

**JAXON MINERALS INC.**  
**(An Exploration Stage Company)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SIX MONTHS ENDED JULY 31, 2016**

(Unaudited)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed interim financial statements of Jaxon Minerals Corporation are the responsibility of the Company's management. These condensed financial statements are prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment based on information currently available.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**Jaxon Minerals Corporation**  
**Condensed Interim Statements of Financial Position**  
(Expressed in Canadian dollars – unaudited)

		July 31, 2016	January 31, 2016
	Notes	-\$-	-\$-
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		10,710	3,421
Prepaid expenses		-	4,995
Receivables		2,700	3,890
		13,410	12,306
<b>Exploration and evaluation asset</b>	3	188,506	28,209
		201,916	40,515
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		63,532	65,503
Provision for indemnity on flow through shares	7	15,500	15,500
Loans payable	4	232,515	190,515
		311,547	271,518
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	6,901,948	6,704,410
Contributed surplus	5	431,240	431,240
Deficit		(7,442,819)	(7,366,653)
		(109,632)	(231,003)
		201,916	40,515
Nature of business and going concern	1		
Subsequent events	8		

Approved and authorized on behalf of the Board of Directors on September 27, 2016

"Laurence Stephenson"  
Laurence Stephenson, Director

"Leif Smither"  
Leif Smither, Director

The accompanying notes are an integral part of these financial statements.

**Jaxon Minerals Corporation**  
**Condensed Interim Statements of Comprehensive Loss**  
(Expressed in Canadian dollars – unaudited)

	Three Months ended		Six Months ended	
	July 31, 2016	July 31, 2015	July 31, 2016	July 31, 2015
	-\$-	-\$-	-\$-	-\$-
<b>Expenses</b>				
Consulting fees	18,475	-	22,475	-
Finder's fees	-	-	15,000	-
Filing fees	158	2,260	158	2,260
Interest and bank charges	(0)	127	131	205
Office and miscellaneous	880	-	10,880	299
Professional fees	18,705	11,908	21,927	16,776
Regulatory and transfer agent fees	2,642	972	5,596	6,790
Loss from operations	(40,860)	(15,267)	(76,167)	(26,330)
<b>Loss and comprehensive loss for the period</b>	<b>(40,860)</b>	<b>(15,267)</b>	<b>(76,167)</b>	<b>(26,330)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>18,442,195</b>	<b>14,573,701</b>	<b>17,512,361</b>	<b>14,573,701</b>

The accompanying notes are an integral part of these financial statements.

**Jaxon Minerals Corporation**  
**Condensed Interim Statements of Changes in Equity**  
For the six months ended July 31, 2016 and 2015  
(Expressed in Canadian dollars – unaudited)

	<i>Note 5</i>	Number of shares	Share capital -\$-	Contributed surplus -\$-	Share subscription receivable \$	Deficit -\$-	Total Shareholder's deficiency -\$-
Balance, January 31, 2015		15,042,195	6,699,410	431,240	-	(7,178,995)	(48,345)
Net loss for the period		-	-	-	-	(26,330)	(26,330)
Balance, July 31, 2015		15,042,195	6,699,410	431,240	-	(7,205,325)	(74,675)
Balance, January 31, 2016		15,142,195	6,704,410	431,240	-	(7,366,653)	(231,003)
Net loss for the year		-	-	-	-	(76,167)	(76,167)
Common shares issued for asset acquisition (net of share issuance cost)		3,000,000	147,538	-	35,000	-	182,538
Common shares issued for finders' fees		300,000	15,000	-	-	-	15,000
Balance, July 31, 2016		18,442,195	6,866,948	431,240	35,000	(7,442,820)	(109,632)

The accompanying notes are an integral part of these financial statements.

