



JAXON MINING INC.

(Formerly Jaxon Minerals Inc.)

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2017 AND 2016

(Unaudited - expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of these condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

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

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) (An Exploration Stage Company)**Condensed Interim Statements of Financial Position**

(Expressed in Canadian Dollars – Unaudited)

		October 31,	January 31,
	Notes	2017	2017
		-\$-	-\$-
ASSETS			
Current assets			
Cash		932,788	119,173
Investments held for sale	3	500,000	-
Receivables	4	76,942	6,234
Prepaid expenses and deposits		25,997	-
		1,535,727	125,407
Long term deposits	5	35,000	-
Property and equipment		10,098	-
Exploration and evaluation asset	6	1,605,781	80,668
TOTAL ASSETS		3,186,606	206,075
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	416,161	101,274
Provision for indemnity on flow through shares	8	15,500	15,500
TOTAL LIABILITIES		431,661	116,774
SHAREHOLDERS' EQUITY			
Share capital	9	11,500,567	7,485,076
Subscription receivable	9	(186,200)	-
Shares to be issued	9	5,000	-
Contributed surplus	9	1,295,435	529,602
Accumulated deficit		(9,859,857)	(7,925,377)
TOTAL SHAREHOLDERS' EQUITY		2,754,945	89,301
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,186,606	206,075

Going Concern – Note 1**Subsequent Events – Note 10**

Approved on behalf of the Board of Directors:

Signed "John King Burns", DirectorSigned "Jason Cubitt", Director

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)***Condensed Interim Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars – Unaudited)

	Three months ended		Nine months ended	
	October 31, 2017	October 31, 2016	October 31, 2017	October 31, 2016
	-\$-	-\$-	-\$-	-\$-
Expenses				
Share-based compensation (non-cash)	617,001	-	617,001	-
Marketing and IR	370,601	109,210	549,932	124,210
Management fees	42,000	-	148,000	-
Corporate development	40,495	-	181,795	-
Travel and entertainment	163,702	-	170,016	-
Consulting fees	71,965	56,875	94,278	79,350
Regulatory and filing fees	21,506	1,576	55,927	7,330
Professional fees	27,351	4,961	43,132	26,888
Director fees	36,000	-	36,000	-
Office and miscellaneous	7,903	30,917	23,878	41,797
Advertising	7,492	-	12,075	-
Bank charges	855	124	2,445	255
Interest expense	-	23,928	-	23,928
Loss and comprehensive loss for the period	(1,406,872)	(227,590)	(1,934,480)	(303,757)
Basic and diluted loss per share	(0.02)	(0.01)	(0.04)	(0.01)
Weighted average number of common shares outstanding	56,501,384	23,480,733	51,154,042	22,547,249

The accompanying notes are an integral part of the condensed interim financial statements.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)***Condensed Interim Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars – Unaudited)

	Number of shares	Share capital -\$-	Shares to be issued -\$-	Contributed surplus -\$-	Share subscription receivable -\$-	Accumulated deficit -\$-	Total shareholder's equity -\$-
Balance, January 31, 2016	18,927,744	6,704,410	-	431,240	-	(7,366,653)	(231,003)
Net loss for the period	-	-	-	-	-	(303,757)	(303,757)
Common shares issued (net of share issuance costs)	13,000,000	720,578	-	-	-	-	720,578
Common shares issued for asset acquisition	3,875,000	154,538	-	-	-	-	154,538
Common shares issued for finder's fees	375,000	15,000	-	-	-	-	15,000
Balance, October 31, 2016	36,177,744	7,594,526	-	431,240	-	(7,670,410)	355,356
Balance, January 31, 2017	36,177,744	7,485,076	-	529,602	-	(7,925,377)	89,301
Net loss for the period	-	-	-	-	-	(1,934,480)	(1,934,480)
Stock-based compensation	-	-	-	740,368	-	-	740,368
Common shares issued (net of share issuance cost)	23,182,595	2,993,873	-	84,934	(186,200)	-	2,892,607
Common shares issued for asset acquisition (net of share issuance cost)	1,062,500	164,000	-	-	-	-	164,000
Common shares issued for the exercise of warrants	8,563,246	719,427	5,000	(6,728)	-	-	717,699
Common shares issued for the exercise of stock options	1,418,750	138,191	-	(52,741)	-	-	85,450
Balance, October 31, 2017	70,404,835	11,500,567	5,000	1,295,435	(186,200)	(9,859,857)	2,754,945

