of drilling during 2015.

### **WEST BASIN PROPERTY**

The road accessible West Basin Property is located approximately 16 km southwest of Cranbrook, British Columbia. The 3,400 hectare property was acquired to cover favorable geology with potential to host Sedex (sedimentary exhalative) massive sulphide mineralization similar in style to the Sullivan deposit. Interpretation, by Excel Geophysics Inc., of the Vine and regional gravity data identified a poorly defined gravity anomaly 6 km southwest of the Vine anomaly. The large 2 km wide by 5 km long anomaly is located on the western side of the Vine grabben, and covers two known lead-zinc occurrences, called the Fors and Smoker.

The British Columbia Geological Survey describes the Fors as a "well preserved example of a small, high grade lead-zinc-silver sedimentary exhalative and vein deposit". The BC Ministry of Energy, Mines and Petroleum Resources' Minfile Record Summary (082GSW041) describes the Smoker occurrence as "a vent complex measures 400 by 100 m and is composed of breccia fragments in a matrix of siltstone. The breccia contains zones of weak to abundant disseminated galena (lead), sphalerite (zinc) and pyrrhotite (iron sulphide) associated with intense albite and sericite alteration."

### Outlook

Detailed ground geophysics is required to further define the large gravity anomaly and its possible relationship to existing lead-zinc-silver occurrences (Fors and Smoker) and to identify potential deposits on strike and at depth within the anomaly.

## OTHER PROPERTIES

PJX staked 1,069 hectares of land in British Columbia (Arrow Lake Property) to review historical data and determine if gold and other metal potential of those areas warrants exploration programs. No significant expenditures are proposed for these project generative properties at this time.

The Company remains focused on advancing priority targets to test and make a discovery. The Vine Property targets are the next priority to evaluate as they are accessible year round.

## RESULTS OF OPERATIONS

### Exploration

The following schedule describes exploration expenses for each project incurred since inception and for the three months ended March 31, 2015 and 2014.

| Three months ended March 31, | 2015           | 2014           | Change          | Balance since inception |
|------------------------------|----------------|----------------|-----------------|-------------------------|
| Dewdney Trail Property       | \$ 5,674       | \$ 7,317       | (1,643)         | \$ 882,689              |
| Eddy Property                | 832            | 828            | 4               | 500,252                 |
| Zinger Property              | 493            | 1,464          | (971)           | 456,965                 |
| Vine Property                | 123,150        | 131,177        | (8,027)         | 826,567                 |
| Others                       | 149            | 1,500          | (1,351)         | 50,035                  |
|                              | <b>130,298</b> | <b>142,286</b> | <b>(11,988)</b> | <b>2,716,508</b>        |

The following schedule describes the exploration expenses, by nature, incurred by PJX during the three month periods ended March 31, 2015 compared to the same period of fiscal 2014.

| Three months ended March 31,          | 2015              | 2014              | Change             | %Change      | Balance Since inception |
|---------------------------------------|-------------------|-------------------|--------------------|--------------|-------------------------|
| Geology, geophysics and geochemistry  | \$ 28,762         | \$ 36,349         | (7,587)            | -20.9%       | \$ 1,262,237            |
| Exploration-Other Accommodations      | -                 | -                 | -                  | 0.0%         | 2,440                   |
| Permitting                            | 5,038             | 2,338             | 2,700              | 115.5%       | 45,338                  |
| Land rights & claim management        | 441               | 110               | 331                | 300.9%       | 54,820                  |
| Drilling                              | 89,318            | 7,047             | 82,271             | 1167.5%      | 556,269                 |
| Laboratory                            | 1,413             | 250               | 1,163              | 465.2%       | 154,654                 |
| Roads and surface preparation         | -                 | -                 | -                  | 0.0%         | 70,944                  |
| Camp cost and exploration supplies    | 173               | -                 | 173                | 100.0%       | 9,819                   |
| Exploration - Travel & transportation | 4,424             | 3,228             | 1,196              | 37.1%        | 75,864                  |
| Exploration- Meals                    | 372               | 164               | 208                | 126.8%       | 7,862                   |
| Rent - Field office                   | 357               | 1,800             | (1,443)            | -80.2%       | 19,212                  |
| Surface sampling and mapping          | -                 | -                 | -                  | 0.0%         | 50,505                  |
| Legal expenses                        | -                 | -                 | -                  | 0.0%         | 3,544                   |
| Option payments                       | -                 | 91,000            | (91,000)           | -100.0%      | 403,000                 |
|                                       | <b>\$ 130,298</b> | <b>\$ 142,286</b> | <b>\$ (11,988)</b> | <b>-8.4%</b> | <b>\$ 2,716,508</b>     |

