



JAXON MINING INC.
(An Exploration Stage Company)

**CONDENSED INTERIM FINANCIAL
STATEMENTS**

NINE MONTHS ENDED OCTOBER 31, 2018

Jaxon Mining Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	October 31,		January 31,
	2018		2018
Assets			
Current			
Cash	\$ 52,729	\$	1,292,065
Investments held for sale (Note 3)	225,874		1,874,287
Prepaid expenses	29,383		51,822
Receivables (Note 4)	263,274		125,811
	571,260		3,343,985
Non-Current			
Long-term deposits	35,000		35,000
Property and equipment	10,960		10,488
Exploration and evaluation assets (Note 5)	4,264,118		2,245,832
Total Assets	\$ 4,881,338	\$	5,635,305
Liabilities			
Current liabilities			
Accounts payable & accrued liabilities (Note 7)	\$ 606,847	\$	287,211
Flow-through shares premium liability (Note 6)	15,500		262,743
Total Liabilities	622,347		549,954
Shareholders' Equity			
Share Capital (Note 6)	\$ 14,191,287	\$	12,778,325
Share Subscriptions received (Note 6)	131,590		-
Share-based payment reserve	1,293,848		1,344,480
Deficit	(11,357,734)		(9,037,454)
Total Shareholders' Equity	4,258,991		5,085,351
Total Liabilities and Shareholders' Equity	\$ 4,881,338	\$	5,635,305

Nature of Operations and Going Concern - Note 1

Subsequent Events - Note 8

APPROVED ON BEHALF OF THE BOARD:

Signed "John King Burns", Director

DIRECTOR

Signed "Yingting (Tony) Guo", Director

DIRECTOR

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

Jaxon Mining Inc.
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	<u>Three months ended Oct. 31,</u>		<u>Nine months ended Oct. 31,</u>	
	2018	2017	2018	2017
Expenses				
Advertising	\$ -	\$ 7,492	\$ 5,298	\$ 12,076
Amortization	2,274	-	6,823	-
Consulting fees	46,727	71,965	127,604	94,278
Corporate Development	37,000	40,495	147,209	181,795
Director fees	18,000	36,000	54,000	36,000
Management fees	25,000	42,000	89,000	148,000
Marketing and IR	27,932	370,601	223,815	549,932
Office and miscellaneous	19,254	8,758	62,499	26,323
Professional fees	8,313	27,351	15,139	43,132
Regulatory, Filing and transfer agent fees	5,742	21,506	31,133	55,927
Rent	16,730	-	38,284	-
Share-based compensation	-	617,001	26,678	617,001
Travel and entertainment	37,636	163,702	168,292	170,016
Loss from operations	(244,608)	(1,406,871)	(995,774)	(1,934,480)
Unrealized loss on investment available for sale	(248,474)	-	(1,570,263)	-
Realized loss on investment available for sale	-	-	(1,486)	-
Recovery of flow-through liability	26,768	-	247,243	-
Total loss and comprehensive loss for the year	\$ (466,314)	\$ (1,406,871)	\$ (2,320,280)	\$ (1,934,480)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.04)
Weighted average number of common shares outstanding (Note 6)	83,052,700	56,501,384	78,803,117	51,154,042