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)***Condensed Interim Statements of Cash Flows**

(Expressed in Canadian Dollars – Unaudited)

	Nine months ended October 31,	
	2017	2016
	-\$-	-\$-
Cash provided from:		
Operating Activities		
Net loss for the period	(1,934,480)	(303,757)
Items not involving cash:		
Share-based compensation	617,001	-
Net change in non-cash working capital		
Changes in receivables	(70,708)	2,961
Changes in prepaid expenses	(25,997)	-
Decreases in accounts payable and accrued liabilities	235,811	78,376
Cash used in operating activities	(1,178,373)	(222,420)
Investing Activities		
Purchase of investment	(500,000)	-
Long term deposit	(35,000)	-
Purchase of property and equipment	(10,098)	-
Exploration and evaluation assets	(1,137,670)	(201,998)
Cash used in investment activities	(1,682,768)	(201,998)
Financing Activities		
Shares issued for cash, net of costs	3,669,756	890,115
Deposit for shares to be issued	5,000	-
Shareholder loan repayment	-	(186,419)
Cash provided by financing activities	3,674,756	703,696
Change in cash for the period	813,615	279,278
Cash, beginning	119,173	3,421
Cash, ending	932,788	282,699
Supplemental Disclosure of Non-Cash Activities		
Stock-based compensation included in exploration and evaluation assets	123,367	-
Exploration and evaluation costs included in accounts payable	100,076	-
Shares issued on exploration and evaluation acquisition	164,000	-
Exercise of options on account of exercise of options	21,000	-

The accompanying notes are an integral part of the condensed interim financial statements.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)*

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Jaxon Mining Inc. (formerly Jaxon Minerals Inc.) (the "Company") *(an Exploration Stage Company)* was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on November 6, 2006 and maintains its corporate head office at Suite 502 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5. The Company's common shares are listed on the TSX Venture Exchange (TSX.V: JAX) in Canada. The Company is principally engaged in the acquisition, exploration, and development of mineral properties as described herein.

These condensed interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. However, there are factors that management has identified that may cast significant doubt on the entities ability to continue as a going concern.

For the nine months ended October 31, 2017, the Company reported a net loss of \$1,934,480 (nine months ended October 31, 2016 – \$303,757) and an accumulated deficit of \$9,859,857 (January 31, 2017 - \$7,925,377). As at October 31, 2017, the Company had a working capital of \$1,104,066 (January 31, 2017 – \$8,633). The Company has no source of operating cash flow and relies on issuances of equity to finance operations, including exploration of its exploration and evaluation ("E&E") assets.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its E&E assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth, if necessary, or alternatively to dispose of its interests in certain properties. The outcome of these matters cannot be predicted at this time. If the Company is unable to obtain additional financing, the Company may be unable to continue as a going concern.

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 significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its E&E assets. The recoverability of amounts shown for E&E 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 E&E assets.

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 may be necessary should the Company 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.

On August 30, 2017 the Company changed its name to Jaxon Mining Inc. and completed a share split on the basis of 1.25 new common shares for every existing common share as previously announced on August 10, 2017. Outstanding common shares, options and warrants in these condensed financial statements have been adjusted on the basis of the same ratio.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)*

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standards 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended January 31, 2017, except as noted below. These unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended January 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were authorized for issue by the Company’s Board of Directors on December 28, 2017.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. The significant accounting judgements, estimates and assumptions in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in Note 2 of the Company’s audited financial statements as at and for the year ended January 31, 2017.

