PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2019 and 2018

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

Contents

Management's Report

The accompanying unaudited condensed interim consolidated financial statements of PPX Mining Corp. for the three and six months ended March 31, 2019 and 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

/s/ Brian Maher

Brian Maher, Chief Executive Officer
Vancouver, BC Canada
May 29, 2019

/s/ Merushe (Meri) Verli

Merushe (Meri) Verli, Chief Financial Officer
Vancouver, BC Canada
May 29, 2019

PPX Mining Corp.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

As at	*Note*	**March 31, 2019**	September 30, 2018
Assets			
Current assets			
Cash		**$22,768**	$455,430
Receivables	*5*	**256,547**	303,410
Prepaids and advances		**32,088**	65,128
		311,403	823,968
Non-current assets			
Advances for assets under construction	*6*	**987,941**	944,863
Exploration and evaluation assets	*6*	**10,542,215**	9,678,375
Property, plant and equipment	*6*	**1,571,489**	689,061
		$13,413,048	$12,136,267
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*7*	**$1,999,820**	$1,261,471
Convertible note	*8(b)*	**1,220,081**	-
Gold stream facility - short term	*8(a)*	**917,872**	384,495
		4,137,773	1,645,966
Non-current liabilities			
Long term debt	*8*	**5,342,344**	6,917,311
Environmental rehabilitation provision	*9*	**313,334**	286,109
		5,655,678	7,203,420
Shareholders' Equity	*10*		
Share capital		**60,981,902**	59,628,834
Subscriptions received		**266,081**	-
Reserves		**7,368,253**	7,130,882
Deficit		**(64,996,639)**	(63,472,835)
		3,619,597	3,286,881
		$13,413,048	$12,136,267

Nature of operations and going concern (note1)

Subsequent events (note 15)

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

Approved on behalf of the Board:

/s/ Brian J Maher — Director

/s/ Florian Siegfried — Director

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Note	Three month ended March 31,		Six month ended March 31,	
		2019	2018	**2019**	2018
Operating expenses					
Comunication and regulatory		**$55,510**	$78,932	**$111,076**	$175,764
Consulting fees, salaries and benefits		**273,114**	396,124	**555,730**	688,175
Depreciation	*6*	**3,392**	4,003	**6,767**	6,786
Foreign exchange (gain) loss		**(94,206)**	77,057	**146,112**	97,905
Office and miscellaneous		**58,683**	50,955	**97,265**	189,372
Premises		**8,390**	6,520	**16,702**	11,275
Professional fees		**32,054**	42,303	**95,868**	82,811
Share based payments expense	*10*	**-**	12,012	**71**	105,157
Travel and promotion		**71,232**	79,603	**134,038**	193,211
Net loss from operations		**(408,169)**	(747,509)	**(1,163,629)**	(1,550,456)
Finance and other items					
Finance expense and other	*4*	**(223,905)**	(190,047)	**(360,175)**	(573,839)
Net loss		**($632,074)**	($937,556)	**($1,523,804)**	($2,124,295)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**(198,962)**	134,261	**237,300**	139,183
Total comprehensive loss		**($831,036)**	($803,295)	**($1,286,504)**	($1,985,112)
Basic and diluted loss per share		**($0.00)**	($0.00)	**($0.00)**	($0.00)
Weighted average number of common shares outstanding (basic and diluted)		**472,093,927**	447,898,617	**489,250,948**	447,898,617

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

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

		Three month ended March 31,		Six month ended March 31,	
	Note	**2019**	2018	**2019**	2018
Operating Activities					
Net loss		**($632,074)**	($937,556)	**($1,523,804)**	($2,124,295)
Depreciation		**3,392**	4,003	**6,767**	6,786
Share based payments expense		**-**	12,012	**71**	105,157
Foreign exchange loss		**(94,206)**	77,057	**146,112**	97,905
Finance expense		**223,905**	190,047	**360,175**	573,839
Interest paid		**(199,592)**	(93,669)	**(199,592)**	(93,669)
		(698,575)	(748,106)	**(1,210,271)**	(1,434,277)
Change in non-cash operating working capital					
Decrease (increase) in accounts receivable		**4,541**	35,697	**11,469**	(95,698)
Decrease in prepaids		**19,421**	4,861	**33,040**	23,488
Decrease in accounts payable and accrued liabilities		**101,936**	12,657	**603,044**	285,012
Net cash flow used in operating activities		**(572,677)**	(694,891)	**(562,718)**	(1,221,475)
Financing Activities					
costs	*10*	**911,600**	-	**1,619,149**	-
Proceeds from gold stream facility, net of transaction	*8*	**-**	-	**-**	2,924,887
Gold stream facility principal payments	*8*	**-**	(144,465)	**-**	(239,295)
Net cash flow from financing activities		**911,600**	(144,465)	**1,619,149**	2,685,592
Investing Activities					
Additions to exploration and evaluation assets, including changes in working capital		**(462,254)**	(1,306,100)	**(755,531)**	(2,843,207)
Additions to property, plant and equipment		**(94,441)**	(94,359)	**(572,950)**	(97,872)
Advances for assets under construction		-	-	**(68,210)**	-
Loan receivable, net of payment received	*5*	**-**	-	**43,318**	-
Net cash flow used in investing activities		**(556,695)**	(1,400,459)	**(1,353,373)**	(2,941,079)
Impact of foreign exchange on cash balances		**(55,689)**	101,825	**(135,720)**	15,037
(Decrease) Increase in cash during the period		**($273,461)**	($2,137,990)	**($432,662)**	($1,461,925)
Cash at beginning of period		**296,229**	4,212,406	**455,430**	3,536,341
Cash at end of period		**$22,768**	$2,074,416	**$22,768**	$2,074,416