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

Jaxon Mining Inc.
Condensed Interim Statements of Changes in Equity
For the six months ended July 31, 2018 and 2017
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Share-based payment reserve	Share- subscription received	Share- subscription receivable	Accumulated Deficit	Total
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)
Share-based payments	-	-	740,368	-	-	-	740,368
Common shares issued for private placement	23,182,595	3,212,820	84,934	-	(186,200)	-	3,111,554
Common shares issued for exploration and evaluation assets	1,062,500	164,000	-	-	-	-	164,000
Common shares issued for the exercise of warrants	8,563,246	719,427	(6,728)	5,000	-	-	717,699
Common shares issued for the exercise of stock options	1,418,750	138,191	(52,741)	-	-	-	85,450
Share issuance costs	-	(218,947)	-	-	-	-	(218,947)
Balance - October 31, 2017	70,404,835	\$ 11,500,567	\$ 1,295,435	\$ 5,000	\$ (186,200)	\$ (9,859,857)	\$ 2,754,945
Balance - January 31, 2018	75,992,334	\$ 12,778,325	\$ 1,344,480	\$ -	\$ -	\$ (9,037,454)	\$ 5,085,351
Net loss for the period	-	-	-	-	-	(2,320,280)	(2,320,280)
Common shares issued for private placement	8,435,500	1,012,260	-	131,590	-	-	1,143,850
Common shares issued for the exercise of warrants	1,346,000	146,961	(6,245)	-	-	-	140,716
Common shares issued for the exercise of stock options	1,756,250	175,534	(77,184)	-	-	-	98,350
Common shares issued for exploration and evaluation assets	787,500	99,000	-	-	-	-	99,000
Share-based payments	-	-	26,678	-	-	-	26,678
Share issuance costs	-	(20,793)	6,119	-	-	-	(14,674)
Balance - October 31, 2018	88,317,584	\$ 14,191,287	\$ 1,293,848	\$ 131,590	\$ -	\$ (11,357,734)	\$ 4,258,991

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

Jaxon Mining Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Nine Months Ended October 31,	
	2018	2017
Cash flows from operating activities		
Loss for the period	\$ (2,320,280)	\$ (1,934,480)
Items not affecting cash:		
Amortization	6,823	-
Share-based compensation	26,678	617,001
Recovery of flow-through share liability	(247,243)	-
Unrealized loss on revaluation of investment	1,570,263	-
Increase in investment held for sale		
Net changes in non-cash working capital items:		
(Increase) in receivables	(132,323)	(70,708)
Decrease in prepaid expenses	22,439	(25,997)
(Decrease) in accounts payable & accrued liabilities	(65,183)	235,811
Net cash used in operating activities	(1,138,826)	(1,178,373)
Cash flows from investing activities		
Purchase of investment held for sale	-	(500,000)
Long term deposit	-	(35,000)
Purchase of property and equipment	(12,435)	(10,098)
Partial disposal of investment held for sale	78,151	-
Exploration and evaluation assets	(1,633,468)	(1,137,670)
Net cash used in investing activities	(1,567,752)	(1,682,768)
Cash flows from financing activities		
Shares issued for cash, net of costs	1,335,652	3,669,756
Shares issued for acquisitions, net of costs	-	5,000
Share subscriptions received for shares to be issued	131,590	-
Net cash provided by financing activities	1,467,242	3,674,756
Net change in cash for the period	(1,239,336)	813,615
Cash - beginning of the period	1,292,065	119,173
Cash - end of the period	\$ 52,729	\$ 932,788

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

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Jaxon Mining 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 1100– 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 condensed interim 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 deficit of \$51,087 as at October 31, 2018 (January 31, 2018 surplus of \$2,794,031) and an accumulated deficit of \$11,357,734 (January 31, 2018 - \$9,037,454). 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

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, 2018.

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, 2018, 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 December 28, 2018.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

3. INVESTMENTS HELD FOR SALE

During the year ended January 31, 2018, as part of a joint venture agreement on the Stock Properties discussed in Note 7 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. At January 31, 2018, the fair value of the shares was \$1,200,000, and of the warrants was \$674,287, for total fair value of \$1,874,287. In May 2018, 521,000 shares were disposed of for net proceeds of \$76,664 and included a realized loss on disposal of \$1,486. At October 31, 2018, the fair value of the remaining shares (2,812,333) was \$210,925 and of the warrants was \$14,949 for a total fair value of \$225,874, which resulted in an unrealized loss on revaluation of \$1,570,263. The fair value of the warrants was estimated using the Black Scholes Option Pricing Model with the following assumptions: risk-free rate of 1.88%, expected life of 0.75 years, expected volatility of 100%, and dividend yield of nil.