3. INVESTMENTS HELD FOR SALE

During the nine months ended October 31, 2017, as part of a joint venture agreement on the Stock Properties discussed in Note 6 below, the Company participated in a non-brokered private placement of Rotation Minerals Ltd. (“Rotation”), a company whose common shares are publicly traded and listed on the TSX Venture Exchange in Canada under the ticker symbol “ROT”. Pursuant to the terms of this non-brokered private placement, the Company received a total of 3,333,333 units of Rotation at a unit price of \$0.15 per unit, equating to a total investment of \$500,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase one common share at \$0.25 for a period expiring two years following the closing date of the private placement.

During the period, from the date of the purchase until October 31, 2017, there was minimal trading of Rotation shares, and therefore the Company was unable to conclude that the shares were being actively traded and that the closing price was an appropriate measure of fair value. Accordingly, the Company has measured the value of the units acquired based on the price paid as this was considered to be a more reliable measurement basis. Once these shares are actively traded, the Company will measure the shares and warrants at fair value using updated market data.

4. RECEIVABLES

As at October 31, 2017, the Company’s receivables comprised of \$76,942 in GST receivable (January 31, 2017 - \$6,234).

5. LONG TERM DEPOSITS

During the nine months ended October 31, 2017, the Company posted a reclamation security deposit totaling \$35,000 for exploration and reclamation activities within its Hazelton property with the Ministry of Energy, Mines and Petroleum Resources of British Columbia.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) (An Exploration Stage Company)**Notes to the Condensed Interim Financial Statements**

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

The table below outlines the expenditures for the nine months ended October 31, 2017 on exploration and evaluation assets for which the Company has an interest in:

	January 31, 2017	Additions	October 31, 2017
	\$	\$	\$
ST Silver-Gold Project, Yukon			
Acquisition costs	28,500	-	28,500
Geological services	5,000	-	5,000
Administration and maintenance	129	-	129
	33,629	-	33,629
Hazelton Project, British Columbia			
Acquisition costs	12,000	117,404	129,404
Administration and maintenance	-	13,293	13,293
Assaying and analysis	-	43,634	43,634
Camp costs, supplies, and logistics	1,603	24,064	25,667
Drilling and drilling related costs	-	5,824	5,824
Environmental review	-	2,205	2,205
Geological services	33,436	220,373	253,809
Project management	-	92,750	92,750
Property examination	-	603,214	603,214
Stock-based compensation	-	123,367	123,367
Travel	-	75,617	75,617
	47,039	1,321,745	1,368,784
Foremore and Wishbone Properties, British Columbia			
Acquisition costs	-	175,500	175,500
Legal	-	10,960	10,960
Assay and analysis	-	341	341
Property examination	-	16,567	16,567
	-	203,368	203,368
Total Exploration and Evaluation Assets:	80,668	1,525,113	1,605,781

The Company's interest in exploration and evaluation assets are located in the Yukon and British Columbia, Canada. The following discussion provides details on each of the projects and the option agreement particulars, where applicable.

a) ST Silver-Gold Prospect, Yukon

The Company owns a 100% interest in four strategic claims lying 120 km northwest of Whitehorse, Yukon. To earn the 100% interest, the Company paid the vendor \$1,000 and issued a total of 625,000 common shares of the Company with a fair value of \$27,500. The vendor also retained a 2% net smelter royalty ("NSR") on future production.

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Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

6. EXPLORATION AND EVALUATION ASSETS - *continued*

b) Hazelton Property, British Columbia

On October 7, 2016, the Company entered into an option agreement to purchase the Hazelton Property (“Hazelton”), located in the Price Creek valley of north-central British Columbia, approximately 55 km north of the town of Smithers. Under the terms of the option purchase agreement, the Company paid \$5,000 on signing and issued 125,000 common shares with a fair value of \$7,000. In addition, the Company agreed to issue 125,000 common shares for each of the next subsequent four years on the anniversary of the TSX Venture (“TSX-V”) acceptance and make cash payments of:

- \$10,000 on year one anniversary of TSX-V acceptance date (paid);
- \$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.

