PPX Mining Corp.

(Formerly Peruvian Precious Metals Corp.)

Management's Discussion and Analysis of Financial Condition and Results of Operation

For the year ended September 30, 2016

This Management's Discussion and Analysis ("MD&A") is dated January 30, 2017 and is management's assessment of the operations and the financial results together with future prospects of PPX Mining Corp. ("PPX" or the "Company"). The Company changed its name to PPX Mining Corp. from Peruvian Precious Metals Corp. on August 4, 2016. The Company has its shares listed on the TSX Venture Exchange and the Lima Stock Exchange (Bolsa De Valores de Lima), both under the symbols "PPX". This MD&A should be read in conjunction with the Company's audited consolidated financial statements of the Company for the year ended September 30, 2016 and related notes, prepared in accordance with International Financial Reporting Standards. Additional information relevant to the Company's activities, including the Company's press releases can be found on SEDAR at www.sedar.com and on the Company's website at (www.ppxmining.com).

All references to "dollars" or "$" are in Canadian dollars unless noted otherwise.

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of PPX to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of PPX should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

1. Company Highlights and Outlook

The Company is focused on exploring and developing the Igor property, located in Peru, South America.

Igor is the Company's main project with a Canadian National Instrument 43-101 Inferred resource estimate (the Callanquitas resource estimate) of 730,500 gold equivalent "Au Eq" ounces consisting of 7.2 million tonnes grading 1.9 grams per tonne (g/t) gold and 71.8 g/t silver; which equates to 3.16 Au Eq g/t using a cut-off grade of 1.5 Au Eq g/t. This represents 448,500 ounces of gold and 16,600,000 ounces of silver. The report amended on September 27, 2013 can be viewed on SEDAR at ww.sedar.com or on the Company's web site at www.ppxmining.com.

The Company's objective is to continue to expand and upgrade the known gold and silver resources on the Igor Project and explore other targets along the approximately eight kilometres of undrilled gold and silver mineralized structure for additional potentially economically mineralized zones. In August 2014, the Company signed an agreement with Proyectos La Patagonia S.A.C. ("Patagonia"), a wholly-owned subsidiary of the Explora Peru Mining Group, Peru to conduct underground bulk sampling and test mining in order to develop mining cost profiles, evaluate precious metal recoveries and validate the resource model. The Company's ability to complete this program and to continue to advance the Igor Project on the short and longer term is dependent on additional funding, retaining suitable qualified and professional personnel and maintaining costs appropriate for the Company's level of development.

On October 16, 2015, the Company issued 1,050,000 common shares at a value of $94,500 as part of a debt settlement with a former director.

On December 3, 2015, the Plan de Minado, the key permit to begin test mining operations at Igor on the Callanquitas structure, was submitted to the Federal Ministry of Energy and Mines by the Regional Government Ministry of Energy and Mines in La Libertad ("GREMH-LL") for review and comments. Upon approval of the Plan de Minado, Patagonia would be eligible to receive their Certificate of Mine Operations ("COM") followed by their Explosives Permit. On February 8, 2016, the Federal Ministry of Energy and Mines and the Regional Government Ministry of Energy and Mines in La Libertad approved the Plan de Minado, which allowed Patagonia to start its test mining program.

On December 3 2015, AM Mining SAC ("AMM") of Lima, Peru, who have partnered with the Company to construct a 350 tpd conventional milling and processing plant at the Igor Project, signed a contract with Asesores y Consultores Mineros S.A. as the lead permitting consultant for the permitting process for the processing plant.

On December 18, 2015, the Company announced that it had appointed Miguel Fernando Arias Vargas to its Board of Directors and that Luis Felipe Arizmendi has resigned from the Board of Directors.

On December 31, 2015 and January 22, 2016, the Company closed a non-brokered private placement issuing 3,772,500 units at a price of $0.10 per unit for gross proceeds of $377,250.

On January 22, 2016, the Company closed a non-brokered private placement of a convertible debenture in the principal amount of US$100,000 to a director of the Company due on October 22, 2016 and with an interest rate of 12% per annum. On September 27, 2016, the Company settled a US$100,000 convertible debenture by issuing 2,768,000 common shares at a price of $0.125 per share valued at $346,000.

During March 2016, the Company entered into three loan agreements in the aggregate principal amount of $184,588 with two directors and an immediate family member of a director. The loans bore interest at 12% per annum and were due on July 30, 2016. In July 2016, the Company repaid the principal amounts of these loans and accrued interest was forgiven.

On June 24, 2016, the Company announced that Patagonia has begun the process of mobilizing workers, material and equipment to the Igor Project site. Patagonia will be responsible for mine camp operations and upgrading access to the proposed mine portals, developing additional road access within the mine site and starting leveling area for stockpiling and maintenance facilities.

On July 22, August 4 and August 11, 2016, the Company closed three tranches of a non-brokered private placement issuing 57,500,000 units at a price of $0.05 per unit for gross proceeds of $2,875,000.

On August 15, 2016, Patagonia received the Certificado de Operación Minera ("COM" or Certificate of Mining Operation) from the Gobierno Regional La Libertad in Peru (Regional Government of La Libertad). The COM enables Patagonia to proceed with mining operations at the Igor Project and advance the development of test mining on the Callanquitas structure. Patagonia has already mobilized mining equipment to the site including a dozer, LHD, supply and fuel storage facilities, mechanical support equipment, and personnel. After completing the administrative process required for the Permisos Explosivos (Explosives Permit), work will begin preparing the portals for two underground ramps that will be driven on the 3390 and 3440 levels of the upper portion of the Callanquitas structure. Going forward, the area of test mining operations will be referred to as "Mina Callanquitas".

On September 30, 2016, the Company settled the US$200,000 convertible debenture plus accrued interest of US$26,058 by issuing 2,876,619 common shares at a price of $0.115 per common share valued at $330,811.

On September 30, 2016, the Company issued 618,084 common shares valued at $71,080 as part of debt settlement agreements of $64,899 with two directors and a consultant.