Exploration expenses during the first quarter of fiscal 2015 decreased by \$11,988 when compared to the same period of Fiscal 2014. The main drivers of this decrease were:

- During the first quarter of fiscal 2014 the Company issued 700,000 PJX shares with a fair value of \$91,000 to Klondike Gold Corp. to obtain a 100% interest in the Vine extension. This payment was included under Option Payments; and
- Geology, geophysics and geochemistry work decreased by approximately 21% when compared to the same period of fiscal 2014, with \$26,986 incurred in the Vine property.

Drilling expenditures increased to \$89,318 from drilling related activities on the Vine property during the first quarter of fiscal 2015 compared with \$7,047 during the same period of fiscal 2014. All remaining exploration expenses decreased or remained relatively stable, for the first quarter of fiscal 2015 when compared to the same period of fiscal 2014 except for geological, geophysics and geochemistry work that remained relatively constant during both periods.

In March 2014, the Company filed amended corporate and provincial tax returns for the years ended December 31, 2012 and 2011. The amended returns include claims for certain exploration tax credits from the government of British Columbia totalling \$95,425. Since the Company was uncertain of the result of these claims, PJX did not record a provision for this potential receivable in the Company's March 31, 2014 interim financial statements.

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

The following schedule describes the general and administration expenses incurred by PJX during the three month period ended March 31, 2015 compared to the same period of fiscal 2014:

| Three months ended March 31,         | 2015              | 2014              | % change      |
|--------------------------------------|-------------------|-------------------|---------------|
| Insurance                            | \$ 3,375          | \$ 3,327          | 1.4%          |
| Interest, bank charges and penalties | 3,649             | 117               | 3018.8%       |
| Investor Relations                   | 26,707            | 22,374            | 19.4%         |
| Listing and regulatory fees          | 10,035            | 12,040            | -16.7%        |
| Office expenses                      | 2,682             | 3,979             | -32.6%        |
| Professional fees                    | 11,000            | 31,583            | -65.2%        |
| Rent                                 | 356               | 820               | -56.6%        |
| Salaries and benefits                | 70,918            | 70,631            | 0.4%          |
| Travel & transportation              | 955               | 6,993             | -86.3%        |
|                                      | <b>\$ 129,677</b> | <b>\$ 151,864</b> | <b>-14.6%</b> |

The most significant changes in general and administration expenses during the first quarter of fiscal 2015, when compared to the same period of fiscal 2014 were:

- Interest and bank charges increased by \$3,532 as a result as interest and penalties charged by regulatory and government agencies during the first quarter of fiscal 2015;
- Investor relation expenses for the first quarter of fiscal 2015 increased by approximately 19% when compared to the first quarter of fiscal 2014 mainly as a result of an increase in traveling expenses of \$3,523 in transportation charges related to travel related to the private placement financing that closed on April 8, 2015.
- Professional fees decreased by \$20,583 as a result of:
  - Reduction on legal fees of \$7,068;
  - Reductions in tax services for approximately \$11,000 a result of taxation services not engaged yet during fiscal 2015.

- Travel and transportation charges not related to investor relations decreased by approximately \$6,000, in part related to a reduction in travel expenses attributable to opening an office in Vancouver in 2014.