Supplemental cash flow information note 12

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

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Three and Six Months Ended March 31, 2019 and 2018

(Unaudited – Expressed in Canadian Dollars)

	Note	**Share capital**		**Subscriptions received**	**Reserves**				**Deficit**	**Equity**
		Shares	**Amount**		**Warrants**	**Share based payments**	**Other**	**Accumulated other comprehensive gain (loss) - foreign currency translation**		
At September 30, 2017		447,898,617	$57,957,777	$0	$1,074,521	$6,992,470	$-	($1,161,691)	($59,763,362)	$5,099,715
Share based payments		-	-	-	-	105,157	-	-	-	105,157
Net loss		-	-	-	-	-	47,071	-	(2,124,295)	(2,077,224)
Other comprehensive loss, net of tax		-	-	-	-	-	-	139,183	-	139,183
Total comprehensive loss								139,183	(2,124,295)	(1,985,112)
At March 31, 2018		**447,898,617**	**$57,957,777**	**$0**	**$1,074,521**	**$7,097,627**	**$47,071**	**($1,022,508)**	**($61,887,657)**	**$3,266,831**
Shares issued on exercise of warrants, net of share issue costs of $5,513	*10(b)*	21,387,000	$1,671,057	-	(64,060)	-	-	-		1,606,997
Share based payments	*10(c)*	-	-	-	-	7,475	-	-	-	7,475
Land donation	*6*	-	-	-	-	-		-	-	-
Net loss		-	-	-	-	-	-	-	(1,585,178)	(1,585,178)
Other comprehensive gain, net of tax		-	-	-	-	-	-	(9,244)	-	(9,244)
Total comprehensive loss								(9,244)	(1,585,178)	(1,594,422)
At September 30, 2018		**469,285,617**	**$59,628,834**	**$0**	**$1,010,461**	**$7,105,102**	**$47,071**	**($1,031,752)**	**($63,472,835)**	**$3,286,881**
Private placement shares issued, net of share issue costs of $149,159	*10(b)*	19,965,331	1,353,068	$-						1,353,068
Subscriptions received, net of share issue costs of $24,544	*10(b)*	-	-	266,081	-	-	-	-	-	266,081
Share based payments	*10(c)*	-	-	-	-	71	-	-	-	71
Net loss		-	-	-	-	-	-	-	(1,523,804)	(1,523,804)
Other comprehensive gain, net of tax		-	-	-	-	-	-	237,300	-	237,300
Total comprehensive loss								237,300	(1,523,804)	(1,286,504)
At March 31, 2019		**489,250,948**	**$60,981,902**	**$266,081**	**$1,010,461**	**$7,105,173**	**$47,071**	**($794,452)**	**($64,996,639)**	**$3,619,597**

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

PPX Mining Corp. ("PPX Mining" or the "Company") is a publicly listed company incorporated under the Alberta Business Corporations Act on July 28, 1987; the Company's shares are traded on the Toronto Venture Exchange (the "TSX Venture Exchange"), the Lima Stock Exchange (Bolsa De Valores De Lima) and the Santiago Stock Exchange Venture. Following a number of name changes the Company became Peruvian Precious Metals Corp. on July 2, 2013 and then PPX Mining Corp. on August 4, 2016. The head office, principal address and records office of the Company are located at 880 – 580 Hornby Street, Vancouver, BC, Canada, V6C 3B6.

The Company is in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. As its principal business, the Company acquires and explores mineral properties in areas deemed to have relatively high potential for mining success and relatively low political risk. The Company's business plan is to engage in these mining activities on a long-term basis.

