PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

For the three months ended December 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 months ended December 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
July 23, 2020

/s/ Natasha Tsai

Natasha Tsai, Chief Financial Officer
Vancouver, BC Canada
July 23, 2020

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

As at	*Note*	**December 31, 2019**	September 30, 2019
Assets			
Current assets			
Cash		**$6,716**	$84,262
Receivables	*5*	**30,761**	159,035
Prepaids and advances		**50,424**	24,835
		87,901	268,132
Non-current assets			
Advances for assets under construction	*6*	**960,217**	979,070
Exploration and evaluation assets	*6*	**10,904,838**	10,842,592
Property, plant and equipment	*6*	**1,546,747**	1,577,554
		$13,499,703	$13,667,348
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*7*	**$3,350,340**	$2,819,681
Convertible note	*9*	**1,453,257**	1,388,001
Promissory notes	*8*	**826,500**	793,422
Gold stream facility - short term	*9*	**1,823,448**	1,557,573
		7,453,545	6,558,677
Non-current liabilities			
Long term debt	*9*	**4,259,629**	4,644,936
Environmental rehabilitation provision	*10*	**327,208**	329,431
		4,586,837	4,974,367
Shareholders' Equity	*11*		
Share capital		**61,304,189**	61,304,189
Reserves		**7,155,541**	7,288,579
Deficit		**(67,000,409)**	(66,458,464)
		1,459,321	2,134,304
		$13,499,703	$13,667,348

Nature of operations and going concern (note1)

Commitments (note 16)

Subsequent events (note 17)

The accompanying notes are an integral part of the condensed interim 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)

Three months ended December 31,	*Note*	**2019**	2018
Operating expenses			
Communication and regulatory		**$47,154**	$55,566
Consulting fees, salaries and benefits	*14*	**218,208**	282,616
Depreciation	*6*	**712**	3,375
Foreign exchange (gain) loss		**(158,266)**	240,318
Office and miscellaneous		**35,514**	38,582
Premises		**8,365**	8,312
Professional fees	*14*	**52,670**	63,814
Share based payments expense	*11, 14*	**-**	71
Travel and promotion		**16,055**	62,806
Net loss from operations		**(220,412)**	(755,460)
Finance and other items			
Finance expense and other	*4*	**(321,533)**	(136,270)
Net loss		**($541,945)**	($891,730)
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(133,038)**	436,262
Total comprehensive loss		**($674,983)**	($455,468)
Basic and diluted loss per share		**($0.00)**	($0.00)
Weighted average number of common shares outstanding (basic and diluted)		**494,497,947**	469,285,617

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

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

Three months ended December 31,	*Note*	**2019**	2018
Operating Activities			
Net loss		**($541,945)**	($891,730)
Depreciation		**712**	3,375
Share based payments expense		**-**	71
Foreign exchange loss		**(168,562)**	240,318
Finance expense		**321,533**	136,270
		(388,262)	(511,696)
Change in non-cash operating working capital			
(Increase) decrease in receivables		**(1,715)**	6,928
(Increase) decrease in prepaids		**(25,589)**	13,619
Increase in accounts payable and accrued liabilities		**510,108**	501,108
Net cash flow provided by operating activities		**94,542**	9,959
Financing Activities			
Subscriptions received, net of financing costs		**-**	707,549
Proceeds from promissory notes	*8*	**26,796**	-
Net cash flow from financing activities		**26,796**	707,549
Investing Activities			
Additions to exploration and evaluation assets, including changes in working capital		**(206,150)**	(293,277)
Additions to property, plant and equipment		**(8,903)**	(478,509)
Advances for assets under construction		**-**	(68,210)
Loan receivable, net of payment received	*4*	**130,612**	43,318
Net cash flow used in investing activities		**(84,441)**	(796,678)
Impact of foreign exchange on cash balances		**(114,443)**	(80,031)
Decrease in cash during the period		**(77,546)**	(159,201)
Cash at beginning of period		**84,262**	455,430
Cash at end of period		**$6,716**	$296,229