In October 2017, the Company issued 125,000 common shares with a fair value of \$27,500 in fulfillment of the terms of the option agreement at the one-year anniversary.

An advance royalty of \$5,000 per year shall 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 250,000 shares will be issued to the vendor.

The original project size of 2,396 hectares has been increased to 44,482 hectares through the Company's active staking and acquisition program within the area. In conjunction with this increase in land size, the Company agreed to issue a total of 375,000 common shares with a fair value of \$21,000 in February 2017.

c) More Creek Project (formerly the Foremore and Wishbone Properties)

Wishbone Property

On March 14, 2017, the Company signed a definitive agreement to purchase the gold - silver Wishbone Property. The 3,900-hectare property is located in northwestern British Columbia, Canada, approximately 30 km southeast of the NovaGold Resources Inc./Teck Resources Limited - owned Galore Creek property. The vendor retains a 2% NSR, which can be purchased by the Company at a rate of \$1,000,000 per each 1%.

Under the terms of the purchase agreement, the Company agreed to the following payments, share issuances, and other terms:

- \$10,000 (paid) and 125,000 common shares on signing (issued with a fair value of \$7,000);
- \$15,000 and 125,000 common shares on 1st anniversary;
- \$25,000 and 125,000 common shares on 2nd anniversary;
- \$25,000 and 125,000 common shares on 3rd anniversary;
- \$50,000 and 250,000 common shares on 4th anniversary;
- \$50,000 and 250,000 common shares on 5th anniversary;
- \$20,000 per year advanced royalty payments beginning on the 6th anniversary; and
- 250,000 common shares owed on commercial production

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Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

6. EXPLORATION AND EVALUATION ASSETS - *continued*

c) More Creek Project (formerly the Foremore and Wishbone Properties) - *continued*

Foremore Property

On August 16, 2017, the Company entered into an option agreement, where by Jaxon can earn a 100% interest in the Foremore Property (“Foremore”), which is located 45 km north of Barrick Gold Corporation’s legendary historic Eskay Creek Mine, in the heart of British Columbia’s famed Golden Triangle. The property adjoins Jaxon’s recently acquired Wishbone property, and the combined properties are now known as the More Creek Project.

Foremore consists of contiguous claims covering approximately 15,532 hectares. The terms of the agreement to acquire its 100% interest are as follows:

- \$5,000 on signing (paid);
- \$45,000 (paid) and 437,500 common shares on TSX-V approval (issued with a fair value of \$108,500);
- \$50,000 and 437,500 common shares on 1st anniversary (2018);
- \$75,000 and 500,000 common shares on 2nd anniversary (2019);
- \$125,000 and 562,500 common shares on 3rd anniversary (2020);
- \$200,000 and 625,000 common shares on 4th anniversary (2021); and
- \$200,000 and 625,000 common shares on 5th anniversary (2022).

Additionally, on commencement of commercial production from Foremore, the Company has agreed to pay \$2,500,000 in cash and issue 3,125,000 common shares.

d) Stock Properties, British Columbia

On August 29, 2017, the Company announced it has entered into a binding Letter of Intent to acquire a 75% interest in a joint-venture on the Stock Properties in British Columbia’s Golden Triangle. The Properties have been explored intermittently since 1921, with numerous tunnels and crosscuts, one extending 300 metres. Mineralization on the property includes silver, gold, tungsten, copper, lead and zinc in beds of a siltstone complex. Terms of the agreement include the Company spending a total of \$375,000 over 4 years on the Properties, and subscribing for 1,333,334 units of the optionor and joint-venture partner, Rotation at a price of \$0.15 per unit.

e) Hot Bath Project, British Columbia

The Company entered into an option agreement to acquire a 50% interest in the Hot Bath Project located in British Columbia, Canada, pursuant to which the Company issued 3,750,000 common shares with a fair value of \$75,000 during the year ended January 31, 2017. The Company also issued 375,000 common shares as finder’s fees with a fair value of \$7,500. In December 2016, the Company decided to terminate the option agreement and the costs associated with the acquisition and exploration and evaluation work to date were written off.