**Jaxon Minerals Corporation**  
**Condensed Interim Statements of Cash Flows**  
(Expressed in Canadian dollars – unaudited)

	Six months ended	
	July 31, 2016	July 31, 2015
	-\$-	-\$-
<b>Cash provided from:</b>		
Operating Activities		
Net income (loss) from operations	(76,167)	(26,330)
Items not involving cash:		
Net change in non-cash working capital		
Decrease in prepaid expenses and Receivables	6,185	7,080
decrease in accounts payable and accrued liabilities	(1,971)	26,530
Cash used in operating activities	(71,953)	7,280
Investing Activities		
Regulatory and transfer fees	-	(6,790)
Exploration and evaluation assets	(160,297)	-
Cash provided by (used in) investment activities	(160,297)	(6,790)
Financing Activities		
Proceeds from the issuance of common shares	197,538	-
Loans	42,000	-
Cash provided by financing activities	239,538	-
<b>Change in cash for the year</b>	<b>7,289</b>	<b>491</b>
<b>Cash, beginning</b>	<b>3,421</b>	<b>350</b>
<b>Cash, ending</b>	<b>10,710</b>	<b>841</b>

The accompanying notes are an integral part of these financial statements.

# Jaxon Minerals Corporation

Notes to the Condensed Interim Financial Statements

For the six-month period ended July 31, 2016

(Expressed in Canadian dollars)

---

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Jaxon Minerals Inc. (the "Company") was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on November 6, 2006. The Company trades on the TSX Venture Exchange ("TSX-V") as a mineral exploration and development company. The Company's head office and registered and records office address is Suite 701 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of exploration and evaluation assets that it believes contain mineralization that will be economically recoverable in the future. There has been no determination whether the Company's interests in exploration and evaluation assets contain mineral reserves that are economically recoverable.

The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets may not reflect current or future values.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including exploration and development of its exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, management will be required to curtail the Company's operations.

The Company had a working capital deficit of \$298,137 as at July 31, 2016 (January 31, 2016 – \$259,212), and an accumulated deficit of \$7,442,819 (January 31, 2016 – \$7,366,653).

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying audited financial statements.

## 2. BASIS OF PREPARATION

The Company is following the same accounting policies and methods of computation in these condensed interim financial statements as it did in the audited consolidated financial statements for the year ended January 31, 2016.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended January 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were authorized for issue by the Board of Directors on September 27, 2016.

# Jaxon Minerals Corporation

Notes to the Condensed Interim Financial Statements

For the six-month period ended July 31, 2016

(Expressed in Canadian dollars)

## 3. EXPLORATION AND EVALUATION ASSETS

At July 31 and January 31, 2016, the Company's interests in exploration and evaluation assets cumulative expenditures incurred are as follows:

	January 31, 2016	July 31, 2016
<b>Balance, beginning</b>	<b>\$ 28,500</b>	<b>\$ 28,209</b>
Acquisition costs	-	159,877
Filed expenses	420	420
Manitoba MEAP recovery	(711)	-
<b>Balance, ending</b>	<b>28,209</b>	<b>188,506</b>

### Flin Flon Properties, Manitoba and Saskatchewan

The Company entered into option agreements to acquire 100% of the mineral rights to four properties located in the Flin Flon-Snow Lake and Greenstone Belt in Manitoba and Saskatchewan. Due to market conditions the Company terminated its interests in the Lucile Lake, Beatty Lake and Copper Reef options prior to the year ended January 31, 2014 and concentrated its efforts and funds on the Snow Lake claim block, in which the Company held a 100% interest. The Snow Lake property was subject to a 3% Net Smelter Royalty of which 1.5% of the 3% may be purchased for \$3,000,000. During the year ended January 31, 2015, the Company abandoned its interest in the Snow Lake property and wrote-off \$283,280 to the statement of loss and comprehensive loss.

The claims lapsed and the vendor then commenced an action in the Supreme Court of BC for loss of royalty. The Company settled the claim with the issuance of 100,000 common shares valued at \$5,000.

### ST Silver-Gold Prospect, Yukon

The Company entered into a purchase agreement to acquire 100% of the mineral rights to the ST silver-gold prospect located in southern Yukon.

In order to earn a 100% interest in the ST prospect the Company will pay the non-arms length vendor \$1,000 cash (paid) and issue 500,000 common shares (issued at a value of \$27,500). The vendor will retain a 2% NSR on future production and has waived the annual royalty payment of \$5,000 until November 12, 2016.

### Hot Bath Property, British Columbia.

The Company entered into an option agreement to acquire a 50% interest in the Hot Bath property located in British Columbia pursuant to which the Company issued 3,000,000 common shares at a deemed value of \$150,000. The Company also issued 300,000 common shares as finder's fees at a deemed value of \$15,000. In order to acquire the 50% interest, the Company is required to issue an additional 3,000,000 common shares in calendar 2017 and an additional 750,000 common shares in calendar 2017, subject to regulatory approval. The property is subject to a 2% NSR, of which the Company may repurchase 1% for \$1,000,000.