Supplemental cash flow information note 13

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

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Three Months Ended December 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, 2018		469,285,617	$59,628,834	$-	$1,010,461	$7,105,102	$47,071	($1,031,752)	($63,472,835)	$3,286,881
Subscriptions received, net of share issue costs of $37,451	*10(b)*	-	-	707,549	-	-	-	-	-	707,549
Share based payments	*10(c)*	-	-		-	71	-	-	-	71
Net loss		-	-		-	-	-	-	(891,730)	(891,730)
Other comprehensive gain, net of tax		-	-		-	-	-	436,262	-	436,262
Total comprehensive gain (loss)								436,262	(891,730)	(455,468)
At December 31, 2018		**469,285,617**	**59,628,834**	**707,549**	**1,010,461**	**7,105,173**	**47,071**	**(595,490)**	**(64,364,565)**	**3,539,033**
Private placement shares issued, net of share issue costs of $220,397	*10(b)*	25,212,330	1,675,355	(707,549)	-	-	-	-	-	967,806
Net loss		-	-		-	-	-	-	(2,093,899)	(2,093,899)
Other comprehensive loss, net of tax		-	-		-	-	-	(278,636)	-	(278,636)
Total comprehensive loss								(278,636)	(2,093,899)	(2,372,535)
At September 30, 2019		**494,497,947**	**61,304,189**	**-**	**1,010,461**	**7,105,173**	**47,071**	**(874,126)**	**(66,458,464)**	**2,134,304**
Net loss		-	-		-	-	-	-	(541,945)	(541,945)
Other comprehensive loss, net of tax		-	-		-	-	-	(133,038)	-	(133,038)
Total comprehensive loss								(133,038)	(541,945)	(674,983)
At December 31, 2019		**494,497,947**	**$61,304,189**	**$-**	**$1,010,461**	**$7,105,173**	**$47,071**	**($1,007,164)**	**($67,000,409)**	**$1,459,321**

The accompanying notes are an integral part of the condensed interim 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 $541,945 for the three months ended December 31, 2019 and has accumulated a deficit of $67,000,409 as at December 31, 2019. As at December 31, 2019 the Company has cash of $6,716 and a negative working capital of $7,365,644; the working capital deficiency includes $1,453,257 for the non-secured convertible note (note 9(b)).

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. Subsequent to December 31, 2019, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business, including potential delays to its exploration efforts/activities/programs, and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. 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, 2019, 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 2019 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Board of Directors of the Company on July 23, 2020.

(Unaudited – Expressed in Canadian Dollars)

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 2019 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, 2019.

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, 2019. 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 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.

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.

4. FINANCE EXPENSE AND OTHER

Three months ended December 31,	**2019**	2018
Gold stream facility interest expense *note 9(a)*	**$197,414**	$199,641
Convertible note interest expense and acretion *note 9(b)*	**93,482**	82,958
Unrealised gain on derivative liability *note 9(b)*	**-**	(156,369)
Promissory notes interest expense *note 8*	**20,153**	-
Convertible note transaction costs related to the conversion option *note 9(b)*	**-**	8,763
Unwinding of the discount - environmental closure provision *note 10*	**9,686**	-
Bank charges and other	**798**	1,277
Finance expenses and other	**$321,533**	$136,270

5. RECEIVABLES

As at	**December 31, 2019**	September 30, 2019
Sales tax and government receivables	**$21,937**	$20,207
Other	**3,629**	3,644
Loan receivable	**5,195**	135,184
	$30,761	$159,035

(Unaudited – Expressed in Canadian Dollars)

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 2020. The Company received $130,612 (US$98,079) and $43,318 (US$32,730), respectively, during the three months ended December 31, 2019 and 2018; $129,569 (US$97,524) were received during the year ended September 30, 2019.