f) Other

On September 1, 2017, the Company announced that it has entered into a binding Letter of Intent (“LOI”) to acquire the historic Cronin silver-zinc-lead-gold Mine, located 27 kilometres north of Smithers, British Columbia, in BC’s Skeena Arch. Subsequent to October 31, 2017, the Company terminated the LOI under the terms stipulated in the agreement, and does not currently contemplate entering into any final definitive purchase agreement on these properties.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) (An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

7. RELATED PARTY TRANSACTIONS

Key management personnel of the Company are members of the Board of Directors, as well as the President and Chief Executive Officer and the Chief Financial Officer. Key management compensation includes consulting fees and benefits as follows:

	Nine Months Ended October 31, 2017	Nine Months Ended October 31, 2016
	-\$-	-\$-
Director fees ⁽ⁱ⁾	36,000	-
Management fees ⁽ⁱⁱ⁾	148,000	-
Consulting and advisory fees to key persons ⁽ⁱⁱⁱ⁾	232,851	-
Share-based payments to key persons ^(iv)	608,885	-

(i) The Company paid director and committee fees to the Company's Chairman of the Board.

(ii) The Company paid management fees to the Company's President and CEO.

(iii) The Company paid fees to key persons for strategic, geological and financial consulting.

(iv) Share-based payments are the fair value of options granted to key management and consultants as at the grant date. Included in the total stock-based payments to key persons is \$110,711 costs capitalized to evaluation and exploration assets.

As at October 31, 2017, included in accounts payable and accrued liabilities is \$234,041 (as at January 31, 2017 - \$77,411) payable to related parties for shared office space, administrative expenses, management fees, director fees and costs related to the Company's activities. During the nine months ended October 31, 2017, the Company paid a company with an officer and director in common a total of \$65,000 (nine months ended October 31, 2016 - \$45,000) for reimbursement of administrative expenses and costs related to the Company's activities.

During the nine months ended October 31, 2017, the Company paid interest and financing fees of \$23,928 on non-arm's length party loans which were repaid during the year ended January 31, 2017.

8. FLOW-THROUGH SHARE 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.

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

On August 30, 2017, the Company completed a common share split on the basis of 1.25 new common shares for every existing common share. All the share capital disclosure on these condensed interim financial statements are on a post share split basis. The Company's outstanding options and warrants were adjusted on the same basis as the common shares, with proportionate adjustments being made to the exercise prices. All share, option and warrant information have been retrospectively adjusted to reflect the share split.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)*

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL - *continued*

b) Private Placements and Share Issuances

During the nine months ended October 31, 2017, the Company completed a private placement of 10,578,930 units at a \$0.056 per unit for total gross proceeds of \$592,420. Each unit consisted of one common share of the Company and one share purchase warrant at \$0.096 per share exercisable for period of two years from the date of closing. In connection with this private placement, the Company paid finder's fees and regulatory expenses of \$31,487 in cash, issued 195,416 broker warrants and 159,316 option certificates. The option certificates entitled the holder to acquire an additional 159,316 units under the same terms of the original private placement at \$0.056 per unit. The broker warrants were issued under the same terms as the warrants issued in the private placement. The fair value of the option certificates and broker warrants totaled \$20,120 and was allocated to contributed surplus. The fair value of the option certificates and broker warrants was determined using the Black-Scholes pricing model with a risk-free rate of 0.76%, volatility factor of 115% and an expected life of two years.