## **SUMMARY OF QUARTERLY RESULTS (UNAUDITED)**

The following table sets forth a breakdown of material components of the exploration expenses and the G&A costs of the Company for each of the eight most recently completed quarters.

| Quarter Ended      | Revenue | Net income ( loss) |           | Exploration expenses | General and administration |
|--------------------|---------|--------------------|-----------|----------------------|----------------------------|
|                    |         | Total              | Per Share |                      |                            |
| March 31, 2014     | Nil     | (\$244,240)        | (\$0.01)  | \$130,298            | \$129,677                  |
| December 31, 2014  | Nil     | (254,186)          | (0.01)    | 88,629               | 183,780                    |
| September 30, 2014 | Nil     | (130,675)          | (0.00)    | 30,428               | 119,395                    |
| June 30, 2014      | Nil     | (90,864)           | (0.00)    | (25,497)             | 123,023                    |
| March 31, 2014     | Nil     | (285,602)          | (0.01)    | 142,286              | 151,864                    |
| December 31, 2013  | Nil     | (369,903)          | (0.01)    | 104,353              | 166,306                    |
| September 30, 2013 | Nil     | (350,557)          | (0.01)    | 230,515              | 120,042                    |
| June 30, 2013      | Nil     | (317,900)          | (0.01)    | 153,241              | 164,659                    |
| March 31, 2013     | Nil     | (173,614)          | (0.01)    | 79,625               | 131,559                    |

## **LIQUIDITY AND CAPITAL RESOURCES**

On November 20, 2013 the Company announced the undertaking of a non-brokered private placement (the "Offering"). Pursuant to the Offering, the first tranche was completed on November 27, 2013 which resulted in the issue of 485,000 flow through units (each a "Flow Through Unit") at a price of \$0.15 per flow through unit, and 3,334,000 non-flow through units (each a "Unit") at a price of \$0.125 per Unit for gross proceeds of \$489,500. Each Unit and Flow Through Unit consists of one Common Share of PJX and one non-transferable common share purchase warrant. Each Warrant in connection with the first tranche of the Offering will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.20 until November 28, 2015.

The final tranche of the Offering announced on November 20, 2013 was completed on February 11, 2014 through the issuance of 260,000 Flow Through Units at a price of \$0.15 per Flow Through Unit, and 670,000 Units at a price of \$0.125 per Unit for gross proceeds of \$122,750. Each Warrant issued in connection with the final tranche of the Offering will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.20 until February 8, 2016.

On August 22, 2014 the Company announced a private placement of 4.8 million units through the issuance of Flow Through Units and Units at a price of \$0.15 per Flow-Through Unit and \$0.125 per Unit. Each Unit and Flow Through Unit consisted of one Common Share of PJX and one non-transferable Warrant. Each Warrant in connection the Offering entitles the holder to purchase one Common Share at an exercise price of \$0.20 for 24 months following completion of the Offering.

Pursuant to the Offering, the first tranche was completed on September 23, 2014 which resulted in the issue of 190,000 Flow Through Units and 2,650,000 Units for gross proceeds of \$359,750. Each Warrant issued in connection with the first tranche of the Offering entitles the holder thereof to purchase one Common Share at an exercise price of \$0.20 until September 22, 2016.

On October 9, 2014 the Company announced that it had amended its previously announced Non-Brokered private placement (August 22, 2014) from 4.8 million units to up to 6 million units. On November 5, 2014,

PJX issued an additional 1,905,000 Flow-Through Units at a price of \$0.15 per Flow-Through Unit, and 1,094,245 Units at a price of \$0.125 per Unit for gross proceeds of \$422,531. The two tranches of the Offering resulted in the aggregate issuance of 5,839,245 units for gross proceeds of \$782,281.

The Company also received, during fiscal 2014, Mining Exploration Tax Credit refunds of \$149,878 from the British Columbia government.

On April 1, 2015 – the Company announced that it has completed a Non-Brokered Private Placement for total proceeds of \$1,273,000 by issuing aggregate of 6,365,000 units at \$0.20 per unit.

As of March 31, 2015 the Company had received subscriptions of \$429,955 representing 2,149,775 units. Subsequent to quarter end PJX completed the Offering and issued 6,365,000 shares of the Company for gross proceeds of \$1,273,000. See the *Subsequent Events* section below.

As at March 31, 2015, the Company had \$768,419 in current assets (cash, receivables, prepaid and deposits) that will be used to for general and administrative expenses and continued exploration on its properties.