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

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

Three months ended December 31, 2019	**Exploration and Evaluation Assets**	**Property, plant and equipment**
Cost		
At October 1, 2019	**$10,842,592**	**$1,726,989**
Additions	**168,830**	**-**
Foreign exchange	**(106,584)**	**(31,840)**
Cost at December 31, 2019	**$10,904,838**	**$1,695,149**
Accumulated depreciation		
At October 1, 2019	**$-**	**$149,435**
Depreciation	**-**	**712**
Foreign exchange	**-**	**(1,745)**
Accumulated depreciation at December 31, 2019	**$ -**	**$148,402**
Carrying value at December 31, 2019	**$10,904,838**	**$1,546,747**

Year ended September 30, 2019	Exploration and Evaluation Assets	Property, plant and equipment
Cost		
At October 1, 2018	$9,678,375	$824,603
Additions	1,150,566	757,615
Transfer to property plant and equipment (construction in progress)	(128,988)	128,988
Foreign exchange	142,639	15,783
Cost at September 30, 2019	$10,842,592	$1,726,989
Accumulated depreciation		
At October 1, 2018	$-	$135,542
Depreciation	-	11,011
Foreign exchange	-	2,882
Accumulated depreciation at September 30, 2019	$ -	$149,435
Carrying value at September 30, 2019	$10,842,592	$1,577,554

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 9(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.

(Unaudited – Expressed in Canadian Dollars)

During the three months ended December 31, 2019, the Peruvian Ministry of Energy and Mines issued a notice that the Company's environmental license at the Igor 1 and 3 exploration projects had expired. Management is in the process of having the environmental licenses reinstated.

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

Three months ended December 31,	**2019**	2018
Drilling, road and site preparation	**$51,146**	$297,500
Salaries, claims maintenance and staking	**23,410**	31,102
Social development	**60,576**	101,526
Engineering	**-**	40,909
Environmental	**39,197**	17,301
Environmental rehabilitation provision *note 10*	**(5,499)**	-
Transfer to property plant and equipment (construction in progress)	**-**	(128,988)
Total additions	**$168,830**	$359,350

The 2019 expenditures include $14,235 spent in the bulk sampling and testing program, pre-feasibility study and infill drilling on the Igor 4 concession, and $154,595 spent on exploration drilling on other Igor properties. The transfer to property, plant and equipment during the three months ended December 31, 2018 was a reclassification of expenditures from exploration and evaluation assets to property, plant and equipment.

a) Agreement with Proyectos Le Patagonia, S.A.C. ("Patagonia")

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.

Patagonia is responsible for obtaining all necessary permits and licenses to carry out mining operations on the Igor 4 concession in order to reach certain production milestones. The Company is responsible for building and installing a processing plant with a capacity of at least 150 MTPD and to be expanded to 350 MTPD.

The Company can terminate the assignment agreement at any time subject of payments to Patagonia as follows:

- if terminated after November 1, 2019, US$3,000,000 less US$5 multiplied by the tons of ore extracted;
- if terminated before November 1, 2019, US$4,000,000 less US$5 multiplied by the tons of ore extracted;

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.

b) Community Agreements

On February 14, 2018, the Company signed a ten year agreement with the community of Callanquitas in Northern Peru that provides the Company with the Social License to conduct mining and exploration activities at the Igor Project, including the ongoing test-mining and bulk-sampling program at Igor 4 concession. The agreement provides for employment opportunities for the people of Callanquitas, improved road maintenance in the vicinity of the community, and infrastructure improvements to the local elementary school.

On November 20, 2018, the Company signed an agreement with the Igor community in Northern Peru that provides the Company with the Social License to build and operate the heap leach facility for processing of the ore from the Igor 4 concession. The agreement provides for employment opportunities for the people of the Igor community, improved road maintenance in the vicinity of the community, and infrastructure improvements to local schools and medical facility.