Subsequent to September 30, 2016, on October 11, 2016, the Company closed an agreement with RIVI Opportunity Fund LP ("RIVI") to provide the Company with an investment of US$5,000,000 in return for a Metal Purchase Agreement ("MPA" or "Gold Streaming Agreement") on future precious metal production from the Company's Igor 4 concession, at its Igor Project in northern Peru. The Company has received its first tranche payment US$2,500,000.

Subsequent to September 30, 2016, on October 13, 2016, the Company issued 7,635,914 common shares for exploration work on the Igor concession.

Subsequent to September 30, 2016, on October 26, 2016, Patagonia received the Permiso du Uso de Explosivos ("Explosives Use Permit") from the Peruvian Superintendencia Nacional de Seguridad, Armas, Municiones y Explosivos de Uso Civil ("SUCAMEC, National Superintendent of Security, Firearms, Munitions and Explosives for Civil Use"), allowing Patagonia to begin underground operations at Mina Callanquitas. The Explosives Use Permit was presented to the Gobierno Regional de La Libertad (Regional Government of La Libertad) in order to receive the Autorizacion Inicio de Actividades ("AIA" or "Authorization to Begin Activities") and Patagonia will then begin underground operations at Mina Callanquitas.

Subsequent to September 30, 2016, on October 26, 2016, the Company commenced the underground test mining and bulk sampling at the 3390 level of Mina Callanquitas. The Company intends to accelerate mine development by starting additional ramp on the 3440 level and is expected to continue with bulk sampling activities throughout 2017. The Company plans to utilize the economic, engineering, and technical data generating during the test mining and bulk-sampling program as the basis for a Pre Feasibility Study (PFS) to evaluate the economics of potential future mining operations at Mina Callanquitas. On October 31, 2016, the Company announced Patagonia shipped its first bulk samples of approximately 200 tonnes from Mina Callanquitas to a nearby toll for processing.

Subsequent to September 30, 2016, on November 1, 2016, the Company granted 15,036,000 stock options to certain directors, officers and employees. The stock options have an exercise price of $0.10 per share and a life of 5 years.

Subsequent to September 30, 2016, on December 13, 2016, the Company closed a non-brokered private placement issuing 125,000,233 units at a price of $0.06 per unit for gross proceeds of $7,500,014.

Subsequent to September 30, 2016, on December 19, 2016, the Company announced that Patagonia has provided the Company with a report of operations at Mina Callanquitas since the inception of mining activity on October 26 through the end of November 2016. Highlights of the operations update are provided in the section entitled "Exploration and Evaluation Assets".

Complete details of the Company's activities can be found in the sections entitled "Exploration and Evaluation Assets" and "Corporate and Financing" of the MD&A below.

2. Results of Operations

Selected Annual Information

The following selected financial data with respect to the Company's financial condition and results of operations has been derived from the audited consolidated financial statements of the Company for the years ended September 30, 2016, 2015 and 2014. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

	Year ended September 30, 2016 $	Year ended September 30, 2015 $	Year ended September 30, 2014 $
Revenue	**-**	-	-
Change in derivative liability	**(624,666)**	(744,740)	884,624
Interest income	**-**	-	(57,006)
Interest expense	**219,736**	645,077	105,728
Net loss for the year	**(1,780,922)**	(2,422,382)	(5,337,489)
Loss per share – Basic and diluted	**0.01**	0.01	0.04
Total Assets	**8,314,347**	7,730,630	130,362
Total long-term liabilities	**16,714**	16,431	17,137

Summary of Quarterly Information

The following table sets out selected quarterly financial data from the Company's unaudited quarterly financial statements. There were no significant revenues reported in any of the periods reflected below.

	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $	December 31, 2015 $
Total revenue	**Nil**	Nil	Nil	Nil
Net loss	**(798,035)**	(428,770)	(260,636)	(293,481)
Loss per share	**(0.01)**	(0.00)	(0.00)	(0.00)
	September 30, 2015 $	June 30, 2015 $	March 31, 2015 $	December 31, 2014 $
Total revenue	**Nil**	Nil	Nil	Nil
Net income (loss)	**(2,130,322)**	(71,580)	(322,698)	102,218
Income (loss) per share	**(0.01)**	(0.00)	(0.00)	0.00

The following are the operational results for the years ended September 30, 2016 and 2015:

	Years ended September 30	
	2016	2015
	$	$
Communication and regulatory	**(157,074)**	(130,151)
Consulting fees, salaries and benefits	**(802,565)**	(809,438)
Depreciation	**(23,443)**	(9,914)
Foreign exchange gain (loss)	**75,307**	(405,327)
Office and miscellaneous	**(132,601)**	(218,544)
Peruvian VAT recovery	**-**	968,788
Premises	**(67,572)**	(63,106)
Professional fees	**(271,841)**	(348,326)
Share-based payments	**(512,185)**	(525,331)
Travel and promotions	**(231,610)**	(182,223)
Write-down of exploration and evaluation assets	**-**	(218,159)
Interest expense	**(219,736)**	(645,077)
Change in fair value of derivative liability	**624,666**	744,740
Loss on settlement of debt	**(59,417)**	(474,678)
Transaction costs	**(2,851)**	(105,636)
Net loss for the year	**(1,780,922)**	(2,422,382)

Year ended September 30, 2016

The Company recorded a net loss of $1,780,922 ($0.01 per share) for the year ended September 30, 2016 as compared to a net loss of $2,422,382 ($0.01 per share) for the year ended September 30, 2015.

The most significant changes were:

Office and miscellaneous of $132,601 (2015 - $218,544). Office and miscellaneous, including those related to Peru decreased due to a reduction of business activities.

Peruvian VAT recovery of $nil (2015 - $968,788). Expenses incurred by the Company in Peru, including deferred exploration expenses, are subject to a Peruvian Value Added Tax ("VAT"). The VAT is partially refundable. The amount not refundable to the Company can be used in the future to offset amounts due to the Peruvian Revenue Service by the Company resulting from VAT charged on future sales. Prior to September 30, 2014, the Company recorded a liability for the refunds received on the basis that the regulations in Peruvian law that give rise to the VAT refund were technical and under certain circumstances may give rise to a repayment. During the year ended September 30, 2015, the Company re-assessed the likelihood of being requested for repayment and determined that it was no longer necessary to continue to record this liability. As such the liability was reversed.