As the Company does not yet have cash flows from operations, it must rely on debt or equity financings to fund its operations. To date the Company's main source of funding has been the issuance of equity securities or debt, through private placements to sophisticated investors and through public offering to institutional investors.

The condensed interim consolidated financial statements (the "Interim Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company has incurred operating losses since inception, including $1,523,804 for the six months ended March 31, 2019 and has accumulated a deficit of $64,996,639 as at March 31, 2019. As at March 31, 2019 the Company has cash of $22,768 and a negative working capital of $3,826,370; the working capital deficiency includes $1,220,081 for the non-secured convertible note which was reclassified as short term liability at March 31, 2019 (note 8(b)). Subsequent to March 31, 2019, the Company received $236,950 including $106,950 from the third tranche of the private placement announced on December 6, 2018 (note 10) and $130,000 (US$100,000) from promissory notes with two directors of the Company (note 13).

The Company needs to raise funds in order to continue on as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available to cover its working capital deficiency or develop its mineral properties and / or cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the interim financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

The interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended September 30, 2018, except as noted below under changes in accounting policies. The Interim Financial Statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2018 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Board of Directors of the Company on May 29, 2019.

The interim financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, as set out in the accounting policies in note 3 of the 2018 annual consolidated financial statements.

The preparation of consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended September 30, 2018.

3. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Adoption of New Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, effective October 1, 2018. These changes were made in accordance with the applicable transitional provisions. The adoption of the new standards and consequential amendments did not have a material impact on the Company's interim financial statements.

IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking "expected loss" impairment model, and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") replaces IAS 18, Revenue, IAS 11, Construction Contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

Accounting Standards Issued Not Yet Effective

IFRS 16, Leases

In January 2016, the IASB issued the IFRS 16, *Leases (*"IFRS 16") which replaces the existing lease accounting guidance. IFRS 16 requires all leases to be reported on the balance sheet unless certain criteria for exclusion are met. IFRS 16 is effective for the year ended December 31, 2019 with early adoption permitted if IFRS 15 is also adopted at the same time. The Company is currently in the process of assessing the impact that the new and amended standards will have on its interim financial statements.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

On December 8, 2016, the IASB issued IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January

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1, 2018. Earlier application is permitted. The Company does not expect the Interpretation to have a material impact on the interim financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company does not expect the Interpretation to have a material impact on the interim financial statements.

4. FINANCE EXPENSE

	Three month ended March 31,		Six month ended March 31,	
	2019	2018	**2019**	2018
Gold stream facility interest expense *note 8(a)*	**$196,598**	$187,105	**$396,239**	$280,774
Gold stream facility transaction costs *note 8(a)*	**-**	-	**-**	288,113
Convertible note interest expense and acretion *note 8(b)*	**85,977**	-	**168,935**	-
Unrealised gain on derivative liability *note 8(b)*	**(69,380)**	-	**(225,749)**	-
Unwinding of the discount - environmental closure provision	**9,039**	-	**17,802**	-
Bank charges and other	**1,671**	2,942	**2,948**	4,952
Finance expenses and other	**$223,905**	$190,047	**$360,175**	$573,839

5. RECEIVABLES

As at	**March 31, 2019**	September 30, 2018
Sales tax and government receivables	**$30,045**	$29,042
Other	**3,509**	15,981
Loan receivable	**222,993**	258,387
	$256,547	$303,410

Loan receivable represents non-interest bearing operational loans provided to Proyectos Le Patagonia S.A.C ("Patagonia"), a Peruvian entity, to carry out the bulk-sampling program on the Igor 4 concession (note 6). $115,324 (US$90,504) and $343,189 (US$274,991), respectively, were advanced during the years ended September 30, 2018 and 2017. The operational loan is expected to be fully paid in calendar year 2019. The Company received $43,318 (US$32,730) and $Nil, respectively, during the six months ended March 31, 2019 and 2018; $215,297 (US$165,891) were received during the year ended September 30, 2018.

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at March 31, 2019 are past due.

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6. EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Six months ended March 31, 2019	**Exploration and Evaluation Assets**	**Property, plant and equipment**
Cost		
At October 1, 2018	**$9,678,375**	**$824,603**
Additions	**656,491**	**861,348**
Foreign exchange	**207,349**	**31,966**
Cost at March 31, 2019	**$10,542,215**	**$1,717,917**
Accumulated depreciation		
At October 1, 2018	**$-**	**$135,542**
Depreciation	**-**	**6,767**
Foreign exchange	**-**	**4,119**
Accumulated depreciation at March 31, 2019	**$ -**	**$146,428**
Carrying value at March 31, 2019	**$10,542,215**	**$1,571,489**