During the nine months ended October 31, 2017, the Company completed a private placement of 10,112,000 units at a \$0.20 per unit for total gross proceeds of \$2,022,400. Each unit consisted of one common share and one-half common share purchase warrant, with a full warrant entitling the holder to acquire one additional common share for a 2-year period from the date of closing at an exercise price of \$0.28 per share. The Company paid finder's fees and regulatory expenses of \$45,098 in cash and issued 320,000 broker warrants, which entitle the holders to purchase 320,000 common shares of the Company at \$0.28 with expiry dates between one and two years. The fair value of the broker warrants totaled \$55,743 and was allocated to contributed surplus. The fair value of the broker warrants was determined using the Black-Scholes pricing model with risk-free rates ranging between 0.94% and 1.27%, volatility factors between 147% and 160% and an expected life of between one and two years. Included in subscriptions receivable as at October 31, 2017 is \$6,200 related to this placement, which was collected subsequent to the quarter ending.

During the nine months ended October 31, 2017, the Company completed a private placement of 2,491,665 units at a \$0.24 per unit for total gross proceeds of \$598,000, of which \$180,000 has been allocated to subscription receivable as at October 31, 2017. Each unit consisted of one common share and one-half common share purchase warrant, with a full warrant entitling the holder to acquire one additional common share for a 2-year period from the date of closing at an exercise price of \$0.304 per share. The Company paid finder's fees and regulatory expenses of \$57,427 in cash and issued 75,208 broker warrants, which entitle the holders to purchase 75,208 common shares of the Company at \$0.304 with expiry dates of two years from the date of closing. The fair value of the broker warrants totaled \$9,071 and was allocated to contributed surplus. The fair value of the broker warrants was determined using the Black-Scholes pricing model with a risk-free rate of 1.21%, volatility of 146% and an expected life of 2 years.

During the nine months ended October 31, 2017, the Company issued a total of 1,062,500 common shares with a fair value of \$164,000 for acquisition of projects as described in Note 6.

During the nine months ended October 31, 2017, the Company issued a total of 8,563,246 common shares on the exercise of 8,625,746 share purchase warrants, with the remaining 62,500 common shares issued subsequent to October 31, 2017. The Company received total gross proceeds of \$717,699, of which \$5,000 has been classified as shares to be issued. In connection with this exercise of warrants, the Company reclassified \$6,728 from contributed surplus to common shares, being the fair value related to certain warrants exercised.

During the nine months ended October 31, 2017, the Company issued a total of 1,418,750 common shares on exercise of the same number of options. The Company received total consideration of \$85,450, of which \$21,000 was applied against outstanding payables. In connection with this exercise of options, the Company reclassified \$52,741 from contributed surplus to common shares, being the fair value related to those exercised options.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) (An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL - continued

a) Private Placements and Share Issuances - continued

During the nine months ended October 31, 2016, the Company issued a total of 3,875,000 common shares with a fair value of \$154,538 related to the acquisition of projects described in Note 6. In addition, the Company issued 375,000 common shares as a finder's fee related to project acquisitions, with a fair value of \$15,000.

During the nine months ended October 31, 2016, the Company issued 13,000,000 units at \$0.056 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 \$0.08 per share for a period of one year. The Company paid finder's fees of \$29,400 and share issuance costs of \$7,422 related to this private placement.

b) Warrants

During the nine months ended October 31, 2017, the Company issued a total of 17,774,977 warrants and broker warrants at an average exercise price of \$0.17 in conjunction with the various financings and private placements entered into during the period. There were a total 8,625,746 warrants exercised during the period for a total of 8,563,246 common shares issued and gross proceeds of \$712,699. An additional 62,500 common shares were issued subsequent to the end of the period for which funds were received totaling \$5,000 prior to October 31, 2017 and was classified as shares to be issued. In conjunction with the exercise of these warrants, the fair value of certain warrants totaling \$6,728 was reclassified from contributed surplus to share capital at the time of exercise.