Professional fees of $271,841 (2015 - $348,326). Professional fees, including accounting, audit and legal fees, decreased as a result of a reduction of general corporate matters.

Travel and promotions of $231,610 (2015 – $182,223). Travel and promotions includes travel and meals and entertainment increased as a result of increased travel to Peru to oversee project activities and increased investor relations activities for raising financing.

Write-down of exploration and evaluation assets of $nil (2015 – $218,159). Mineral property interest expenditures relate to the Company's Igor Project in Peru and were being written down due to the fact that no substantive expenditures on further exploration for and evaluation of mineral resources were budgeted or planned. During third quarter of the 2015 fiscal year, the Company started to capitalize the exploration and evaluation expenditures on the mineral resources again, as management determined that it can carry out its intended plan with respect to the Igor Project.

Interest expense of $219,736 (2015 - $645,077). Interest expense consists of accrued interest and accretion expense on the Company's loans from related parties, convertible debentures and promissory note, as a result of the Company amortizing the discount on the convertible debentures and promissory note as well as incurring interest expense. The interest expense for the year ended September 30, 2016 is lower compared to the 2015 fiscal year, due to the fact that the total principal balances generating the interest which are comprised of US$215,000 and $33,000 in 2016 and are lower compared to US$1,000,000 in 2015.

Change in fair value of derivative liability of $624,666 (2015 – $744,740). On August 15, 2014, March 26, 2015 and January 22, 2016, the Company entered into agreements to issue convertible debentures for proceeds of US$800,000, US$200,000 and US$100,000 respectively. On June 8, 2015, the Company also entered into a promissory note agreement for proceeds of US$1,129,305, which is payable by the greater of cash payment of US$1,129,305 or 12,344,782 common shares of the Company. The conversion feature of the convertible debentures and repayment feature of the promissory note meet the definition of a derivative liability as outlined in IAS 39. As a result, the conversion feature of the debentures and repayment feature of the promissory note are required to be recorded as a derivative liability at fair market value on initial recognition and revalued on each subsequent reporting date with the changes in future fair value of the derivative liability being recorded in profit and loss. The change in fair value of derivative liability during the year ended September 30, 2016 was a gain of $624,666.

Loss on debt settlement of $59,417 (2015 – $474,678). The loss on debt settlement is mainly pursuant to settling three loan agreements with the principal amounts of US$100,000, $33,000 and US$15,000, settled the US$100,000 convertible debenture by issuing 2,768,000 common shares at $346,000, resulting in a loss on conversion of $35,193, settling the US$200,000 convertible debenture and accrued interest of US$26,058 by issuing 2,876,619 common shares at $330,811 resulting in a loss on conversion of $34,291, issuing 1,050,000 common shares at a value of $94,500 as part of a debt settlement resulting in a gain on debt settlement of $10,500, and issuing 618,084 common shares valued at $71,080 as part of debt settlement agreements of $64,899 resulting in a loss on debt settlement of $6,181.

Transaction costs of $2,851 (2015 - $105,636). Transaction costs incurred in 2016 relate to legal and filing fees for the US$100,000 convertible debenture received during 2016. Transaction costs incurred in 2015 related to legal and filing fees for the US$200,000 convertible debenture received during 2015, as well as finder's fees incurred for assistance by an arm's length party for settling the US$800,000 convertible debenture.

Fourth Quarter

The Company recorded a net loss of $798,035 ($0.01 per share) for the three months ended September 30, 2016 as compared to a net loss of $2,130,322 ($0.01 per share) for the three months ended September 30, 2015. The loss in the three months ended September 30, 2016 is significantly lower as compared to the loss in the three months ended September 30, 2015, due to the fact that the most significant components of the loss in the three months ended September 30, 2015 was the loss on debt settlement of $474,678, a foreign exchange loss of $309,007, and a change in fair value of derivative liability of $618,224, while for the 2016 fiscal period, the loss on debt settlement was $59,417 and the change in fair value of derivative liability was $169,786.

3. Exploration and Evaluation Assets

Igor Project

The Company is focused on exploring and developing the Igor property, located in Peru, South America. Igor is the Company's main project with a National Instrument 43-101 resource estimate (the Callanquitas resource estimate) with an inferred resource of 730,500 gold equivalent "Au Eq" ounces consisting of 7.2 million tonnes grading 1.9 grams per tonne (g/t) gold and 71.8 g/t silver; which equates to 3.16 Au Eq g/t using a cut-off grade of 1.5 Au Eq g/t. This represents 448,500 ounces of gold and 16,600,000 ounces of silver. The report amended on September 27, 2013 can be viewed on SEDAR at ww.sedar.com or on the Company's web site at www.ppxmining.com.

The Company's objective is to continue to expand and upgrade the known gold and silver resources on the Igor Project and explore other targets along the approximately eight kilometres of undrilled gold and silver mineralized structure for further potentially economically mineralized areas. On September 2, 2014, the Company announced that it had signed a Memorandum of Understanding ("MOU") with Patagonia, a wholly-owned subsidiary of the Explora Peru Mining Group, Peru that outlines the terms and conditions under which Patagonia will conduct underground bulk sampling, test mining and develop appropriate underground infrastructure at the Company's Igor gold and silver project in northern Peru. The work program is intended to gather specific data on underground mining costs, acquire geotechnical information, collect bulk samples for metallurgical testing including test milling, and evaluate selective mining methods. The data gathered may be utilized to complete a pre-feasibility study ("PFS") and/or a preliminary economic assessment ("PEA") in accordance with Canadian National Instrument 43-101 that will evaluate economic parameters for potential future mine development at Igor. Further details of the MOU can be found in the press release announcing the transaction.