The working capital of the Company has increased from \$321,704 at March 31, 2014 to \$668,701 at March 31, 2015 and at the date of this report; the Company has no commitments related to exploration obligations or option payments on property acquisitions. The Company has successfully secured its key properties and is not required to make any cash payments or conduct material exploration work. This provides PJX management with the flexibility to adapt its investment and operations decisions as best fit market conditions.

#### *Outlook*

The Company has no producing properties and, consequently, has no current operating income or cash flow. The Company's access to capital may not be available on terms acceptable to the Company or at all. Financing of the Company's activities to date has been obtained from equity issues. The continuing short-term development of the Company's properties therefore depends on the Company's ability to obtain additional financing through equity investments. The Company's current cash position will enable it to fund the Corporation's planned exploration program, operating expenses and unallocated working capital for the next twelve months.

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

### **SUBSEQUENT EVENTS**

Subsequent to period end, on April 1, 2015, the Company announced that it had completed a Non-Brokered Private Placement for total proceeds of \$1,273,000 by issuing aggregate of 6,365,000 units consisting of 2,855,000 Flow Through Units and 3,510,000 Units, both at a price of \$0.20. Each Flow Through Unit was issued at a price of \$0.20 per flow through unit and consists of one common share and one half of one non-transferable common share purchase warrant. Each Unit was issued at a price of \$0.20 per Unit and consists of one common share and one non-transferable common share purchase warrant. Each Warrant, regardless of whether issued as part of a Flow Through Unit or a Unit, entitles the holder to purchase one common share at an exercise price of \$0.20 for 24 months following completion of the Offering.

On April 8, 2015 the Company modified the above mentioned Offering by changing the structure of the securities placed to 3,605,000 Flow Through Units and 2,760,000 Unit. The announced total proceeds remained unchanged. All securities issued under the Offering are subject to a statutory four- month hold period.

## **RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties:

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

During the three months ended March 31, 2015 and 2014, the Company contracted legal services from firms where a partner is also a director of PJX.

| <b>Three months ended March 31,</b>                          | <b>2015</b> | <b>2014</b>  |
|--|-------------|--------------|
| Fees paid to legal firm where a director of PJX is a partner | -           | 6,238        |
|  | <b>\$ -</b> | <b>6,238</b> |

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

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

| <b>Three months ended March 31,</b> | <b>2015</b>      | <b>2014</b>   |
|-------------------------------------|------------------|---------------|
| Salaries                            | <b>\$ 66,000</b> | 66,000        |
|                                     | <b>\$ 66,000</b> | <b>66,000</b> |

Payables to related parties are due thirty days after reception and bear no interest. All transactions with related parties are on an arm's length basis and recorded at exchange amounts.

## **COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS**

The Company is a party to certain employment contracts. These contracts contain clauses requiring that \$462,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in the Company's March 31, 2015 unaudited interim financial statements.

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

On February 27, 2014, PJX announced that it had completed a P&S Agreement with KG to acquire a 100% interest in the Vine Extension property. Under the Purchase Agreement, which replaces the original Option Agreement, PJX would not have to complete the remaining \$1.4 million on exploration work or pay the 200,000 shares (none paid to date). PJX has purchased full ownership of the Property by issuing 700,000 PJX common shares to KG. Accordingly, at the date of this report, the Company has no commitments related to exploration obligations or option payments on property acquisitions.

The Company is required to incur qualified exploration expenditures of approximately \$65,000 not later than December 31, 2015 as the result of the flow through common shares issued during fiscal 2014 and the mining tax refund received from the British Columbia government.

## **TREND INFORMATION**

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

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## **PROPOSED TRANSACTIONS**

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

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

### Critical accounting estimates and 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 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 option life are significant assumptions used in determining the values of options.

### Changes in accounting policies

There have been no changes in accounting policies since the Company's last year end, December 31, 2014.

### Future accounting changes

- (i) IFRS 9, *Financial instruments: classification and measurement* – IFRS 9 as issued reflects the IASB's work to date on the replacement of IAS 39, *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 and IFRS 7. IFRS 9 (2013) does not have a mandatory effective date.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company's financial instruments include cash and cash equivalents, accounts receivable, deposits and advances, accounts payable and accrued liabilities. Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable, accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted.

