



JAXON MINERALS INC.
(An Exploration Stage Company)

FINANCIAL STATEMENTS
FISCAL YEAR ENDED JANUARY 31, 2017



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jaxon Minerals Inc.

We have audited the accompanying financial statements of Jaxon Minerals Inc., which comprise the statement of financial position as at January 31, 2017 and the statements of comprehensive loss, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jaxon Minerals Inc. as at January 31, 2017, and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Jaxon Minerals Inc.'s ability to continue as a going concern.

Other Matter

The financial statements of Jaxon Minerals Inc. for the year ended January 31, 2016 were audited by another auditor who expressed an unqualified opinion on those statements on May 25, 2016.

A handwritten signature in black ink, appearing to read 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 31, 2017

Jaxon Minerals Inc.
Statements of Financial Position
(Expressed in Canadian dollars)

		January 31,	
	Note	2017 -\$-	2016 -\$-
ASSETS			
Current assets			
Cash		119,173	3,421
Prepaid expenses		-	4,995
Receivables	5	6,234	3,890
		125,408	12,306
Exploration and evaluation assets	6	80,668	28,209
		206,075	40,515
LIABILITIES			
Current liabilities			
Accounts payable	9	101,274	65,503
Provision for indemnity on flow through shares	10	15,500	15,500
Loans payable	7	-	190,515
		116,774	271,518
SHAREHOLDERS' EQUITY			
Share capital	8	7,485,076	6,704,410
Share-based payment reserve	8	529,602	431,240
Deficit		(7,925,377)	(7,366,653)
		89,301	(231,003)
		206,075	40,515
Nature of business and going concern	1		
Subsequent events	12		

Approved and authorized on behalf of the Board of Directors on May 29, 2017

"Laurence Stephenson"
Laurence Stephenson, Director

"Jason Cubitt"
Jason Cubitt, President & Director

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

Jaxon Minerals Inc.
Statements of Comprehensive Loss
(Expressed in Canadian dollars)

		Year ended January 31,	
	<i>Note</i>	2017 -\$-	2016 -\$-
Expenses			
Consulting fees		220,957	-
Interest expense	7	19,832	24,038
Management fees	9	17,200	-
Office and miscellaneous		61,319	62,018
Professional fees		27,779	53,665
Regulatory, Filing and transfer agent fees		17,061	14,254
Share-based payment expenses	8	98,362	-
Loss from operations		(462,511)	(153,975)
Other items			
Realized loss on disposal of investments		-	(33,683)
Gain on debt settlement		3,786	-
Write down of exploration and evaluation assets	6	(100,000)	-
Loss and comprehensive loss		(558,724)	(187,658)
Basic and diluted loss per share		(0.03)	(0.01)
Weighted average number of common shares outstanding		20,698,752	15,070,962

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

Jaxon Minerals Inc.**Statements of Changes in Equity**

For the Years Ended January 31, 2017 and 2016

(Expressed in Canadian dollars)

	<i>Note</i>	Number of shares	Share capital -\$-	Share-based payment -\$-	Deficit -\$-	Total shareholder's equity -\$-
Balance, January 31, 2015		15,042,195	6,699,410	431,240	(7,178,995)	(48,345)
Net loss for the year		-	-	-	(187,658)	(187,658)
Common shares issued for settlement of debt	8	100,000	5,000	-	-	5,000
Balance, January 31, 2016		15,142,195	6,704,410	431,240	(7,366,653)	(231,003)
Net loss for the year		-	-	-	(558,724)	(558,724)
Common shares issued for private placement	8	10,400,000	728,000	-	-	728,000
Common shares issued for exploration and evaluation assets	8	3,100,000	82,000	-	-	82,000
Finders' shares issued for exploration and evaluation assets	8	300,000	7,500	-	-	7,500
Share issuance costs	8	-	(36,834)	-	-	(36,834)
Share-based payments	8	-	-	98,362	-	98,362
Balance, January 31, 2017		28,942,195	7,485,076	529,602	(7,925,377)	89,301