On February 5, 2015 the Company announced that it had signed a series of agreements ("Agreements") with AMM that outlines the terms and conditions under which AMM will construct and operate on behalf of the Company a 350 mt/d gold and silver processing plant, utilizing CIP/CIL and Merrill-Crowe precious metal recovery, capable of producing precious metal dore at the Company's Igor Project in northern Peru. AMM, in conjunction with sister company Fundición Callao, SAC ("Fundición"), has over 60 years of mining, mineral processing and plant construction experience, with a hemisphere-wide client and project resume. The Company and AMM will utilize data gathered during on-going metallurgical testing and the previously announced underground bulk sampling program (please see press release dated September 2, 2014) to develop a detailed process flow-sheet for the proposed precious metal processing plant. Should the underground bulk-sampling program produce positive results, validated through a prefeasibility process, having a company-owned processing facility at the Igor Project site could provide a significant economic benefit to the Company.

Important aspects of the agreements are summarized below:

- AMM anticipates that it will take up to 18 months to obtain permits, complete the final design and plant engineering, construct the milling and processing equipment, prepare necessary site infrastructure, install and commission the processing plant at the Igor Project. AMM will be responsible for all aspects of project permitting, site preparation, tailings disposal, as well as the detailed design, assembly and construction of the processing facility. AMM will utilize the engineering expertise of Fundición in the design phase as well as the Fundición fabrication facility in Lima to construct the processing equipment including all mills, tanks, etc. Fundición is highly experienced in process plant design, construction and assembly, having been contractor and sub-contractor on projects of all scales: Mina Peñasquito, Zacatecas, Mexico (Au, Ag, Zn, Pb), Goldcorp, 130,000 tpd; Mina Antapaccay, Peru (Cu, Ag, Au), Xstrata, 60,000 t/d; Minera Aurifera Retamas, Peru (Au), 1,500 t/d; Mina Lagunas Norte, Peru (Au), Barrick Gold, processing facility.

- The Company and AMM have completed preliminary engineering and design work for the processing plant based on available and on-going metallurgical test work. Pending completion of the metallurgical testing, the processing plant will consist of a crushing/grinding circuit with a process capacity of 350 mt/day. Gold and silver recovery will be accomplished with either CIP or CIL leaching, Merrill Crowe silver recovery and a conventional desorption circuit. All support facilities, including analytical laboratory, CN destruction circuit, rock and crushed material loading and feeding conveyors, etc. are included in the proposed plant which is intended to be a "turn-key" facility. The processing plant will have the capacity to produce gold and silver dore at the Igor site. Plant equipment will be procured and/or fabricated by Fundición at its factory in Lima and then transported to the Igor Project site for assembly. All new components will be utilized.
- After completing the construction of the processing plant at the Igor Project site, AMM will operate the plant for a period of up to 54 months, charging a fixed fee for plant supervision, environmental monitoring, safety, security and reasonable profit. AMM has the right to receive its fee in ore produced from the plant's operations. At any time after the plant's completion, the title to the processing plant can be transferred to the Company at the Company's discretion. Once the processing plant's design and engineering is finalized, projected operating costs will be available for disclosure. Following completion of the 54-month operational period or termination of the Agreements, the Company will assume operating control of the processing plant.
- As compensation for the design, procurement, permitting and construction of the processing facility as outlined above, Peruvian paid AMM US$5,000,000 at the commencement of the contract. The Company has a promissory note in the amount of US$1,129,305 payable to AMM and payable by the greater of cash payment of US$1,129,305 or 12,344,782 shares of the Company. The promissory note was due February 3, 2016. During the year ended September 30, 2016, the Company exercised an option to extend the due date by six months, pursuant to which the promissory note was due August 3, 2016. The promissory note is past due and repayable on demand. Any additional costs for the design, construction and assembly of the processing plant beyond the amount above will be borne by AMM. The Company also completed a non-brokered private placement with AMM, for gross proceeds of $4,865,850, which consisted of 42,311,740 common shares of the Company priced at $0.115 per share.
- Combining the 18-month permitting and construction period with the 54 month period of processing plant operations, the total Agreement life is anticipated to be 72 months. The Company has the right to terminate the Agreements at any time by paying AMM a termination fee based on potential loss of earnings from the anticipated processing plant operations. The base termination fee is US$13,500,000. For each month that the Agreements are in effect, the termination fee is reduced by US$187,500, commencing at the end of the first month following the effective date of the Agreements. The termination fee can be further reduced by applying a credit equal to 50% of any appreciation in value of the shares acquired by AMM in the private placement outlined above. AMM has the right to receive a 120-day notice in event of a termination of the MOU and/or Agreements.

On April 13, 2015, the Company and Patagonia received approval of the Declaracion de Impactos Ambientales ("DIA", "Declaration of Environmental Impacts") for the underground test mining and bulk sampling program at its Igor property in northern Peru. The approval of the DIA by the Regional Government of the Department of La Libertad allows the Company and Patagonia to advance its test mining and bulk sampling program. The Company also completed the purchase of surface rights totaling 65.3 hectares within the Igor Project area. The surface rights acquired will facilitate the development of the surface infrastructure associated with the test mining program and will also allow access to important areas of the project for surface exploration, including drilling.

On May 19, 2015 the Company announced results from metallurgical testing on two bulk samples of typical oxidized gold and silver mineralization collected from the Callanquitas structure at the Igor Project in northern Peru. The test work was performed by BM Ingenieros SAC of Lima, Peru ("BMI"). Metallurgical testing was designed to evaluate two different processing alternatives for gold and silver: Heap leaching and agitated leaching (milling). The results, +88% recovery for gold (77% for silver) in agitated leach and from 74 to 76% recovery for gold in column leaching, shows that mineralized rock from Callanquitas can be successfully treated in a conventional mill process plant (carbon-in-pulp, "CIP") and that low-cost heap leaching may be a viable treatment option. The results are described in detail below.