### ***Fair Value***

Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of the cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

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

### **Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Board of Directors.

#### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, tax credit receivable and sales tax receivable. Cash and cash equivalents are held with reputable Canadian chartered banks, from which management believes the risk of loss to be minimal. Financial instruments include sales tax receivable. Management believes that the credit risk concentration with respect to financial instruments is minimal. PJX is not involved in any situations involving extended payment terms.

#### 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 March 31, 2015, the Company had cash and cash equivalents balance of \$753,409 (March 31, 2014: \$385,422) to settle current liabilities of \$99,718 (March 31, 2014: \$91,557). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company does not have or expect to have a working capital deficiency. There is no default or arrears or significant risk of default or arrears on any payments (dividend, lease, principal or interest), on any debt covenants or on any redemption or retraction or sinking fund payments of PJX.

#### 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.

##### *Sensitivity analysis*

As of March 31, 2015, both the carrying and fair value amounts of the Company's financial instruments are the same. Based on Management's knowledge and experience of the financial markets, the Company believes that is "reasonably possible" that commodity price fluctuation could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world

market price of mineral commodities. As of March 31, 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.

### *Capital Management*

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

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its 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 period ended March 31, 2015. The Company is not subject to externally imposed capital requirements.

## **DISCLOSURE CONTROLS AND PROCEDURES**

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

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in

additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **RISKS AND UNCERTAINTIES**

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

PJX's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future.

In addition to other information set forth elsewhere in the financial statements, readers should carefully consider the comprehensive list of risk factors, included in the Long Form Prospectus under "Risk Factors". The Long Form Prospectus is available in the Company's filings on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Liquidity and Capital Markets Risks**

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and evaluation of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and evaluation of the property interests of the Company with the possible dilution or loss of such interests.

## **OUTSTANDING SHARE DATA**

Subsequent to March 31, 2015 the Company closed a private placement where 6,365,000 shares and 4,562,500 warrants were issued. For details of this transaction please see the *Subsequent Events* section above.

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

|   | <u>Units</u>      |
|---|-------------------|
| Common shares issued and outstanding at December 31, 2014 | 43,813,446        |
| Issued on April 8, 2015 private placement                 | 6,365,000         |
| Total shares issued at the date of this report            | <u>50,178,446</u> |
| Warrants outstanding at December 31, 2014                 | 20,277,745        |
| Issued on April 8, 2015 private placement                 | 4,562,500         |
| Total warrants issued at the date of this report          | <u>24,840,245</u> |
| Stock options (December 31, 2014)                         | 3,252,000         |
| Fully Diluted number of shares at the date of this report | <u>78,270,691</u> |

## Warrants outstanding:

The following schedule describes the warrants outstanding at the date of this report:

| <u>Expiry Date</u>       | <u>Number of Warrants</u> | <u>Exercise price CAD\$</u> | <u>Fair Value</u> |
|--------------------------|---------------------------|-----------------------------|-------------------|
| <i>Regular warrants:</i> |                           |                             |                   |
| 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            |
| February 8, 2016         | 3,320,000                 | 0.20                        | 27,681            |
| February 8, 2016         | 450,000                   | 0.20                        | 12,890            |
| November 4, 2016         | 2,999,245                 | 0.20                        | 139,817           |
| April 8, 2017            | 4,562,500                 | 0.20                        | 494,578           |
|                          | 24,840,245                | \$ 0.21                     | \$ 1,157,866      |

On August 22, 2014 the Company announced it has extended the exercise period of a total of 8,939,500 outstanding share purchase warrants. These warrants were issued pursuant to a private placement completed between August 17, 2012 and October 9, 2012 and accepted for filing by the TSX Venture Exchange on October 9, 2012. The Warrants were due to expire on September 25, 2014 and October 9, 2014 and were exercisable at \$0.25 per share. The new expiration date of the Warrants is September 25, 2015.