Year ended September 30, 2018	Exploration and Evaluation Assets	Property, plant and equipment
Cost		
At October 1, 2017	$4,741,213	$387,254
Additions	4,592,489	425,018
Change in environmental rehabilitation provision note 6	205,506	-
Foreign exchange	139,167	12,331
Cost at September 30, 2018	$9,678,375	$824,603
Accumulated depreciation		
At October 1, 2017	$-	$116,964
Depreciation	-	14,369
Foreign exchange	-	4,209
Accumulated depreciation at September 30, 2018	$ -	$135,542
Carrying value at September 30, 2018	$9,678,375	$689,061

Exploration and evaluation assets

The Company, through its subsidiary Sienna Minerals S.A.C., has a 100% interest in the Igor Project, located in Northern Peru. The Igor Project totals approximately 1,300 hectares on four concessions. The production from the Igor 4 concessions is subject to the requirements of a gold streaming facility as disclosed in note 8(a); the Company has been carrying out a bulk-sampling program at Mina Callanquitas on the Igor 4 concession since October 2016.

On December 4, 2018 the Company filed a pre-feasibility study (‘PFS”) for the 100% owned Igor 4 concession in Peru, which established proven and probable reserves.

The Company has entered into an agreement with Patagonia, a Peruvian entity, whereby the Company has granted to Patagonia the rights to the mining concession (the “assignment contract”) on the Igor 4 concession until the earlier of the date Patagonia extracts 600,000 metric tons of mineralized material or June 7, 2024. During the term of the agreement, the Company and Patagonia share the net profits from the mine operations at the Igor 4, at a ratio of 70%/30% until the production from the mine reaches 350 tons per day (“MTPD”), and 75%/25% thereafter. The assignment agreement represents a joint operation as defined in IFRS 11, *Joint Arrangements*, and as such the Company recognizes its assets, liabilities, and its share of revenues and expenses from the operation.

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The Company's spending in the Igor concession for the six months ended March 31, 2019 and 2018 is as follows:

Six months ended March 31	**2019**	2018
Drilling, road and site preparation	**$441,338**	$1,630,169
Salaries, claims maintenance and staking	**55,338**	523,413
Social development	**181,858**	344,433
Bulk sampling program	**-**	79,248
Engineering	**40,909**	35,757
Environmental	**66,036**	38,481
Transfer to property plant and equipment (construction in progress)	**(128,988)**	-
Total additions	**$656,491**	$2,651,501

Property, Plant and Equipment

Property, plant and equipment at March 31, 2019 includes $1,176,011 (September 30, 2018 - $371,783) for construction in progress related to the heap leach facility being built by the Company on the Igor 4 concession, including spending for permits, design and engineering work. In August 2018, the Company contracted the services of Big Rock Consulting Inc. ("BRC"), a Canadian entity, for the manufacturing of certain equipment for the Company's heap leach plant at Mina Callanquitas for a total of US$1,913,250. Advances for assets under construction at March 31, 2019 include $987,941 (US$739,311) (September 30, 2018 - $892,313 (US$689,311)) advanced to BRC toward the price of the equipment. The full contracted amount will be paid in various instalments with the final payments due once the equipment is delivered.

Property, plant and equipment at March 31, 2019 include $349,783 (September 30, 2018 - $266,773) for land purchased by the Company and $47,071 for land donated by a third party being used as the site for the Company's heap leach plant.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**March 31, 2019**	September 30, 2018
Trade payables	**$1,395,529**	$868,960
Due to RIVI Opportunity Fund LP - accrued interest *note 8(a)*	**400,604**	195,731
Acquisition of surface rights	**203,687**	196,780
	$1,999,820	$1,261,471

The fair value of accounts payable and accrued liabilities approximates their carrying amount. Trade payables relate mainly to the acquisition of materials, supplies and contractor services. These payables do not accrue interest and no guarantees have been granted.

8. LONG TERM DEBT

As at	**March 31, 2019**	September 30, 2018
Gold stream facility *8(a)*	**$6,258,713**	$6,062,936
Convertible note *8(b)*	**1,220,081**	1,238,870
	$7,478,794	$7,301,806
Current portion *(a,b)*	**(2,136,450)**	(384,495)
Long term debt	**$5,342,344**	$6,917,311

(Unaudited – Expressed in Canadian Dollars)

a) Gold Stream Facility

	Six months ended March 31, 2019	Year ended September 30, 2018
Balance at beginning of year	**$6,062,936**	$3,120,000
Proceeds	**-**	3,213,000
Principal repayments	**-**	(404,192)
Foreign exchange	**195,777**	134,128
Balance at end of period	**$6,258,713**	$6,062,936
Accrued principal repayments	**(917,872)**	(384,495)
Gold stream facility (long term)	**$5,340,841**	$5,678,441

On October 10, 2016, the Company entered into an agreement with RIVI Opportunity Fund LP ("RIVI") to provide the Company with an investment of US$5 million in return for a Metal Purchase Agreement ("Gold Stream Facility" or the "Facility") on future precious metal production from the Company's Igor 4 concession, further amended on November 21, 2017. RIVI is entitled to receive the greater of 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 and 50 GEOs at a price per GEO of the lesser of US$400 or 80% the market price of gold on a monthly basis.