Column Leach Testing: Column testing is designed to simulate the heap leach precious metal recovery process. Three columns were prepared with 100% of the test material passing <1/2 inch and with the minus ¼ inch fraction (59.4% of the sample) agglomerated with cement. The columns were leached for 10, 20 and 30 days utilizing a solution with a cyanide (NaCN) concentration of 0.2% and a pH of > 10.5. Results from the testing are shown in the table below:

Column	Days Leached	Head Grade		Residual (Tail) Grade		Extraction %		Reagent Consumption kg/tm	
		g/t Ag	g/t Au	g/t Ag	g/t Au	Ag	Au	CaO	NaCN
1*	10	44.18	16.12	35.49	3.86	19.68	76.05	2.50	3.40
2**	20	47.10	15.68	35.01	4.01	25.67	74.43	2.51	4.22
3**	30	47.10	15.68	36.18	3.80	23.18	75.77	2.74	4.87

* Calculated head grade

**Assayed head grade

The consistent good recoveries for gold (74.4 – 76.1%) suggest that heap leaching is a viable precious metal recovery method for Callanquitas mineralized rock and the potential lower capital and operating costs of heap leach recovery need to be evaluated in greater detail.

Agitated Tank Leaching: Agitated tank testing is designed to simulate conventional milling processes where the precious metal mineralized material is ground in a mill prior to leaching with NaCN. Three separate tests were performed utilizing different NaCN concentrations, solids concentration, pH and treatment times. Good recoveries of gold and silver were obtained as summarized in the table below:

Sample	Grind (mesh)	Solids	Cyanide Conc.	pH	Time (hr)	Extraction %		Reagent Consumption kg/tm	
						Ag	Au	CaO	NaCN
Tanque	70% < 200	28.5%	0.30%	>11	48	77.73	88.33	4.40	5.15

BMI also characterized processing parameters of the test samples: work index of 10.95 kWh/tm, pH of 5.54, specific gravity of 2.97 gm/cc, and an apparent density of 1.6 tm/m^3. The gold and silver recoveries and the leaching parameters of the test samples form a baseline that will allow the Company to evaluate improvements to the process flow sheet during our proposed test mining and bulk sampling program. BMI has also provided the company with a basic engineering outline for a 350 tm/day processing plant, an equipment take-off list, water balance calculation, and power requirements that can be refined during the bulk sampling program.

On December 3, 2015, AMM and its engineering team completed the initial design for the gold and silver processing plant that will be constructed at the Igor Project site. The major components include a ball mill for primary and secondary grinding, six leach tanks and supporting crushing, pumping and leaching equipment. The plant will utilize carbon-in-pulp ("CIL") technology for leaching and gold recovery. Site work has progressed and a basic plant layout has been completed that reflects the topography and soil engineering. Additional design work will focus on the layout of the office, laboratory, security and other support structures.

On December 3, 2015, the Plan de Minado, the key permit to begin test mining operations at Igor on the Callanquitas structure, was submitted to the Federal Ministry of Energy and Mines ("MEM") by the Regional Government Ministry of Energy and Mines in La Libertad ("GREMH-LL") for review and comments.

The MEM's comments were:

- The updated CIRA to be presented to the MEM in early November in connection to expanding the area covered by CIRA ("Certificado de Inexistencia de Restos Arqueologia" – "Certificate of the Non-Existence of Archaeological Remains") to a small area north of the camp.
- Final approval from the Ministry of Transport and Communications in La Libertad ("MTC-LL") is required for the use of public roads for transport of personnel, materials and bulk samples.
- Transfer of the Permiso de Aguas ("water use permit") to Patagonia from Sienna Minerals S.A.C..

Upon approval of the Plan de Minado, Patagonia would be eligible to receive their Certificate of Mine Operations ("COM") followed by their Explosives Permit.

On December 3 2015, AMM signed a contract with ACOMISA as the lead permitting consultant for the permitting process for the processing plant.

On February 8, 2016, the Federal Ministry of Energy and Mines and the Regional Government Ministry of Energy and Mines in La Libertad approved the Plan de Minado. Approval of the Plan de Minado allows the Company to begin preparation and pre-development activities at Igor ("Permiso de Inicio de Actividades de Preparacion y Desarrollo"), allowing the Company to start its initial surface activities at Callanquitas .

On June 24, 2016, the Company announced that Patagonia, the mining contractor responsible for developing the Igor underground mine and conducting the test mining and bulk sampling program on the Callanquitas structure, has begun the process of mobilizing workers, material and equipment to the Igor Project site. Patagonia will be responsible for mine camp operations and upgrading access to the proposed mine portals, developing additional road access within the mine site and start leveling area for stockpiling and maintenance facilities.

On August 15, 2016, Patagonia received the Certificado de Operación Minera ("COM" or Certificate of Mining Operation) from the Gobierno Regional La Libertad in Peru (Regional Government of La Libertad). The COM enables Patagonia to proceed with mining operations at the Igor Project and advance the development of test mining on the Callanquitas structure. Patagonia has already mobilized mining equipment to the site including a dozer, LHD, supply and fuel storage facilities, mechanical support equipment, and personnel. After completing the administrative process required for the Permisos Explosivos (Explosives Permit), work will begin preparing the portals for two underground ramps that will be driven on the 3390 and 3440 levels of the upper portion of the Callanquitas structure. Going forward, the area of test mining operations will be referred to as "Mina Callanquitas".

On February 16, 2016, the Company announced that it has entered into a non-binding agreement with RIVI Opportunity Fund LP ("RIVI") to provide the Company with an investment of US$5,000,000 in return for a Gold Streaming Agreement on future precious metal production from the Company's Igor 4 concession, at its Igor Project in northern Peru. Subsequent to September 30, 2016, on October 11, 2016, the Gold Streaming Agreement with RIVI was executed with the following key terms:

- RIVI has made a first tranche payment of US$2,500,000 upon execution of definitive documents by RVI and the Company. The second tranche of an additional US$2,500,000 shall be payable upon meeting future production milestones, subject to the successful completion of the test mining program. The first tranche payment is subject to interest of 10% per annum, accruing on daily balances until the end of the third month after certain production milestones are met.
- The Company will pay a structuring fee of 3% of each tranche payment upon receipt.
- RIVI shall be entitled to receive 10% of the Company's portion of the combined production of gold and silver ounces from the Igor 4 concession on a Gold Equivalent Ounce ("GEO") basis. In addition to the initial tranches described above, the Company will also receive a payment of the lesser of US$400 or 80% the market price of gold per GEO delivered under the Gold Streaming Agreement.
- Seventy-two months after receiving the second tranche of the financing, and when 20,000 GEOs have been delivered under the Gold Streaming Agreement, the Company shall have the option to reduce the delivery schedule to 5% of the GEOs produced on the Igor 4 concession by making a one-time payment of US$5,000,000 to RIVI. The spot price of gold must be greater than US$1,200 per ounce in order to exercise this option.