(Unaudited – Expressed in Canadian Dollars)

Property, Plant and Equipment

Property, plant and equipment at December 31, 2019 includes $1,168,117 (September 30, 2019 - $1,189,841) 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 December 31, 2019 include $960,217 (US$739,311) (September 30, 2019 - $979,070 (US$739,311)) 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 December 31, 2019 include $377,829 for land where $47,071 is 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	**December 31, 2019**	September 30, 2019
Trade payables	**$2,177,118**	$1,827,221
Due to RIVI Opportunity Fund LP - accrued interest *note 9(a)*	**974,238**	795,304
Acquisition of surface rights	**198,984**	197,156
	$3,350,340	$2,819,681

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. PROMISSORY NOTES

On April 24, 2019, the Company entered into unsecured promissory note agreements with two directors of the Company for proceeds of US$100,000 ($132,373). The promissory notes bear interest at 12% per annum payable semi-annually, starting on December 31, 2019, and mature on June 30, 2020.

On June 30, 2019, the Company entered into an unsecured promissory note agreement to repay amounts owing to the former CFO of the Company. The promissory note has a principal amount of $112,160, bears interest at 12% per annum payable semi-annually, starting on December 31, 2019, and matures on June 30, 2020.

On July 22, 2019, the Company entered into an unsecured promissory note agreement for proceeds of US$400,000 ($525,680). The promissory note bears interest at 12% per annum and matured on September 30, 2019.

On December 16, 2019, the Company entered into an unsecured promissory note agreement with another director of the Company for proceeds of US$20,300 ($26,796). The promissory note bears interest at 12% per annum payable semi-annually, starting on December 31, 2019, and mature on June 30, 2020.

	Three months ended December 31, 2019	Year ended September 30, 2019
Balance at beginning of period/year	**$793,422**	$-
Proceeds	**26,796**	658,053
Issuance of promissory note for accounts payable	**-**	112,160
Accrued interest	**20,153**	19,095
Foreign exchange	**(13,871)**	4,114
Balance at end of period/year	**$826,500**	$793,422

(Unaudited – Expressed in Canadian Dollars)

9. LONG TERM DEBT

As at	**December 31, 2019**	September 30, 2019
Gold stream facility *9(a)*	**$6,083,077**	$6,202,509
Convertible note *9(b)*	**1,453,257**	1,388,001
	7,536,334	7,590,510
Current portion *9(a)(b)*	**(3,276,705)**	(2,945,574)
Long term debt	**$4,259,629**	$4,644,936

a) *Gold Stream Facility*

	Three months ended December 31, 2019	Year ended September 30, 2019
Balance at beginning of period/year	**$6,202,509**	$6,062,936
Proceeds	**-**	-
Principal repayments	**-**	-
Foreign exchange	**(119,432)**	139,573
Balance at end of year	**6,083,077**	6,202,509
Accrued principal repayments	**(1,823,448)**	(1,557,573)
Gold stream facility (long term)	**$4,259,629**	$4,644,936

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 years ended September 30, 2018 and 2017.

During the three months ended December 31, 2019, the Company paid to RIVI $nil of interest related to the Facility (2018 – $nil). Accounts payable and accrued liabilities at December 31, 2019 and September 30, 2019 include accrued interest related to the Facility of $974,238 (US$750,106) and $795,304 (US$600,547), 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").

(Unaudited – Expressed in Canadian Dollars)

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 December 31, 2019 and September 30, 2019 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.

During the three months ended December 31, 2019, the Company paid to RIVI $nil related to GEOs produced (September 30, 2019 – $nil). Short term portion of the stream facility at December 31, 2019 and September 30, 2019 of $1,823,448 (US$1,403,948) and $1,557,573 (US$1,176,148), 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

	Three months ended December 31, 2019			Year ended September 30, 2019		
	Note liability	**Derivative liability**	**Convertible note**	Note liability	Derivative liability	Convertible note
Opening balance	**$1,388,001**	**$-**	**$1,388,001**	$1,016,535	$222,335	$1,238,870
Proceeds	**-**	**-**	**-**	-	-	-
Transaction costs	**-**	**-**	**-**	-	-	-
Interest acretion	**60,483**	**-**	**60,483**	216,067	-	216,067
Accrued interest	**32,999**	**-**	**32,999**	132,691	-	132,691
Unrealised gain on derivative	**-**	**-**	**-**	-	(227,245)	(227,245)
Foreign exchange	**(28,226)**	**-**	**(28,226)**	22,708	4,910	27,618
Convertible note	**$1,453,257**	**$-**	**$1,453,257**	$1,388,001	$-	$1,388,001

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, matures 18 months from issuance and is 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 December 31, 2019, the convertible note was classified as short term, as the note matures in February 2020.