The Company received the first tranche of US$2.5 million on October 11, 2016 and the second tranche on December 13, 2017 (total net proceeds of US$4.550 million ($5,907,855), net of US$225,000 finder and restructuring fees for each tranche). The Company incurred total transaction costs of $875,940 in relation to the gold stream facility, including $584,833 (US$450,000) for the finder and restructuring fees; $288,113 and $587,827 of the transaction costs were incurred respectively, during the year ended September 30, 2018 and 2017.

During the three and six months ended March 31, 2019, the Company paid to RIVI $199,592 (US$150,533) of interest related to the Facility (same periods in 2018, $93,669 (US$73,638). Accounts payable and accrued liabilities at March 31, 2019 and September 30, 2018 respectively, include accrued interest related to the Facility of $400,604 (US$299,786) and $195,731 (US$151,202), respectively.

The Facility has been classified as a financial liability at FVTPL and is revalued at its fair value on each subsequent reporting date with the changes in the fair value recorded in profit or loss. Due to the uncertainty of the total expected ounces to be delivered and the timing of cash flows, the Facility is currently recorded at its face value with derivative measured at a nominal value.

The first tranche payment was subject to interest of 10% per annum, payable quarterly in US$ and accruing on daily balances until the end of the third month after certain production milestones were met. The amended agreement signed on November 21, 2017 (the "Amended Agreement") provides for interest at 12%, payable quarterly in US$ and accruing daily on the full amount of the investment of US$5 million, until three months after the Company reaches commercial production. Commercial production is defined as the Company's processing plant average monthly production from the Igor 4 concession is at least 85% of 150 MTPD or the Company delivers a monthly average of 150 MTPD from the Igor 4 concession to a smelter (the "Monthly Production Milestone").

The amended agreement provides that until 20,000 GEOs have been delivered to RIVI, the GEOs will include:

- all production from the Igor 4 concession and any other sources from the first 700 tons of ore processed at the Company's plant in any given day;
- production from only Igor 4 for any production above the 700 tons of ore processed in any given day and after 20,000 GEOs have been delivered to RIVI.

The principal balance of US$5 million is reduced as the GEOs are delivered to RIVI. The face value of the gold stream facility at March 31, 2019 and September 30, 2018 was US$4,683,613. Upon expiry of the term which is the earlier of 40 years and depletion of the mine, any balance remaining unpaid shall be refunded to RIVI.

(Unaudited – Expressed in Canadian Dollars)

During the three and six months ended March 31, 2019 the Company paid to RIVI $Nil related to GEOs produced during the periods; the Company paid to RIVI $144,465 (US$115,285) and $239,295 (US$191,142) related to GEOs produced during the periods. Short term portion of the stream facility at March 31, 2019 and September 30, 2018 of $917,872 (US$686,875) and $384,495 (US$297,022), respectively, relates to amounts due to RIVI for GEOs produced and not yet paid until that respective date.

Seventy-two months after the Monthly Production Milestone has been met, or when 20,000 GEOs have been delivered under the Gold Stream Agreement (whichever occurs first), the Company has the option to reduce RIVI's entitlement to 5% of the GEOs produced on the Igor 4 concession by making a one-time payment of US$5 million to RIVI, subject to the price of gold being greater than US$1,200 per ounce.

The Company has granted RIVI a first and preferred mining tenements mortgage of US$5 million on the Igor concession and surface land and general security interest (the "Security") over all of the present and after-acquired assets within the property. The Security provided to RIVI will cease once the Company has fully paid the US$5 million investment by RIVI.

b) Convertible note

	Six months ended March 31, 2019			Year ended September 30, 2018		
	Note liability	**Derivative liability**	**Convertible note**	Note liability	Derivative liability	Convertible note
Oppening balance	**$1,016,535**	**$222,335**	**$1,238,870**	$983,069	$320,531	$1,303,600
Transaction costs	**-**	**-**	**-**	(5,156)	-	(5,156)
Interest acretion	**102,698**	**-**	**102,698**	26,934	-	26,934
Acrued interest	**66,237**	**-**	**66,237**	18,698	-	18,698
Unrealised gain on derivative	**-**	**(225,749)**	**(225,749)**	-	(96,611)	(96,611)
Foreign exchange	**33,109**	**4,916**	**38,025**	(7,010)	(1,585)	(8,595)
	$1,218,579	**$1,502**	**$1,220,081**	$1,016,535	$222,335	$1,238,870
Current portion	**(1,218,579)**	**(1,502)**	**(1,220,081)**	-	-	-
Convertible note (long term)	**$-**	**$-**	**$-**	$1,016,535	$222,335	$1,238,870