On October 11, 2016, the Company granted RIVI a first and preferred mining tenements mortgage of US$5 million on the Igor mining concessions and general security interest over all of the present and after-acquired assets within the property.

Subject to regulatory approval, the Company has agreed to pay a cash finder's fee of US$300,000 (of which US$150,000 has been paid subsequent to September 30, 2016) and to issue 3,000,000 warrants to arm's length finders. The warrants have an exercise price of $0.12 per share and expire October 11, 2018.

Subsequent to September 30, 2016, on October 26, 2016, Patagonia received the Permiso du Uso de Explosivos ("Explosives Use Permit") from the Peruvian Superintendencia Nacional de Seguridad, Armas, Municiones y Explosivos de Uso Civil ("SUCAMEC, National Superintendent of Security, Firearms, Munitions and Explosives for Civil Use"), allowing Patagonia to begin underground operations at Mina Callanquitas . The Explosives Use Permit was presented to the Gobierno Regional de La Libertad (Regional Government of La Libertad) in order to receive the Autorizacion Inicio de Actividades ("AIA" or "Authorization to Begin Activities") and Patagonia will then begin underground operations at Mina Callanquitas. Patagonia has also completed all necessary preparatory work to begin underground mining operations on the 3390 level of Mina Callanquitas. During the initial development of the 3390 level, the Company expects to mine small tonnages of mineralized material with metallurgical characteristics similar to the bulk of the Callanquitas resource.

Subsequent to September 30, 2016, on October 26, 2016, the Company commenced the underground test mining and bulk sampling at the 3390 level of Mina Callanquitas. The sub-vertical geometry of the Callanquitas structure combined with favorable topography will allow Patagonia to begin extracting gold and silver mineralized material rapidly in preparation for large-scale bulk sampling. The Company intends to accelerate mine development by starting additional ramp on the 3440 level and is expected to continue with bulk sampling activities throughout 2017. The Company plans to utilize the economic, engineering, and technical data generating during the test mining and bulk-sampling program as the basis for a Pre Feasibility Study (PFS) to evaluate the economics of potential future mining operations at Mina Callanquitas.

Subsequent to September 30, 2016, on October 31, 2016, the Company announced that Patagonia shipped its first bulk samples of approximately 200 tonnes from Mina Callanquitas to a nearby toll for processing. Gold and silver mineralized material mined during the initial stages of development of the 3390 and 3440 levels has been stockpiled. The stockpiled development rock has geological characteristics similar to the bulk of the Callanquitas resource and is therefore ideal for evaluating the suitability of the toll processing facility for testing bulk samples of Callanquitas-style gold and silver mineralization. These first bulk samples are intended to calibrate the facility and verify its operating parameters. The artisanal workings expose the Callanquitas structure underground in the area of the 3390 and 3440 levels and will be integrated into the mine design for the test mining program. Additional mapping and sampling will be completed concurrent with ongoing mine development and bulk sampling.

Subsequent to September 30, 2016, on December 19, 2016, the Company announced that Patagonia has provided the Company with a report of operations at Mina Callanquitas since the inception of mining activity on October 26 through the end of November 2016. Highlights of the operations update include:

- A total of 160 metres of ramp have been completed on the 3440 and 3390 levels of Mina Callanquitas. Patagonia has also surveyed in detail approximately 300 linear metres of older underground workings, principally sub-levels, in order to integrate these workings into the mine plan for the systematic bulk-sampling. Approximately 80 metres of raises are planned to connect the 3440 and 3390 levels and provide access to the sublevels developed by previous mining at Callanquitas. When completed, formal bulk sampling of the Callanquitas resource will commence in calendar Q1 2017.
- Patagonia has reported the results of underground sampling on a portion of the Callanquitas structure. On sublevel three, accessed from the 3390 level ramp, 26 channel samples were collected over a strike length of 47 metres. The channel samples ranged in grade from 0.62 to 37.66 gpt gold and average 13.13 gpt gold, confirming high grade gold mineralization over the entire strike length sampled. Widths of gold mineralization ranged from 0.5 to over 2.5 metres and averaged 1.1 metres.

Previous drilling in this area (CA-12-63), cut the Callanquitas structure approximately 13 metres above sublevel three, and intercepted 0.47 metres grading 7.17 gpt gold.

- Fifty-nine truckloads, totaling 808 tonnes of gold mineralized rock, were shipped to the Malin Plant of Silver Cascas S.A.C. ("Silver Cascas") during the period. The gold mineralized rock was mined during the excavation of the underground access ramps at Mina Callanquitas and the stabilizing of underground workings completed during prior operations at the mine. The shipments ranged in grade from 4.42 to 9.02 gpt gold per truckload as reported by Patagonia. This rock was comingled with other rock purchased by Silver Cascas for processing and therefore the Company has not received specific recovery data from the processing of the development rock. When Patagonia begins shipping bulk samples mined from specific and well-documented portions of the Callanquitas resource, it will be processed separately from other rock purchased by Silver Cascas, allowing the collection of detailed precious metal recoveries, CN consumption, and other metallurgical data for the Company. Additional gold mineralized rock will be shipped to the processing plant throughout December and January prior the commencement of formal bulk sampling in calendar Q1 2017.

4. Corporate and Financing

Corporate

On December 18, 2015, the Company announced that it had appointed Miguel Fernando Arias Vargas to its Board of Directors and that Luis Felipe Arizmendi has resigned from the Board of Directors. Mr. Arias is currently President and a director of Peruana de Energía, a Peruvian hydro-energy company. Mr. Arias has been a director Peruana de Energia since 1996. In addition, Fernando is a director of Minera Andina de Exploraciones S. A. A., an exploration and mine development company and he is a graduate of Michigan Technological University with a degree in mining engineering.