During the three months ended December 31, 2019 and 2018, the Company incurred $93,482 (US$70,821) and $82,958 (US$62,830) of interest expense, including interest accretion of $60,483 (US$45,821) and $49,949 (US$37,830).

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 15.

(Unaudited – Expressed in Canadian Dollars)

10. 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 December 31, 2019 and September 30, 2019 is as follows:

As at	**December 31, 2019**	September 30, 2019
Balance at beginning of period/year	**$329,431**	$286,109
Accretion	**9,686**	36,811
Change in estimates	**(5,499)**	-
Foreign Exchange	**(6,410)**	6,511
	$327,208	$329,431

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 December 31, 2019 is $509,779 (US$392,500) (September 30, 2019 – $528,641 (US$399,185)).

11. 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; upon closing of the first, second and third tranche (respectively on February 11, April 16, 2019 and September 12, 2019), the Company issued 18,999,998, 3,875,000 and 1,371,999 units, respectively.

The Company incurred cash transaction costs of $143,170 related to the three tranches of the financing and issued 965,333 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 three months ended December 31, 2019 and the year ended September 30, 2019 are as follows:

	Three months ended December 31, 2019		Year ended September 30, 2019	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of period/year	**26,236,000**	**$0.10**	29,386,000	$0.10
Forfeited	**-**	**-**	(3,150,000)	0.09
Expired	**(3,400,000)**	**0.08**	-	-
Outstanding, end of period/year	**22,836,000**	**$0.10**	26,236,000	$0.10
Exercisable, end of period/year	**22,836,000**	**$0.10**	26,236,000	$0.10

Share based payment expense recorded during the three months ended December 31, 2019 and 2018 was, respectively, $nil and $71.

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

Exercise price	Options outstanding	Options exercisable	Remaining contractual life (years)	Expiry dates
$0.07-$0.075	2,400,000	2,400,000	2.58	May to August 2022
$0.09	1,000,000	1,000,000	2.89	November 20, 2022
$0.10	19,436,000	19,436,000	1.53	October 2020 to November 2021
	22,836,000	22,836,000	1.70	

Warrants

Movements in the Company warrants for the three months ended December 31, 2019 and the year ended September 30, 2019 are as follows:

	Three months ended December 31, 2019		Year ended September 30, 2019	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
Outstanding, beginning of period/year	**73,773,615**	**$0.09**	61,650,116	$0.09
Issued	**-**	**-**	12,123,499	0.10
Expired	**(61,650,116)**	**0.09**	-	0.00
Outstanding, end of period/year	**12,123,499**	**$0.10**	73,773,615	$0.09

On February 11, 2019, the Company issued 9,499,999 warrants (note 11(b)) exercisable into same number of common shares of the Company at $0.10 per common share and expiring on February 11, 2021.

On April 16, 2019 the Company issued 1,937,500 warrants related to the second tranche of the financing (note 11(b)), exercisable into same number of common shares of the Company at $0.10 per common share and expiring on April 16, 2021.

On September 12, 2019 the Company issued 686,000 warrants related to the third tranche of the financing (note 11(b)), exercisable into same number of common shares of the Company at $0.10 per common share and expiring on September 12, 2021.