### Title to exploration and evaluation assets

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing



# Jaxon Minerals Corporation

Notes to the Condensed Interim Financial Statements

For the six-month period ended July 31, 2016

(Expressed in Canadian dollars)

## 3. EXPLORATION AND EVALUATION ASSETS (Continued)

### Realization of Assets

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements and the attainment of successful production from the properties or from the proceeds of their disposition.

Mineral exploration and development is highly speculative and involves inherent risks. While rewards if a feasible ore body is discovered might be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that the current exploration programs by the Company will result in the discovery of economically viable quantities of ore.

### Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

## 4. LOANS PAYABLE

	July 31, 2016	January 31, 2016
Loans payable	\$ 232,515	\$ 190,515

During the six months ended July 31, 2016, the Company received cash proceeds of \$42,000 (2015 - \$nil) through loans from non-arm's length parties. The non-arm's length loans are due on demand, unsecured and bear interest at 10% per annum.

## 5. SHARE CAPITAL

### Authorized

An unlimited number of common shares without par value.

### Share capital transactions were as follows:

#### Six months ended July 31, 2016

On March 23, 2016, the Company issued 3,000,000 common shares at a fair value of \$150,000 as part of the acquisition for the Hot Bath project, and a further 300,000 common shares at a fair value of \$15,000 for finders' fees, net of share issue cost of \$2,463.

#### Year ended January 31, 2016

On October 13, 2015 the Company issued 100,000 common shares valued at \$5,000 to settle a dispute for the Flin Flon properties (note 3).

# Jaxon Minerals Corporation

## Notes to the Condensed Interim Financial Statements

For the six-month period ended July 31, 2016

(Expressed in Canadian dollars)

### 5. SHARE CAPITAL (Continued)

#### Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

As at July 31 and January 31, 2016 the Company had no warrants issued and outstanding.

The following is a summary of stock option transactions during the three month ended July 31, 2016 and the year ended January 31, 2016:

	July 31, 2016		January 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	205,000	\$ 1.50	205,000	\$ 1.50
Expired	-		-	
Balance, ending	205,000	\$ 1.50	205,000	\$ 1.50

At July 31, 2016 and January 31, 2016 all options are exercisable.

The following summarizes information about stock options outstanding at July 31 and January 31, 2016:

Expiry date	Exercise Price	Options outstanding	Weighted average exercise price	Weighted average remaining contractual life in years
April 3, 2017	\$1.50	205,000	\$1.50	0.67

#### Share-based Payments

The Company did not grant any stock options the six months ended July 31 and January 31, 2016.

### 6. RELATED PARTY TRANSACTIONS

During the six-month period ended July 31, 2016, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- Paid \$nil (2015 - \$nil) in management fees to officers and directors;
- Paid \$10,000 (2015 - \$nil) in office and administrative fees to a company with an officer in common with the Company;
- Paid \$nil (2015 - \$nil) in accounting fees to an officer of the Company.

### 7. INDEMNIFICATION

During the fiscal 2012, the Company completed a flow-through share arrangement and renounced the expenditures to investors in accordance with Canadian tax legislation. The Company was required to incur eligible Canadian exploration expenditures in order to ensure investors were eligible for the tax deductions. As at April 30, 2014, the Company determined that a portion of the required expenditures did not fall within the prescribed time schedule and therefore investors are no longer eligible to receive the full tax deductions. Consequently, the Company has recorded a provision of \$15,500 towards potential indemnification of tax liabilities to purchasers of the flow-through shares.

# **Jaxon Minerals Corporation**

Notes to the Condensed Interim Financial Statements

For the six-month period ended July 31, 2016

(Expressed in Canadian dollars)

---

## **8. SUBSEQUENT EVENTS**

On May 4, 2016, the Company announced a non-brokered private placement of up to 5,000,000 units at \$0.07 to raise gross proceeds of up to \$350,000. No shares have been issued and the private placement is subject to regulatory approval. To date the Company received \$35,000 as part of the non-brokered private placement and intends to complete this placement on similar terms but with a different number of total units in the near future.