Financing

On October 5, 2015, the Company cancelled 2,465,000 common shares as part of a settlement agreement with a former director.

On October 16, 2015, the Company issued 1,050,000 common shares at a value of $94,500 as part of a debt settlement with a former director resulting in a gain on debt settlement of $10,500.

On December 31, 2015 and January 22, 2016, the Company closed a non-brokered private placement issuing 3,772,500 units at a price of $0.10 per unit for gross proceeds of $377,250. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.15 for a period of two years from closing. Should the shares of the Company trade over $0.24 for twenty consecutive days, the expiry date of the warrants will be accelerated to 30 days from the date of the notice of acceleration. In connection with the non-brokered private placement, the Company incurred legal and filing fees of $24,822 and issued 164,375 Finder's Units valued at $16,438 on the same terms as the subscribers' units.

On January 22, 2016, the Company entered into an agreement to issue a third convertible debenture for proceeds of US$100,000. The convertible debenture was unsecured and bore an interest rate of 12% per annum, calculated on the principal balance, payable every four months commencing on May 22, 2016. The convertible debenture was non-transferable and could be converted into common shares of the Company at any time at a conversion price of $0.05 per share for a period of nine months. If the convertible debenture was not converted in nine months, the Company would repay the full amount of the debenture along with any outstanding accrued interest. The Company settled the US$100,000 convertible debenture and derivative liability on September 27, 2016 by issuing 2,768,000 common shares at $346,000, resulting in a combined loss on settlement of $35,193. The accrued interest was forgiven.

On March 23, 2016, the Company entered into a loan agreement in the principal amount of US$100,000 with an immediate family member of a director of the Company. The loan bore interest at 12% per annum and was due on July 30, 2016. On July 30, 2016, the Company settled the principal due of US$100,000 ($130,560) and the accrued interest was forgiven.

On March 29, 2016, the Company entered into a loan agreement in the principal amount of $33,000 with a director of the Company. The loan bears interest at 12% per annum and was due on July 30, 2016. On July 22, 2016, the Company settled the principal due of $33,000 and the accrued interest was forgiven.

On March 30, 2016, the Company entered into a loan agreement in the principal amount of US$15,000 with another director of the Company. The loan bore interest at 12% per annum and was due on July 30, 2016. On July 30, 2016, the Company settled the principal due of US$15,000 ($19,719) and the accrued interest was forgiven.

On July 22, August 4 and August 11, 2016, the Company closed three tranches of a non-brokered private placement issuing 57,500,000 units at a price of $0.05 per unit for gross proceeds of $2,875,000. Each unit consists of one common share and half a common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.075 for a period of two years from closing. Should the shares of the Company trade over $0.24 for twenty consecutive days, the expiry date of the warrants will be accelerated to 30 days from the date of the notice of acceleration. In connection with the non-brokered private placement, the Company paid a cash finders' fee of $91,366 and incurred legal and filing fees of $127,115, as well as issued 2,409,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.075 for a period of two years from closing.

On September 27, 2016, the Company settled the US$100,000 convertible debenture by issuing 2,768,000 common shares at a price of $0.125 per share valued at $346,000, resulting in a loss on conversion of $35,193.

On September 30, 2016, the Company settled the US$200,000 convertible debenture plus accrued interest of US$26,058 by issuing 2,876,619 common shares at a price of $0.115 per common share valued at $330,811, resulting in a loss on conversion of $34,291.

On September 30, 2016, the Company issued 618,084 common shares valued at $71,080 as part of debt settlement agreements of $64,899 with two directors and a consultant and realized a loss on debt settlement of $6,181.

Subsequent to September 30, 2016, on October 13, 2016, the Company issued 7,635,914 common shares for exploration work on the Igor concession.

On December 13, 2016, the Company closed a non-brokered private placement issuing 125,000,233 units at a price of $0.06 per unit for gross proceeds of $7,500,014. Each unit consists of one common share and half a common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.085 on or before December 13, 2019. In consideration for introducing certain subscribers to the private placement, the Company paid a cash finders' fee of 6% of the amount raised from those subscribers and has issued 7,137,014 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.085 for a period of three years from closing.

5. Capital Resources, Capital Expenditures and Liquidity

The Company's cash and working capital deficiency were $509,140 and $1,852,097 as at September 30, 2016 (September 30, 2015 – $218,804 and $3,889,676). During the year ended September 30, 2016, net cash used in operating activities was $2,342,145, net cash used in investing activities was $351,945 in deferred exploration costs on its Igor Project; and net cash provided by issuance of common shares, convertible debentures and loans from related parties, net of deferred financing costs, as part of financing activities was $2,873,782.

The exploration activities of the Company require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. Furthermore, inability to meet property payments and negotiate satisfactory terms with creditors could ultimately result in the loss of the properties. Subsequent to September 30, 2016, the Company closed one private placement for gross proceeds of $7,500,014 and received the first tranche payment of US$2,500,000 pursuant to the Gold Streaming Agreement with RIVI.

6. Related Party Transactions

(a) Compensation of key management personnel

Certain of the Company's key management personnel render services to the Company as sole proprietors or through companies in which they are an officer or director.

Company name	Controlled by	Position	Nature of transactions
Maher Global Exploration	Brian Maher	Chief Executive Officer	Consulting fees
KA Gold LLC	Kimberly Ann	Chief Financial Officer	Consulting fees

Compensation includes salaries paid to Maher Global Exploration and KA Gold LLC and amounts paid to directors as consulting fees for their services provided to the Company outside of their capacity as a director.

	Years ended September 30	
	2016	2015
	($)	($)
Consulting fees, salaries and benefits [1]	**641,761**	538,902
Termination benefits	**-**	2,512
Share-based compensation	**492,611**	501,910
	1,134,372	1,043,324

[1] The charge includes consulting fees, salaries and benefits paid to Maher Global Exploration and KA Gold LLC.

(b) Other related parties

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at September 30, 2016 included $87,138 (September 30, 2015 - $305,682).

(c) Note Receivable from former Officer/Director

During the year ended September 30, 2013, the Company entered into a loan agreement with John Rucci, the former President/Director ("director") of the Company, whereby, the Company provided him with a loan of $616,250 in order for him to exercise his share options to purchase 2,465,000 shares of the Company.