On August 9, 2018 the Company signed a subscription agreement with an investor for a US$1.0 million non-secured convertible note (the "note"). The note bears annual interest at 10% payable at maturity, mature 18 months from issuance and will be convertible into common shares of the Company, at the option of the holder, at a price of US$0.11 per common share. The Company received the note proceeds of $1,303,600 (US$1,000,000) on August 24, 2018 and incurred transaction costs of $6,837. At March 31, 2019, the convertible note was reclassified as short term, as the note matures in February 2020.

During the three and six months ended March 31, 2019, the Company incurred $85,977 (US$64,687) and $168,935 (US$127,517) of interest expense, including interest accretion of $52,749 (US$39,687) and $102,698 (US$77,517).

The conversion feature of the note meets the definition of a derivative liability and is recorded as such revalued on each subsequent reporting date with the changes in the fair value recorded in profit and loss. The fair value of the derivative liability is measured using the Black Scholes option pricing model with assumption as disclosed in note 14.

9. ENVIRONMENTAL REHABILITATION PROVISION

Environmental rehabilitation provision represents the discounted values of the estimated cost for site reclamation and remediation for the Company's Igor properties. The environmental rehabilitation provision as at March 31, 2019 and September 30, 2018 is as follows:

(Unaudited – Expressed in Canadian Dollars)

As at	**March 31, 2019**	September 30, 2018
Balance at beginning of year	**$286,109**	$99,840
Accretion	**17,802**	-
Change in estimates	**-**	205,506
Environmental spending during the year	**-**	(22,463)
Foreign Exchange	**9,424**	3,226
	$313,334	$286,109

The environmental rehabilitation provision is calculated using a risk adjusted rate of 12% with the rehabilitation and remediation spending expected to incur in 5 years. The total undiscounted estimated rehabilitation provision at March 31, 2019 is $533,431 (US$399,185); September 30, 2018 $516,745 (US$399,185).

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares, without par value; and unlimited number of preference shares, without par value.

b) Issued

On December 6, 2018, the Company announced a non-brokered private placement (the "financing" or "December 2018 financing") offering of up to 39,999,999 units at a price of $0.075 per unit. Each unit consists of one common share and half a common share purchase warrant exercisable into common shares of the Company at $0.10 per common for two years from the closing of the financing.

The Company received $1,818,525 gross proceeds from the financing ($102,900 from the third tranche received subsequent to March 31st); upon closing of the first and second tranche (respectively on February 11 and April 16, 2019), the Company issued 18,999,999 and 3,875,000 units, respectively; $266,081 net proceeds ($290,625 gross proceeds) from the third tranche are recorded as subscription received as at March 31, 2019.

The Company has incurred cash transaction costs of $96,476 related to the two first tranches of the financing and issued 935,666 commons shares of the Company with a fair value of $77,227 to a broker.

c) Reserves

Share purchase options

Pursuant to the Company's share option plan (the "Option Plan"), the Company may grant incentive share options to directors, officers, employees and consultants of the Company or any subsidiary thereof. The total number of shares issuable pursuant to the Option Plan is up to a maximum of 10% of the issued and outstanding common shares of the Company at any given time. The exercise price of each share option shall not be lower than the market price or such discount from the market price as may be permitted by the stock exchange on which the common shares are listed and provided that no share option shall have a term exceeding ten years (or such longer period as is permitted by the stock exchange on which the common shares are listed). The Board of Directors determines the vesting terms of the options which may vary between grants.

The number of share options issued to insiders of the Company within a one-year period cannot exceed 10% of the number of common shares outstanding; no one eligible optionee can hold share options that represent more than 5% of the total common shares issued and outstanding. Finally, there may not be issued to any one insider and such insider's associates, within a one-year period, a number of share options exceeding 5% of the number of common shares outstanding.

(Unaudited – Expressed in Canadian Dollars)

Movements in the Company's share options for the six months ended March 31, 2019 and 2018 are as follows:

Six months ended	**March 31, 2019**		March 31, 2018	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of period	**29,386,000**	**$0.11**	30,936,000	$0.12
Granted	**-**	**-**	1,800,000	$0.08
Forfeited	**-**	**-**	(1,800,000)	$0.26
Outstanding, end of period	**29,386,000**	**$0.11**	30,936,000	$0.10
Exercisable, end of period	**29,386,000**		30,202,666	

During the six months ended March 31, 2018, the Company granted 1,000,000 share options to certain employees and consultants which vested immediately at the date of grant, are exercisable at a weighted average price of $0.09 per share option, expire in five years from date of issuance, and have a total fair value of $68,409 with a weighted average fair value at grant date of $0.07 per share option.