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

Jaxon Minerals Inc.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended January 31,	
	2017	2016
	-\$-	-\$-
Cash provided from:		
Operating Activities		
Net loss	(558,724)	(187,658)
Items not involving cash:		
Share-based payment	98,362	-
Gain on debt settlement	(3,786)	-
Write down of exploration and evaluation asserts	100,000	-
Realized loss on disposal of investments	-	33,683
Accrued interest and borrowing costs on shareholder loan	-	20,672
Net change in non-cash working capital		
Decrease in prepaid expenses and receivables	2,651	(8,885)
Decrease in accounts payable and accrued liabilities	39,557	23,448
Cash used in operating activities	(321,940)	(118,740)
Investing Activities		
Proceeds on disposal of investments	-	3,921
Exploration and evaluation assets	(62,959)	291
Cash provided by (used in) investment activities	(62,959)	4,212
Financing Activities		
Shares issued for cash, net of costs	691,166	-
Loan from shareholders (repayment)	(190,515)	117,600
Cash provided by financing activities	500,651	117,600
Change in cash for the year	115,752	3,072
Cash, beginning	3,421	349
Cash, ending	119,173	3,421
Interest paid	19,832	-

Supplemental disclosure with respect to cash flows (Note 11)

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

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(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 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.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company had a working capital of \$8,634 as at January 31, 2017 and an accumulated deficit of \$7,925,377. 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. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Critical accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment, which has the most significant effect on the amounts recognized in the financial statements.

The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- i) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Regular way purchases and sales of FVTPL financial assets are accounted for at the trade date. The Company has no assets classified as FVTPL.

Financial assets classified as held-to-maturity are initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. Any changes to the carrying amount, including impairment losses, are recognized through profit or loss. The Company has no assets classified as held-to-maturity.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income/loss, except for losses in value that are considered other than temporary. The Company has no assets classified as available-for-sale.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. The Company has no assets classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and loans payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss. The Company has not classified any financial liabilities as FVTPL.

Fair Value Hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits or highly liquid investments that are readily convertible to known amounts of cash with original maturities of 90 days or less and which are subject to an insignificant risk of change in value.

Exploration and Evaluation Assets ("E&E")

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated by exploration area and are not depleted pending determination of technical feasibility and commercial viability.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss. The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Impairment of Non-Financial Assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss for the period.

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Reclamation Obligations

The Company recognizes the fair value of a legal or constructive liability for a reclamation obligation in the period in which it is incurred and when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. Changes in the liability for a reclamation obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and a financing expense in the statement of comprehensive income/loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity.

Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured before and after the modification, is also charged to the profit or loss over the remaining vesting period. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share

Basic loss per common share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date. Deferred tax assets also result from unused loss carry-forwards, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Foreign Currency Translation

Transactions in currencies are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date. Non-monetary items are translated at the rate of exchange in effect when the amounts were acquired or obligations incurred. Non-monetary items measured at fair value are reported at the exchange rates in effect at the time of the transaction. Exchange differences arising from the translations are recorded as a gain or loss on foreign currency translation in profit or loss.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

New Standards and Interpretations

The following new standard has been issued by the IASB or the IFRIC that are mandatory for accounting periods beginning February 1, 2017 or later periods:

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 Financial Instruments; Recognition and Measurement for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in a bank account held with a major bank in Canada. The risk is managed by using a major bank that are a high credit quality financial institution as determined by rating agencies. The Company has secondary exposure to credit risk on its receivables. This risk is minimal as receivables consist primarily of refundable goods and services taxes.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate as they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign currency risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company assessed its liquidity risk as high.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's loan payables bear fixed interest rate and therefore does not expose to interest rate risk.

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

4. FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

Capital Management

The Company defines its capital as shareholders' equity. It manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. 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 Company is dependent upon external financing or the sale of assets to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subject to externally imposed capital requirements.

5. RECEIVABLES

At January 31, 2017, the Company's receivables comprised of \$6,234 in GST receivable (January 31, 2016 – \$3,890).