The following is a summary of warrant transactions during the nine months ended October 31, 2017 and for the year end January 31, 2017:

	Nine Months Ended October 31, 2017		Year Ended January 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning	6,500,000	\$ 0.080	-	\$ -
Issued	17,790,018	0.167	6,500,000	0.080
Exercised	(8,625,746)	0.083	-	-
Balance, ending	15,664,272	\$ 0.177	6,500,000	\$ 0.080

The following provides additional detail on the warrants outstanding and exercisable as at October 31, 2017:

Expiry date	Exercise Price	Warrants outstanding	Weighted average remaining contractual life in years
April 7, 2019	\$0.096	8,967,232	1.43
June 19, 2018	\$0.280	10,000	0.63
June 9, 2019	\$0.280	62,500	1.61
June 19, 2019	\$0.280	618,750	1.63
June 27, 2019	\$0.280	3,112,000	1.65
July 24, 2019	\$0.280	1,373,000	1.73
July 26, 2019	\$0.280	199,750	1.73
August 14, 2019	\$0.304	1,321,040	1.79
Totals:	\$0.177	15,664,272	1.54

JAXON MINING INC. (formerly Jaxon Minerals Inc.) (An Exploration Stage Company)**Notes to the Condensed Interim Financial Statements**

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL - continued**c) 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 nine months ended October 31, 2017, the Company granted a total of 5,737,009 stock options to various consultants, officers, and directors of the Company at a weighted average exercise price of \$0.203. During the same period, 1,418,750 options were exercised for total consideration of \$85,450, of which \$21,000 was applied against outstanding accounts payable. In connection with these exercises, the Company reclassified \$52,741 from contributed surplus to common shares, being the fair value of the options originally recorded on the grant date.

The following is a summary of option transactions during the nine months ended October 31, 2017 and for the year end January 31, 2017:

	Nine Months Ended October 31, 2017		Year Ended January 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	2,612,500	\$ 0.056	256,250	\$ 1.200
Issued	5,737,009	0.203	2,612,500	0.056
Exercised	(1,418,750)	0.060	-	-
Cancelled	-	-	(256,250)	(1.200)
Balance, ending	6,930,759	\$ 0.176	2,612,500	\$ 0.056

The following provides additional detail on the options outstanding and exercisable as at October 31, 2017:

Expiry date	Exercise Price	Options outstanding	Options exercisable	Weighted average remaining contractual life in years
September 1, 2018	\$0.056	1,756,250	1,756,250	0.84
November 10, 2018	\$0.056	312,500	312,500	1.03
February 14, 2019	\$0.056	731,250	731,250	1.29
April 23, 2019	\$0.068	500,000	500,000	1.48
May 16, 2019	\$0.112	250,000	250,000	1.54
June 15, 2019	\$0.248	260,759	260,759	1.62
August 9, 2019	\$0.264	150,000	150,000	1.77
September 16, 2019	\$0.315	2,550,000	2,362,500	1.88
October 26, 2019	\$0.230	420,000	420,000	1.99
Totals:	\$0.176	6,930,759	6,743,259	1.47

The Company amortizes the total fair value of options granted over their vesting schedule. The total compensation expense recognized for options granted during the period was \$740,368. Of the total compensation recorded, \$617,001 was charged to operations expense and \$123,367 was capitalized to exploration and evaluation assets. The options granted during the nine months ended October 31, 2017 were fair valued using the Black-Scholes option pricing model using weighted average risk-free interest rate of 1.22%, volatility of 147%, and expected life of two years.

JAXON MINING INC. (formerly Jaxon Minerals Inc.) *(An Exploration Stage Company)*

Notes to the Condensed Interim Financial Statements

For the three and nine months ended October 31, 2017

(Expressed in Canadian Dollars – Unaudited)

10. SUBSEQUENT EVENTS

- a) Subsequent to October 31, 2017, the Company closed a flow-through financing first announced on October 26, 2017. The Company raised a total of \$1,472,000 by issuing a total of 4,600,000 flow through shares at an issuance price of \$0.32 per share.
- b) Subsequent to October 31, 2017, the Company issued a total of 62,500 common shares for proceeds already received of \$5,000 and classified as shares to be issued as at October 31, 2017. Also after October 31, 2017, 50,000 options were exercised by a consultant of the Company for total consideration of \$5,600 and 850,000 warrants were exercised for total gross proceeds on exercise of \$72,000.