In addition, during the six months ended March 31, 2018, the Company granted 800,000 share options to its employees which vest in three equal instalments with the first tranche vesting upon grant and the rest every six months thereafter; the options are exercisable at a weighted average price of $0.075 per share option, expire in five years from date of issuance, and have a total fair value of $38,623 (fair value at grant date of $0.05 per share option).

Share based payment expense recorded during the three and six months ended March 31, 2019 and 2018 was, respectively, $Nil and $71 ($12,012 and $105,157).

The fair value of the options granted is estimated on the dates of grant using the Black-Scholes option valuation model with the following weighted-average assumptions:

Six months ended March 31,	**2019**	2018
Dividend yield	**NA**	Nil
Expected annualized volatility	**NA**	103.0%
Risk free interest rate	**NA**	1.6%
Expected life to exercise	**NA**	5 years
Grant date fair value	**NA**	$0.06
Forfeiture rate	**NA**	Nil

Option pricing models require the input of subjective assumptions including the expected price volatility and the expected option life. Expected price volatility was calculated based on the Company's historical share prices. Changes in these assumptions can materially affect the estimated fair value of the stock options granted.

The summary of the Company's options outstanding and exercisable as at March 31, 2019 is as below:

Exercise price	Options outstanding	Options exercisable	Remaining contractual life (years)	Expiry dates
$0.07-$0.075	3,200,000	3,200,000	3.38	May to October 2022
$0.09	1,000,000	1,000,000	3.64	November 20, 2022
$0.10	21,786,000	21,786,000	2.27	October 2020 to November 2021
$0.16	3,400,000	3,400,000	0.58	October 28, 2019
	29,386,000	29,386,000		

(Unaudited – Expressed in Canadian Dollars)

Warrants

Movements in the Company warrants for the six months ended March 31, 2019 and 2018 are as follows:

	March 31, 2019		March 31, 2018	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
Outstanding, beginning of period	**61,650,116**	**$0.09**	95,022,616	$0.09
Issued	**9,499,999**	**$0.10**	-	-
Expired	**-**	**$0.00**	(3,772,500)	$0.15
Outstanding, end of period	**71,150,115**	**$0.09**	91,250,116	$0.09

On February 11, 2019, the Company issued 9,499,999 warrants (note 10(b)) exercisable into same number of common shares of the Company at $0.01 per common share and expiring on February 11, 2021

The summary of the Company's warrants outstanding as at March 31, 2019 is as below:

Exercise price	Warrants outstanding	Remaining contractual life (years)	Expiry dates
$0.085	61,650,116	0.70	December 13, 2019
$0.100	9,499,999	2.87	February 11, 2022
	61,650,116		

On April 16, 2019 the Company issued 1,937,500 warrants related to the second tranche of the financing (note 10(b)), exercisable into same number of common shares of the Company at $0.10 per common share and expiring on April 16, 2021.

Finder's Warrants

Movements in the Company's finder's warrants for the six months ended March 31, 2019 and 2018 are as follows:

	March 31, 2019		March 31, 2018	
	Number of finder's warrants	**Weighted-average exercise price**	Number of finder's warrants	Weighted-average exercise price
Outstanding, beginning of period	**10,137,014**	**$0.08**	13,941,220	$0.09
Expired	**-**	**-**	(164,375)	$0.15
Outstanding, end of period	**10,137,014**	**$0.08**	13,776,845	$0.09

The summary of the Company's finder's warrants outstanding as at March 31, 2019 is as below:

Exercise price	Finder's warrants outstanding	Remaining contractual life (years)	Expiry dates
$0.06	7,137,014	0.70	December 13, 2019
0.060	7,137,014		

The outstanding finder's warrants outstanding are exercisable into units. Each unit consists of one common share and one half of one warrant. Each finder's warrant is exercisable at $0.085 expiring on December 13, 2019.