6. EXPLORATION AND EVALUATION ASSETS

At January 31, 2017 and January 31, 2016, the Company's interests in exploration and evaluation assets cumulative expenditures incurred are as follows:

	January 31, 2016 -\$-	Addition (disposal) -\$-	January 31, 2017 -\$-
ST Silver-Gold Project, Yukon			
Acquisition costs	28,500	-	28,500
Geological services	-	5,000	5,000
Field expenses	420	420	840
Filling fees	(711)	-	(711)
	28,209	5,420	33,629
Hot Bath Project, British Columbia			
Acquisition costs	-	82,500	82,500
Property examination	-	2,500	2,500
Field expenses	-	15,000	15,000
Writedown of properties	-	(100,000)	(100,000)
	-	-	-
Hazelton Project (FKA Price Creek), British Columbia			
Acquisition costs	-	12,000	12,000
Field expenses	-	1,603	1,603
Geological services	-	33,436	33,436
	-	47,039	47,039
Balance, ending	28,209	52,459	80,668

Jaxon Minerals Inc.

Notes to the Financial Statements

For the year ended January 31, 2017

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

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 paid the non-arm's length vendor \$1,000 cash (paid) and issued 500,000 common shares (issued at a value of \$27,500). The vendor retains a 2% Net Smelter Royalties ("NSR") on future production.

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 with a fair value of \$75,000 (Notes 8 and 11). The Company also issued 300,000 common shares as finder's fees with a fair value of \$7,500 (Notes 8 and 11). In order to acquire the 50% interest, the Company is required to issue an additional 3,000,000 common shares in 2017 and an additional 750,000 common shares in 2018. The property is subject to a 2% NSR, of which the Company may repurchase 1% for \$1,000,000. In December of 2016, the Company decided to terminate the option agreement and the cost associated with the option agreement thus far were written off.

Hazelton Property (FKA Price Creek), British Columbia.

On October 7, 2016, the Company entered into an agreement to purchase the Hazelton property ("Property"). The Property is located in the Price Creek valley of north-central British Columbia, approximately 55 kilometres north of the town of Smithers.

The terms of the agreement are: payment of \$5,000 on signing the letter of intent; issuance of 100,000 shares upon TSX-V approval (issued with a fair value of \$7,000, Notes 8 and 11) and, issuance of 100,000 shares for each of the next subsequent four years on the anniversary of the TSX-V acceptance and, make cash payments of:

\$10,000 on year one anniversary of TSX-V acceptance date;
\$15,000 on year two of anniversary of TSX-V acceptance date;
\$20,000 on year three of anniversary of TSX-V acceptance date; and
\$25,000 on year four of anniversary of TSX-V acceptance date.

An advance royalty of \$5,000 per year is to commence in year five. An NSR of 2% on production can be purchased for \$1,000,000 for each percent. In the event of commercial production, a further 200,000 shares will be issued to the vendor.

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 matters 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.

Jaxon Minerals Inc.

Notes to the Financial Statements
For the year ended January 31, 2017
(Expressed in Canadian dollars)

7. LOANS PAYABLE

	January 31,	
	2017	2016
	-\$-	-\$-
Loans payable	-	190,515

During the year ended January 31, 2017, the Company received cash proceeds of \$48,000 (2016 – \$122,600) 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. A total of \$258,347 (2016 – \$5,000) was repaid during the year ended January 31, 2017 on the loans and accrued interest from non-arm's length parties.

During the year ended January 31, 2017, the Company paid interest and financing fees of \$19,832 (2016 – \$20,672) on these loans.

8. SHARE CAPITAL

Authorized:

An unlimited number of common shares without par value.

Issued:

At January 31, 2017, there are 28,942,195 common shares issued and outstanding (2016 – 15,142,195).

Share capital transactions were as follows:

Year ended January 31, 2017

On March 23, 2016, the Company issued 3,000,000 common shares at a fair value of \$75,000 as part of the acquisition for the Hot Bath project, and a further 300,000 common shares at a fair value of \$7,500 for finders' fees (Notes 6 and 11).

On October 28, 2016, the Company issued 100,000 common shares at a fair value of \$7,000 as part of the acquisition for the Price Creek property in British Columbia (Notes 6 and 11).

On October 28, 2016, the Company issued 10,400,000 units at \$0.07 per unit for gross proceeds of \$728,000. Each unit consists of one common share and a half share purchase warrant. Each share purchase warrant entitles the holder to purchase a common share of the Company at \$0.10 per share for a period of one year. The Company incurred \$36,834 in share issuance costs in relation to the share transactions above.