The terms of the loan required the former director to place the shares in trust with the Company's counsel as security for the loan. The loan accrued interest at a rate of 4% per annum with principal repayments following the below schedule:

1. $136,250 due August 31, 2014;
2. $175,000 due September 14, 2015; and
3. $305,000 due on November 24, 2016

Interest amounts began accruing at the inception of the loan and have been capitalized to the note receivable. No interest was to be paid during the first three years of the term.

During the year ended September 30, 2015, the Company and John Rucci agreed to settle all obligations. The settlement includes the cancellation of the loan of $616,250 receivable by the Company and the cancellation of 2,465,000 common shares (cancelled on October 6, 2015) of the Company held as collateral for the loan, as well as the issuance of 251,179 common shares of the Company valued at $21,350 to settle outstanding debt of $25,118, and the issuance of 1,220,000 stock options at an exercise price of $0.25 per common share which expires on November 24, 2016.

7. Disclosure of Outstanding Share Data

	January 30, 2017
Voting or equity securities issued and outstanding	**447,898,617**
Securities convertible or exercisable into voting or equity share:	
Warrants	**111,908,006**
Agent warrants	**14,326,160**
Share options	**29,286,000**
Promissory note	**12,344,782**

8. Financial Instruments

Financial Instruments

(a) Fair value of financial instruments:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

i. Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
ii. Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
iii. Level 3 – Input for assets and liabilities that is not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the consolidated statements of financial position, classified using the fair value hierarchy described above:

September 30, 2016	Level 1	Level 2	Level 3
Cash	$ 509,140	$ -	$ -

September 30, 2015	Level 1	Level 2	Level 3
Cash	$ 218,804	$ -	$ -
Derivative liability	$ -	$ -	$ 713,213

The fair value of accounts receivable, accounts payable and accrued liabilities, interest payable, promissory note payable and convertible debenture approximate their carrying amounts due to their short terms to maturity.

The derivative liability is measured at fair value through profit and loss using Black-Scholes option pricing model. This basis of determining fair value is a level 3 technique for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

(b) Credit risk:

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. The Company's maximum exposure to credit risk for cash and receivables is the amounts disclosed in the consolidated statements of financial position. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

The Company's accounts receivable at September 30, 2016 primarily consist of goods and services sales tax (GST) due from the Federal Government of Canada.

The best representation of the Company's maximum exposure (excluding tax effects) to credit risk, which is a worst-case scenario and does not reflect results expected by the Company, is as set out in the following table:

	September 30, 2016 ($)	September 30, 2015 ($)
Cash	**509,140**	218,804
Accounts receivable	**23,520**	23,869
	532,660	242,673

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. At September 30, 2016, the Company has a cash balance of $509,140 to settle its obligations related to accounts payable and accrued liabilities of $952,974 and a promissory note with a face value of US$1,129,305 on demand. Subsequent to September 30, 2016, the Company closed one private placement for gross proceeds of $7,500,014 and received the first tranche payment of US$2,500,000 pursuant to the Gold Streaming Agreement with RIVI.

(d) Currency risk:

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Peru and Canada and a portion of its expenses are incurred in United Sates dollars and Peruvian Soles. A significant change in the currency exchange rates between the US dollar relative to the Canadian dollar and the Peruvian Soles to the Canadian dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At September 30, 2016 the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars and Peruvian Soles:

	Peruvian Soles (/S.)	US Dollars ($)
Cash	55,000	139,000
Accounts payable and accrued liabilities	(1,150,000)	(92,000)
Promissory Note	-	(1,129,305)

At September 30, 2016, USD amounts were converted at a rate of USD 1.00 to CAD 1.31; Peruvian Soles amounts were converted at a rate of Peruvian Sol 1.00 to CAD 0.3874.

Based on the above net exposures as at September 30, 2016, and assuming that all other variables remain constant, a 10% change of the Canadian dollar against the US dollar and Peruvian Soles would result in a change of approximately $184,000 in the Company's comprehensive income (loss) for the year.

(e) Interest rate risk

The Company is exposed to interest rate risk related to the promissory note and convertible debenture. Management considers the risk insignificant.

(f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements

and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

9. Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

10. Events Subsequent to September 30, 2016

On October 13, 2016, the Company issued 7,635,914 common shares for exploration work on the Igor concession.

On November 1, 2016, the Company granted 15,036,000 stock options to certain directors, officers and employees. The stock options have an exercise price of $0.10 per share and a life of 5 years.

On December 13, 2016, the Company closed a non-brokered private placement issuing 125,000,233 units at a price of $0.06 per unit for gross proceeds of $7,500,014. Each unit consists of one common share and half a common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.085 on or before December 13, 2019. In consideration for introducing certain subscribers to the private placement, the Company paid a cash finders' fee of 6% of the amount raised from those subscribers and has issued 7,137,014 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.085 for a period of three years from closing.

11. Significant Accounting Estimates and Judgments

The preparation of these consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the determination of decommissioning obligations and income and sales tax obligations, the recoverability of exploration and evaluation assets, the assumptions used in the determination of the fair value of share-based payments and derivative liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments, as follows:

- the point in time that an economic feasibility study has established the presence of proven and probable reserves;
- deferred tax assets recorded in the consolidated financial statements;
- the determination of the functional currency in accordance with International Accounting Standards ("IAS") 21 "The Effects of Changes in Foreign Exchange Rates";
- contingency as disclosed in Note 20 of the financial statements;
- determination of derivative liability.

12. Changes in Accounting Policies including Initial Adoption

IFRS Issued but not yet Effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not completed its assessment of the impact that the new and amended standards will have on its financial statements. The Company also has not early adopted any of these standards in the consolidated financial statements.

IFRS 9 "Financial Instruments"

The IASB intends to replace IAS 39 "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

IFRS 15 “Revenue from Contracts with Customers”

The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods commencing on or after January 1, 2018.

IFRS 16 “Leases”

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

This interpretation is effective for reporting periods beginning on or after January 1, 2018.