(Unaudited – Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information of the Company as at and for the three and six months ended March 31, 2019 and 2018 is as follows:

	As at March 31, 2019			As at September 30, 2018		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Total assets	**$286,150**	**$13,126,898**	**$13,413,048**	$702,504	$11,433,763	$12,136,267
Total liabilities	**$8,590,964**	**$1,202,487**	**$9,793,451**	$7,816,482	$1,032,904	$8,849,386

	Three months ended March 31, 2019			Three months ended March 31, 2018		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net loss	**($472,079)**	**($159,995)**	**($632,074)**	($806,553)	($131,003)	($937,556)

	Six months ended March 31, 2019			Six months ended March 31, 2018		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net loss	**($1,395,521)**	**($128,283)**	**($1,523,804)**	($1,776,451)	($347,844)	($2,124,295)

12. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing activities

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	**2019**	2018
Exploration and evaluation assets and property plant and equipment				
Decrease in working capital related to mining interests	**$89,401**	$-	**($136,808)**	($191,706)
Land donation	**-**	47,071	**-**	47,071
Foreign exchange	**235,196**	127,844	**235,196**	134,933
	$324,597	$174,915	**$98,388**	($9,702)
Share Capital *note 10* (b)				
Finder shares issued with private placements	**$77,227**	$-	**$77,227**	$-

13. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The Company's key management personnel consist of the Company's officers, directors and companies associated with them including the Maher Global Exploration, a company controlled by Brian Maher, Chief Executive Officer.

Compensation includes salaries and professional fees paid to the President and Chief Executive Officer, the Chief Financial Officer and amounts paid to directors.

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	**2019**	2018
Consulting fees, salaries and benefits	**$150,235**	$274,606	**$299,647**	$426,659
Share based compensation	**-**	9,541	**71**	31,956
	$150,235	$284,147	**$299,718**	$458,615

(Unaudited – Expressed in Canadian Dollars)

On April 24, 2019, the Company entered into unsecured promissory note agreements with two directors of the Company for proceeds of US$100,000 ($130,000). The promissory notes, bear interest at 12% per annum payable semi-annually, starting on December 31, 2019, and mature on June 30, 2020.

14. FINANCIAL INSTRUMENTS

Carrying values of financial instruments

The carrying values of the financial assets and liabilities at March 31, 2019 and September 30, 2018 are as follows:

As at	**March 31, 2019**	September 30, 2018
Financial Assets		
At fair value through profit or loss		
Cash	**$22,768**	$455,430
Loans and receivable, measured at amortized cost		
Receivables	**$222,993**	$303,410
	$245,761	$758,840
Financial Liabilities		
At fair value through profit or loss		
Gold stream facility *note 8(a)*	**$6,258,713**	$6,062,936
Convertible note derivative liability *note 8(b)*	**$1,502**	$222,335
Other financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	**$1,999,820**	$1,261,471
	$8,260,036	$7,546,742

Fair values of financial instruments

The fair value of receivables, and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity.

The fair value hierarchy of financial instruments measured at fair value on the statement of financial position is as follows:

As at	**March 31, 2019**	September 30, 2018
	Level 1	Level 1
Cash	**$22,768**	$455,430
	Level 3	Level 3
Gold stream facility *note 8*	**$5,340,841**	$5,678,441
Convertible note derivative liability *note 8(b)*	**$1,502**	$222,335

The Company does not offset financial assets with financial liabilities and there were no transfers between Level 1 and Level 2 input financial instruments.

The fair value of the Gold stream facility is measured at fair value through profit and loss, with derivative valued at nominal value.

The fair value of the Gold stream facility is measured at fair value through profit and loss, with derivative valued at nominal value. The fair value of the convertible note derivative liability is measured using the Black Scholes option pricing model using the following assumptions:

(Unaudited – Expressed in Canadian Dollars)

As at	**March 31, 2019**	**September 30, 2018**
Dividend yield	**Nil**	**Nil**
Expected annualized volatility	**31.4%**	**91.8%**
Risk free interest rate	**1.47%**	**2.18%**
Expected life to exercise	**0.78 year**	**1.33 years**
Exercise price in $s/share (US$0.11/share)	**0.150**	**0.142**
Forfeiture rate	**Nil**	**Nil**

15. SUBSEQUENT EVENTS

On December 6, 2018, the Company announced a non-brokered private placement (the “financing”) offering of up to 39,999,999 units at a price of $0.075 per unit. Each unit consists of one common share and half a common share purchase warrant exercisable into common shares of the Company at $0.10 per common for two years from the closing of the financing. The Company received $290,625 gross proceeds from the second tranche of the financing to March 31, 2019; upon closing of the second tranche on April 16, 2019 the Company issued 3,875,000 units. The Company incurred cash transaction costs of $33,122 related to the second tranche of the financing.

Subsequent to March 31, 2019, the Company received $106,950 from the third tranche of the financing.

On April 24, 2019, the Company entered into unsecured promissory note agreements with two directors of the Company for proceeds of US$100,000 ($130,000). The promissory notes, bear interest at 12% per annum payable semi-annually, starting on December 31, 2019, and mature on June 30, 2020.