Year ended January 31, 2016

On October 13, 2015, the Company issued 100,000 common shares with a fair value of \$5,000 to settle a dispute for the Flin Flon properties that were written off during the year ended January 31, 2015.

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8. SHARE CAPITAL (continued)

Warrants

The following is a summary of warrants transactions during the year ended January 31, 2017 and the year ended January 31, 2016:

	January 31, 2017		January 31, 2016	
	Number of warrants	Weighted average exercise price -\$	Number of warrants	Weighted average exercise price -\$
Balance, beginning	-	-	-	-
Issued	5,200,000	0.10	-	-
Balance, ending	5,200,000	0.10	-	-

The following summarizes information about the warrants outstanding at January 31, 2017:

Expiry date	Exercise Price -\$	Warrants outstanding	Weighted average exercise price \$	Weighted average remaining contractual life in years
October 28, 2017	\$0.10	5,200,000	\$0.10	0.74

Stock options

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.

During the year ended January 31, 2017, the Company granted 2,090,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.07 per common share for a period of two years. The fair values of the options granted were determined to be \$98,362 using the Black Scholes Option Pricing Model with the following assumptions: Risk-free rate of 0.59%-0.69%; Expected life of 2 years; Expected volatility of 143%-148% and dividend yield of nil. During the year ended January 31, 2017, the Company recognized share-based payment of \$98,362 in statement of comprehensive loss.

The following is a summary of stock option transactions during the year ended January 31, 2017 and January 31, 2016:

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8. SHARE CAPITAL (continued)

	January 31, 2017		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
Issued	2,090,000	0.07	-	-
Expired	-	-	-	-
Cancelled	(205,000)	1.50	-	-
Balance, ending	2,090,000	0.07	205,000	1.50

The following summarizes information about stock options outstanding at January 31, 2017:

Expiry date	Exercise Price -\$-	Options outstanding	Weighted average exercise price -\$-	Weighted average remaining contractual life in years
September 1, 2018	0.07	1,840,000	0.07	1.39
November 10, 2018	0.07	250,000	0.07	0.21
	0.07	2,090,000	0.07	1.61

Share-based payment reserve

Share-based payment reserve represents the fair value of stock options or warrants until such time that the share-based payments are exercised, at which time the corresponding amount will be transferred to share capital.

9. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the Directors, Chief Executive Officer, and the Chief Financial Officer.

During the year ended January 31, 2017, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- Paid \$17,200 (2016 – \$nil) in management fees to the president of the Company; and
- Paid \$55,000 (2016 – \$60,000) in office and administrative fees to a company with an officer in common with the Company;

The Following table illustrates the compensation of the Company's current and former key management personnel:

	January 31,	
	2017	2016
	-\$-	-\$-
Management fees	17,200	-

As at January 31, 2017 included in accounts payable is \$77,411 (2016 – \$18,107) due to related parties and included in loans payable are loans, interest and financing fees of \$nil (2016 – \$190,515) due to non-arm's length parties (Note 7).

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10. INCOME TAXES

	2017	2016
	-\$-	-\$-
Loss before income taxes	(558,724)	(187,658)
Expected income tax recovery	(145,268)	(49,000)
Non-deductible expenditures	90,268	4,000
Change in tax rates	-	1,000
Change in unrecognized deductible temporary differences	55,000	44,000
Net income tax recovery	-	-

The reconciliation of income taxes at statutory rates with reported taxes is as follows:

The significant components of the Company's deferred tax assets that have not been recognized as follows:

	2017	2016
	-\$-	-\$-
Deferred tax asset:		
Exploration and evaluation assets	430,000	475,000
Non-capital loss carryforwards	1,184,000	1,086,000
Investment tax credit	25,000	25,000
Allowable capital losses	32,000	32,000
Undeducted share issue costs	10,000	8,000
Total	1,681,000	1,626,000

Significant components of the Company's temporary differences and unused tax losses are as follows:

	2017	Expiry date	2016
	-\$-		-\$-
Investment tax credit	95,000	2029-2032	95,000
Allowable capital losses	122,000	No expiry date	122,000
Losses available for future periods	4,553,000	2027 to 2035	4,176,000
Exploration and evaluation assets	1,734,000	No expiry date	1,556,000
Share issue costs	42,000	2018 to 2021	31,000