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

(Unaudited – Expressed in Canadian Dollars)

Exercise price	Warrants outstanding	Remaining contractual life (years)	Expiry dates
$0.100	9,499,999	1.12	February 11, 2021
$0.100	1,937,500	1.29	April 16, 2021
$0.100	686,000	1.70	September 12, 2021
	12,123,499		

Finder's Warrants

Movements in the Company's finder's warrants for the three months ended December 31, 2019 and the year ended September 30, 2019 are as follows:

	Three months ended December 31, 2019		Year ended September 30, 2019	
	Number of finder's warrants	**Weighted-average exercise price**	Number of finder's warrants	Weighted-average exercise price
Outstanding, beginning of period/year	**7,137,014**	**$0.06**	10,137,014	$0.08
Expired	**(7,137,014)**	**0.06**	(3,000,000)	0.12
Outstanding, end of period/year	**-**		7,137,014	$0.06

The Company had no finder's warrants as at December 31, 2019.

12. 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 months ended December 31, 2019 and the year ended September 30, 2019 is as follows:

	As at December 31, 2019			As at September 30, 2019		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Total assets	**$72,325**	**$13,427,378**	**$13,499,703**	$221,765	$13,445,583	$13,667,348
Total non-current assets	**$0**	**$13,411,802**	**$13,411,802**	$95	$13,399,121	$13,399,216
Total liabilities	**$10,803,231**	**$1,237,163**	**$12,040,394**	$10,413,320	$1,119,724	$11,533,044

	Three months ended December 31, 2019			Three months ended December 31, 2018		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net loss	**($415,742)**	**($126,215)**	**($541,957)**	($923,442)	$31,712	($891,730)

(Unaudited – Expressed in Canadian Dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities

Three months ended December 31,	**2019**	2018
Exploration and evaluation assets and property plant and equipment		
Decrease (increase) in working capital related to mining interests	**$46,223**	($226,209)
Environmental rehabilitation provision adjustment	**(5,499)**	-
Foreign exchange	**(136,679)**	411,934
	($95,955)	$185,725

14. 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 former Chief Financial Officer, a company in which the current CFO was an associate until July 31, 2018 and an owner thereafter, and amounts paid to directors.

Three months ended December 31,	**2019**	2018
Consulting fees, salaries and benefits	**$90,593**	$149,411
Professional fees	**21,180**	-
Share based compensation	**-**	71
	$111,773	$149,482

Accounts payable and accrued liabilities at December 31, 2019 includes $495,002 (September 30, 2019 – $382,541) due to the CEO of the Company, the former CFO of the Company, and a company in which the current CFO was an associate until July 31, 2018 and an owner thereafter. The balances owing are non-interest bearing, payable on demand, and have no fixed repayment terms. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

On April 24, 2019, the Company entered into unsecured promissory note agreements with two directors of the Company for proceeds of US$100,000 ($132,373). The promissory notes bear interest at 12% per annum payable semi-annually, starting on December 31, 2019, and mature on June 30, 2020.

On June 30, 2019, the Company entered into an unsecured promissory note agreement to repay amounts owing to the former CFO of the Company. The promissory note has a principal amount of $112,160, bears interest at 12% per annum payable semi-annually, starting on December 31, 2019, and matures on June 30, 2020.

On December 16, 2019, the Company entered into an unsecured promissory note agreement with another director of the Company for proceeds of US$20,300 ($26,796). The promissory note bears interest at 12% per annum payable semi-annually, starting on December 31, 2019, and mature on June 30, 2020.

15. FINANCIAL INSTRUMENTS

Carrying values of financial instruments

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

(Unaudited – Expressed in Canadian Dollars)

As at	**December 31, 2019**	September 30, 2019
Financial Assets		
At fair value through profit or loss		
Cash	**$6,716**	$84,262
At amortized cost		
Loan receivable	**5,195**	135,184
	$11,911	$219,446
Financial Liabilities		
At fair value through profit or loss		
Gold stream facility *note 9(a)*	**$6,083,077**	$6,202,509
At amortized cost		
Accounts payable and accrued liabilities	**3,350,340**	2,819,681
Convertible note *note 9(b)*	**1,453,257**	1,388,001
Promissory notes	**826,500**	793,422
	$11,713,174	$11,203,613