4. RECEIVABLES

At October 31, 2018, the Company's receivables were comprised of \$141,455 (January 31-2018 – \$Nil) in BC Mining Exploration Tax Credit ("BC METC"), (a government assistance program that gives refundable tax credits at 20% (30% in certain circumstances) of certain qualified mining exploration expenditures), \$103,844 in GST receivable (January 31, 2018 – \$125,811) and \$17,975 due from other parties (January 31, 2018 - \$Nil).

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

At October 31, 2018 and January 31, 2018, the Company's interests in exploration and evaluation assets cumulative expenditures incurred are as follows:

	January 31, 2018	Additions	Oct. 31, 2018
ST Silver-Gold Prospect, Yukon:			
Acquisition costs	\$ 28,500	\$ -	\$ 28,500
Geological services	5,000	-	5,000
Filing fees	840	-	840
Field expenses	(711)	-	(711)
	33,629	-	33,629
Hazelton Property, British Columbia:			
Acquisition costs	80,500	45,250	125,750
Administration and maintenance	93,867	74,224	168,091
Assaying and analysis	79,845	93,739	173,584
Camp costs, supplies and logistics	148,528	321,424	469,952
Drilling and drilling related costs	371,499	209,899	581,398
Environmental review	2,205	11,340	13,545
Geological services	271,419	566,704	838,123
Property examination	581,611	-	581,611
Project management	128,150	115,800	243,950
Stock-based compensation	141,756	-	141,756
Travel	77,780	541,393	619,173
	1,977,160	1,979,773	3,956,933
More Creek Project, British Columbia:			
Acquisition costs	175,500	146,250	321,750
Administration and maintenance	-	368	368
Geological services	10,675	33,350	44,025
Legal	10,960	-	10,960
Assay and analysis	341	-	341
Property examination	16,567	-	16,567
	214,043	179,968	394,011
Stock Property, British Columbia:			
Geological services	21,000	-	21,000
	21,000	-	21,000
Cost recovery - BC METC (Note 4)	-	(141,455)	(141,455)
Total Exploration and Evaluation Assets:	\$ 2,245,832	\$ 2,018,286	\$ 4,264,118

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS - *continued*

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.

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 (paid);
- \$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, and in October 2018, the Company issued 125,000 shares with a fair value of \$16,250 in fulfillment of the terms of the option agreement at the two-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.

On April 23, 2018, the Company entered into an option agreement to add six more claims with the following required payments:

- \$10,000 (paid) and issuing 100,000 shares (issued with a fair value of \$11,150) following TSX-V approval
- \$5,000 and 50,000 shares on year one anniversary of TSX-V acceptance date;
- \$5,000 and 50,000 shares on year two of anniversary of TSX-V acceptance date;
- \$5,000 and 50,000 shares on year three of anniversary of TSX-V acceptance date; and

An NSR of 2% on production can be purchased for \$1,000,000 for each percent. In the event of commercial production, a further payment of \$50,000 and 50,000 shares will be issued to the vendor.

The original project size of 2,396 hectares has been increased to 42,244 hectares through the Company's active staking and acquisition program within the area. In conjunction with this acquisition program, the Company previously issued a total of 375,000 common shares with a fair value of \$21,000 in February 2017 along with a 1% NSR.

In August 2018, the Company completed the acquisition of a single exploration licence adjacent to the Hazelton Property. Terms of the acquisition included the payment of \$2,000 (paid) and granting of a 2% Net Smelter Royalty, subject to a buyback right of \$1,000,000 for 1%.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS - *continued*

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 3,971-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 \$1,000,000.00 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 (paid) and 125,000 common shares (issued with a fair value of \$14,375) 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

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 20,588 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 (issued with a fair value of \$108,500);
- \$50,000 (paid) and 437,500 common shares (issued with a fair value of \$56,875) 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.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS - *continued*

e) 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. 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.

6. SHARE CAPITAL

a) Authorized:

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.

b) Issued:

At October 31, 2018, there are 88,317,584 common shares issued and outstanding (January 31, 2018 - 75,992,334).

c) Private Placements and Share Issuances

Share capital transactions were as follows:

Nine months ended October 31, 2018

During the nine months ended July 31, 2018, the Company issued a total of 787,500 common shares with a fair value of \$99,000 for acquisition of projects as described in Note 5.