During fiscal 2012, the Company completed a flow-through share arrangement and renounced the expenditures to investors in accordance with Canadian tax legislation. During fiscal 2013, the Company renounced exploration expenditures incurred on the Company's mineral properties of approximately \$97,000 of the required \$350,000 and \$224,000 after the deadline for eligible expenditures resulting in other income of \$29,000 on the recovery of the flow-through share premium liability. As at January 31, 2014, the Company did not incur all the required expenditures and the investors were no longer eligible to receive certain tax deductions. Consequently, the Company recorded a provision of \$15,500 towards potential indemnification of tax liabilities to subscribers of the flow-through shares.

Jaxon Minerals Inc.

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11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the year ended January 31, 2017 include:

- a) Issuing 3,000,000 common shares at a fair value of \$75,000 as part of the acquisition for the Hot Bath project, and a further 300,000 common shares at a fair value of \$7,500 for finders' fees (Notes 6 and 8).
- b) Issuing 100,000 common shares at a fair value of \$7,000 as part of the acquisition for the Price Creek property in British Columbia (Notes 6 and 8).

Significant non-cash transactions during the year ended January 31, 2016 include:

- a) Issuing 100,000 common shares valued at \$5,000 to settle a dispute for the Flin Flon properties that were written off during the year ended January 31, 2015 (Note 8).

12. SUBSEQUENT EVENTS

- a) On February 17, 2017, the Company granted 885,000 stock options to directors, officers and consultants. The options granted are for a period of two years, expiring on February 16, 2019 at a price of \$0.07.
- b) On March 10, 2017, the Company issued 300,000 common shares for the acquisition of 35 mineral claims contiguous to the Hazelton project (AKE Price Creek), first announced in a news release dated November 23, 2016.
- c) On March 14, 2017, the Company signed an option agreement to earn a 100% interest in the gold-silver Wishbone property. The 3,900 hectare property is located in western British Columbia, Canada.

The terms of the option agreement are as follows:

- \$10,000 and 100,000 shares on signing;
 - \$15,000 and 100,000 shares on 1st anniversary;
 - \$25,000 and 100,000 shares on 2nd anniversary;
 - \$25,000 and 100,000 shares on 3rd anniversary;
 - \$50,000 and 200,000 shares on 4th anniversary;
 - \$50,000 and 200,000 shares on 5th anniversary;
 - \$20,000 per year advanced royalty payments beginning 6th anniversary;
 - 2% NSR with \$1,000,000 per 1% buy out; and
 - 200,000 shares on commercial production.
- d) On April 21, 2017, the Company closed a non-brokered private placement for the issuance of 8,463,144 units at a price of \$0.07 per unit for gross proceeds of \$592,420. Each Unit consists of one common share of the Company at \$0.07 and one common share purchase warrant entitling the holder to acquire an additional common share of the Company for a period of 24 months following the closing date at an exercise price of \$0.12 per warrant. Two insiders of the Company participated in the private placement and subscribed for 2,100,000 Units for proceeds of \$147,000. The Company paid finder's fees to arm's-length third parties consisting of \$27,681 in cash, 268,000 broker's warrants and 127,452 "Option Certificates" (Option Certificates- option to acquire up an additional 127,452 units under the same terms of the original private placement at \$0.07).
 - e) On April 25, 2017, the Company granted a total of 800,000 stock options to directors and a consultant of the Company. The options granted are for a period of two years, expiring on April 23, 2019, and exercisable at a price of \$0.085.
 - f) On May 3, 2017, the Company issued 75,000 common shares pursuant the exercise of warrants for gross proceeds of \$7,500.
 - g) On May 10, 2017, the Company issued 200,000 common shares pursuant the exercise of warrants for gross proceeds of \$20,000.

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12. SUBSEQUENT EVENTS (continued)

- h) On May 15, 2017, the Company issued 300,000 common shares, 100,000 of which were pursuant the exercise of warrants for gross proceeds of \$10,000 and 200,000 for the exercise of options for gross proceeds of \$14,000.
- i) On May 17, 2017, the Company granted 200,000 stock options to a consultant of the Company. The options are granted for a period of two years, expiring on May 16, 2019, and exercisable at a price of \$0.14.