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	**December 31, 2019**	September 30, 2019
	Level 1	Level 1
Cash	**$6,716**	$84,262
	Level 3	Level 3
Gold stream facility *note 9* (a)	**$6,083,077**	$6,202,509

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 convertible note derivative liability is measured using the Black Scholes option pricing model using the following assumptions:

As at	**December 31, 2019**	September 30, 2019
Dividend yield	**NA**	Nil
Expected annualized volatility	**NA**	48.4%
Risk free interest rate	**NA**	1.59%
Expected life to exercise	**NA**	0.28 year
Exercise price in $/share (US$0.11/share)	**NA**	0.146
Forfeiture rate	**NA**	Nil

16. COMITMENTS AND CONTINGENCIES

The Company's commitments are disclosed in note 6 and summarized below:

The Company has entered into a ten year community agreement, whereby the Company has committed to provide employment opportunities for the people of Callanquitas community in Peru in the vicinity of the Company's Igor 4 concession, improved road maintenance and infrastructure improvements to the local elementary school, in exchange for the Social License to conduct mining and exploration activities at the Igor Project.

On November 20, 2018, the Company signed an agreement with the Igor community in Northern Peru that provides the Company with the Social License to build and operate the heap leach facility for processing of the ore from the Igor 4 concession. The agreement provides for employment opportunities for the people of the Igor community, improved road maintenance in the vicinity of the community, and infrastructure improvements to local schools and medical facility.

The Company has contracted the services of Big Rock Consulting Inc. ("BRC") for the manufacturing of certain equipment for the Company's heap leach plant for US$1,913,250. To December 31, 2019 the Company has advanced $979,070 (US$739,311) to BRC with the rest of the contracted amount to be paid by the time the equipment is delivered.

In addition, the Company had undiscounted environmental closure obligations (note 10) for remediation and rehabilitation work on the Company's Igor properties with estimated total obligations at December 31, 2019 of $509,779 (US$392,500).

Subsequent to December 31, 2019, the Company was notified of a claim filed by AMM against the Company, for early termination fees associated with the construction of the Company's mineral processing plant in the amount of US$13.5 million. A second claim by AMM was filed against the Company in the amount of US$1.12 million for fees allegedly payable for construction of the processing plant. As AMM had not presented significant progress in the construction of the plant to the Company, management believes PPX has valid arguments to defend against the claims and as a result no amounts have been recorded for these claims as at December 31, 2019.

17. SUBSEQUENT EVENTS

On February 25, 2020, the Company closed the first tranche of the non-brokered private placement previously announced on January 30, 2020 for up to 8,333,334 common shares of the Company at a price of $0.06 per share for gross proceeds of up to $500,000. Pursuant to the closing of the first tranche of the private placement, the Company issued 6,917,901 shares for aggregate gross proceeds of $415,074. In consideration for introducing certain first tranche subscribers to the private placement, the Company is paying a cash finders' fee of $33,206 to one arm's length finder, representing 8% of the total funds raised from subscribers introduced to the Company by such finder.

On July 7, 2020, the Company signed a one year Ore Purchase Agreement ("OPA") for 40,000 tonnes of gold-bearing material with Inca One Gold Corp. ("Inca One"), a gold producer operating two fully permitted mineral processing facilities in Peru. Under the terms of the OPA, the Company will deliver 40,000 tonnes, approximately 110 tonnes per day ("TPD") of gold-bearing material during the first year, with a minimum grade of 8 grams of gold per tonne to Inca One's Kori One processing facility. Initial shipments will commence during the Company's Q4 fiscal quarter from gold-bearing material that is currently on PPX Mining's stockpile. In addition, Inca One will provide a secured, advance payment based on certain milestones for up to US$400,000 to the Company. In the event the Company does not deliver 20,000 tonnes in the first year, the supply contract will be extended to a total of 80,000 tonnes by the end of the second year.