During the nine months ended July 31, 2018, the Company issued a total of 1,346,000 common shares on the exercise of 1,346,000 share purchase warrants. The Company received cash consideration of \$124,396, and settlement of \$16,320 of outstanding payables. In connection with these exercises of warrants, the Company reclassified \$6,245 from contributed surplus to common shares, being the fair value related to certain warrants exercised.

During the nine months ended July 31, 2018, the Company issued a total of 1,756,250 common shares on exercise of the same number of stock options. The Company received cash consideration of \$98,350. In connection with this exercise of options, the Company reclassified \$77,184 from contributed surplus to common shares, being the fair value related to those exercised options.

On July 20, 2018, the Company completed a private placement of 4,059,500 units at \$0.12 per unit for total gross proceeds of \$487,140. 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 \$0.20 per share. The Company paid finder’s fees of \$14,674 in cash and issued 95,200 broker warrants, which entitle the holders to purchase 95,200 common shares of the Company at \$0.20 with an expiry date of two years. The fair value of the broker warrants was \$6,119 and determined using the Black-Scholes pricing model with a risk-free rate of 1.77%, volatility of 133% and an expected life of 2 years.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

6. SHARE CAPITAL - *continued*

On October 3, 2018, the Company completed the first tranche of a private placement first announced on September 21, 2018 consisting of 4,376,000 units at \$0.12 per unit for total gross proceeds of \$525,120. 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 \$0.20 per share. Additionally, a total of \$131,590 was received by the Company as of October 31, 2018 which were for share subscriptions which closed subsequent to the period.

Year ended January 31, 2018

On April 21, 2017, the Company completed a private placement of 10,578,930 units at \$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.

On July 18, 2017, the Company completed a private placement of 10,112,000 units at \$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.

On August 11, 2017, the Company completed a private placement of 2,491,665 units at \$0.24 per unit for total gross proceeds of \$598,000. 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.

On December 4, 2017, the Company completed a private placement of 4,599,999 flow-through shares at \$0.32 per flow-through share for total gross proceeds of \$1,472,000. The Company paid finder's fees and regulatory expenses of \$31,289 in cash. The Company recorded a flow-through premium liability \$289,500 for the difference between the fair value of its common shares and the issuance price of its flow-through common shares.

During the year ended January 31, 2018, 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 year ended January 31, 2018, the Company issued a total of 9,375,746 common shares on the exercise of 9,375,746 share purchase warrants. The Company received total gross proceeds of \$789,699. 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.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

6. SHARE CAPITAL - *continued*

During the year ended January 31, 2018, the Company issued a total of 1,718,750 common shares on exercise of the same number of options. The Company received cash consideration of \$80,700, \$750 in receivable (subsequently paid), and settlement of \$26,600 outstanding payables. In connection with this exercise of options, the Company reclassified \$65,602 from contributed surplus to common shares, being the fair value related to those exercised options.

Warrants

The following is a summary of option and warrant transactions during the nine-months ended October 31, 2018 and the year ended January 31, 2018:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, January 31, 2017	6,500,000	\$ 0.080
Issued	17,727,518	\$ 0.167
Exercised	(9,375,746)	\$ 0.084
Outstanding, January 31, 2018	14,851,772	\$ 0.181
Issued	4,312,950	\$ 0.200
Expired	(10,000)	\$ 0.280
Exercised	(1,346,000)	\$ 0.105
Outstanding, October 31, 2018	17,808,722	\$ 0.190
Number currently exercisable	17,808,722	\$ 0.190

The following summarizes information about the warrants outstanding at October 31, 2018:

Expiry date	Exercise Price	Warrants outstanding	Weighted average remaining contractual life in years
April 7, 2019	\$ 0.10	6,933,732	0.43
June 19, 2019	\$ 0.28	618,750	0.63
June 27, 2019	\$ 0.28	3,112,000	0.65
July 24, 2019	\$ 0.28	1,373,000	0.73
July 26, 2019	\$ 0.28	199,750	0.73
August 14, 2019	\$ 0.30	1,258,540	0.79
June 11, 2020	\$ 0.20	2,124,950	1.61
October 3, 2020	\$ 0.20	2,188,000	1.93
Totals	\$ 0.19	17,808,722	0.86

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

6. SHARE CAPITAL - continued

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, 2018, the Company did not grant any stock options.