On August 22, 2014 the Company announced that it has also amended the purchase price of a total of 6,319,500 of the aforementioned 8,939,500 outstanding Warrants. The amended Warrants are now exercisable at \$0.20 per share. The remaining 2,620,000 Warrants are held by insiders of the Company and will not be re-priced but remain exercisable at \$0.25 per share.

On December 22, 2014 the Company announced that it has amended the expiry date of a total of 750,000 warrants originally expiring on December 27, 2014 at an exercise price of \$0.25. The exercise price and fair value of these warrants remained unchanged.

The fair value of the amended warrants was re-measured at the time issuance date using the same valuation techniques that PJX utilizes when issuing new warrants. The decrease in the fair value of the re-issued warrants, when compared to the replaced ones, was \$308,483 and charged to contributed surplus.

The TSX Venture Exchange consented to the Warrant extension and re-pricing.

Subsequent to the quarter end and in accordance with the terms of the Offering closed on April 8, 2015, the Company issued 4,562,500 warrants exercisable at a price of \$0.20 and expiring 24 months from the time of their issuance.

## 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 November 19, 2013, the Company granted an aggregate of 1,018,500 incentive stock options to employees, officers, directors and consultants of the Company, pursuant to the Company's Stock Option Plan, at an exercise price of \$0.15 per share. November 15, 2018. No options have been granted since this time.

The following schedule describes the options outstanding at March 31, 2015:

| <b>Expiry Date</b>               | <b>Exercise price</b> | <b>Life remaining in years</b> | <b>Number outstanding</b> | <b>Number vested</b> |
|----------------------------------|-----------------------|--------------------------------|---------------------------|----------------------|
| November 6, 2016                 | \$0.30                | 1.61                           | 2,233,500                 | 2,233,500            |
| November 15, 2018                | \$0.15                | 3.63                           | 1,018,500                 | 1,018,500            |
| <b>Balance at March 31, 2015</b> |                       |                                | <b>3,252,000</b>          | <b>3,252,000</b>     |

### **QUALIFIED PERSON**

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

## **Corporate information**

### **Directors**

John Keating, P.Geo<sup>(3)</sup>  
President & CEO of PJX Resources Inc.  
Ottawa, Ontario, Canada

Linda Brennan, B.Comm<sup>(1)(2)</sup>  
CFO, PJX Resources Inc.  
Toronto, Ontario, Canada

James Clare, LLB  
Partner, Bennett Jones LLP  
Toronto, Ontario, Canada

Kent Pearson, P.Geo<sup>(1)(2)</sup>  
Toronto, Ontario, Canada

Joseph Del Campo, CPA, CMA<sup>(1)</sup>  
Toronto, Ontario, Canada

Somerset Parker<sup>(1)(2)</sup>  
Toronto, Ontario, Canada

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

### **Officers**

John Keating, P.Geo  
President, CEO, PJX Resources Inc.  
Ottawa, Ontario, Canada

Linda Brennan, B.Comm  
CFO, PJX Resources Inc.  
Toronto, Ontario, Canada

### **Stock Listing**

TSX Venture Exchange  
Tier 2 Company,  
Trading Symbol PJX  
CUSIP: 72585A 10 9

### **Auditors**

PricewaterhouseCoopers (PwC)  
Toronto, Ontario

### **Legal Counsel**

Bennett Jones LLP  
Toronto, Ontario

Fraser Milner Casgrain, LLP  
Vancouver, British Columbia

### **Registrar & Transfer Agent**

Computershare Trust Company of Canada  
Toronto, Ontario

### **Bank**

Royal Bank of Canada  
Toronto, Ontario

### **Executive Office**

100 King Street West  
Suite 5600  
Toronto, Ontario Canada  
M5X 1C9  
Telephone: (416) 799-9205  
Facsimile: (416) 644-8801  
E-mail: [info@pjxresources.com](mailto:info@pjxresources.com)

### **Investor Relations**

Further information about the Company  
is available on the Company's website at  
[www.pjxresources.com](http://www.pjxresources.com)

The Company's filings with Canadian securities  
regulatory authorities can be accessed on SEDAR at  
[www.sedar.com](http://www.sedar.com)