During the year ended January 31, 2018, the Company granted 5,317,009 stock options directors, officers and consultants of the Company at a weighted average exercise price of \$0.20 per common share for a period of two years. The fair values of the options granted were determined to be \$760,126 using the Black Scholes Option Pricing Model with the following assumptions: Risk-free rate of 0.65%-1.59%; Expected life of 2 years; Expected volatility of 142%-158% and dividend yield of nil. During the year ended January 31, 2018, 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 nine-months ended October 31, 2018 and the year ended January 31, 2018:

	Stock Options	
	Number	Weighted Average Exercise Price
Outstanding, January 31, 2017	2,612,500	\$ 0.056
Issued	5,317,009	\$ 0.200
Exercised	(1,718,750)	\$ 0.063
Outstanding, January 31, 2018	6,210,759	\$ 0.178
Forfeited	(3,679,509)	\$ 0.230
Exercised	(1,756,250)	0.056
Outstanding, October 31, 2018	775,000	\$ 0.190
Number currently exercisable	775,000	\$ 0.190

The following summarizes information about stock options outstanding at October 31, 2018:

Expiry date	Exercise Price	Options outstanding	Options exercisable	Weighted average remaining contractual life in years
February 14, 2019	\$ 0.056	375,000	375,000	0.29
September 16, 2019	\$ 0.315	400,000	400,000	0.87
Totals	\$ 0.216	775,000	775,000	0.87

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.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

6. -SHARE CAPITAL - continued

Flow-Through Premium Liability

The following is a continuity of the liability portion of the flow-through share issuances:

Balance as at January 31, 2017	\$	15,500
Flow-through premium liability		276,000
Settlement of flow-through share premium liability pursuant to qualified expenditure		(28,757)
Outstanding, January 31, 2018	\$	<u>262,743</u>
Settlement of flow-through share premium liability pursuant to qualified expenditure		(247,243)
Outstanding, October 31, 2018	\$	<u>15,500</u>

7. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are the Directors, Chief Executive Officer, Chief Financial Officer, Vice President, Exploration and Project Manager.

During the nine months ended October 31, 2018, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

- Paid/Accrued \$92,000 (2017 – \$148,000) in management fees to the president of the Company; and
- Paid/Accrued \$112,785 (2017 – \$45,000) in shared office and administrative fees to a company with an officer in common with the Company;
- Paid/Accrued \$51,000 (2017-\$36,000) in director fees.
- Paid/Accrued \$181,028 (2017-\$70,130) in consulting fees towards exploration and evaluation assets.
- Paid/Accrued \$5,500 (2017-\$222,795) in consulting and advisory fees
- Issued \$Nil \$(2017-\$608,885) in share-based payments.

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

	<u>Nine months ending October 31</u>	
	2018	2017
Management fees	\$ 92,000	\$ 148,000
Director fees	51,000	\$ 36,000
Consulting fees in Exploration & Evaluation Assets	181,028	\$ 70,130
Share-based payments in Exploration & Evaluation Assets	-	\$ 110,711
Share-based payments	-	\$ 498,174
Consulting and advisory	5,500	\$ 222,795
Totals	\$ 329,528	\$ 1,085,810

As at October 31, 2018 included in accounts payable and accrued liabilities is \$190,572 (January 31, 2018 – \$164,888) due to related parties.

Jaxon Mining Inc.

Notes to the Condensed Interim Financial Statements

For the nine-month period ended October 31, 2018

(Expressed in Canadian dollars)

8. SUBSEQUENT EVENTS

- Subsequent to October 31, 2018, the Company completed the final tranche of the private placement first announced on September 21, 2018 consisting of 3,753,100 units at \$0.12 per unit for total gross proceeds of \$450,372. 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 \$0.20 per share.