

PPX Mining Corp.

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

For the three and six months ended March 31, 2018 and 2017

This Management's Discussion and Analysis ("MD&A") is intended to assist the reader in understanding and assessing the trends and significant changes in the results of operations and financial condition of PPX Mining Corp. ("PPX" or the "Company"). This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company, including the notes thereto, for the three and six months ended March 31, 2018 and 2017 (the "interim financial statements") and the Company's audited consolidated financial statements for the years ended September 30, 2017 and 2016 (the "annual financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A has taken into account information available up to and including May 28 2018. All dollar amounts are in Canadian dollars unless otherwise stated.

As at March 31, 2018, the Company has cash of \$2,074,416 and working capital of \$1,472,939. While the Company has enough funds to allow it to continue its planned activities in the normal course, the Company is dependent on raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. If the Company is unable to raise additional capital in the future and/or attracting joint venture partners for further exploration on its properties, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern beyond March 31, 2019.

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

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

BUSINESS OVERVIEW

PPX Mining Corp. (TSX.V: PPX.V, SSE: PPX, BVL: PPX) is a Canadian-based exploration and development company with assets in northern Peru. The Igor Project, the Company's flagship 100% owned property, comprises four concessions of about 1,300 hectares and is located in the prolific Northern Peru gold belt in eastern La Libertad Department. The Igor Project includes the Callanquitas structure, where the Company is carrying out an underground mining testing and bulk sampling program, as well as three exploration targets: Portachuelos, Tesoros, and Domo. Previous exploration on the Callanquitas structure has resulted in a Canadian National Instrument ("NI") 43-101 Inferred resource estimate (the Callanquitas resource estimate) of 730,500 gold equivalent "Au Eq" ounces (or "GEOs") consisting of 7.2 million tonnes grading 1.9 grams per tonne (g/t) gold and 71.8 g/t silver; which equates to 3.16 Au Eq g/t using a cut-off grade of 1.5 grams per tonne ("gpt") Au Eq. This represents 448,500 ounces of

gold and 16,600,000 ounces of silver. The report amended on September 27, 2013 can be viewed on SEDAR at ww.sedar.com or on the Company's web site at www.ppxmining.com.

The Company has entered into an agreement with Proyectos La Patagonia S.A.C. ("Patagonia" or "PLP"), a wholly-owned subsidiary of the Explora Peru Mining Group, Peru (on September 17, 2014 and subsequently amended in 2015, 2016 and on April 28, 2017), whereby the Company has granted to Patagonia the rights to the Igor 4 mining concession, site of the Callanquitas resource, until the earlier of the date Patagonia extracts 600,000 metric tons of ore or June 7, 2024. During the term of the agreement, the Company and Patagonia share on the net profits from the mine operations on Igor 4, at a rate of 70%/30% up to when the production from the mine reaches 350 tons per day ("MTPD"), and 75%/25% thereafter.

On October 26, 2016, Patagonia received the Permiso de Uso de Explosivos ("Explosives Use Permit") from the Peruvian government. Going forward, the area of test mining operations will be referred to as "Mina Callanquitas". The Explosives Use Permit was presented to the Gobierno Regional de La Libertad (Regional Government of La Libertad) in order to receive the Autorizacion Inicio de Actividades ("AIA" or "Authorization to Begin Activities").

Upon receiving the AIA in October 2016, Patagonia commenced an underground test mining and bulk sampling program at Mina Callanquitas. The Company is utilizing the economic, engineering, and technical data generated during the test mining and bulk-sampling program as the basis for a Pre Feasibility Study ("PFS") to evaluate the economics of potential future mining operations at Mina Callanquitas. On October 31, 2016, the Company announced Patagonia shipped its first bulk samples of approximately 200 tonnes from Mina Callanquitas to a nearby third party facility for processing. To date, the Company has shipped over 18,000 tonnes of bulk sample to a nearby third party processing facility with an average grade of 8.4 gpt gold.

PPX has been aggressively drilling the Igor Project, conducting infill and resource expansion drilling along the Callanquitas structure and also conducting exploration drilling south of Callanquitas in the Portachuelos target area. This drill campaign has resulted in the discovery of a new gold and silver mineralized zone at Portachuelos

The Company's objective is to continue to expand and upgrade the known gold and silver resources on the Callanquitas structure and explore other targets along the approximately eight kilometres of undrilled gold and silver mineralized structure for additional potentially economically mineralized zones.

Q2 2018 HIGHLIGHTS¹

Bulk Sampling and Test Mining Program at Mina Callanquitas – 6,077 t grading 8.5 gpt Au processed during Q2 2018

Bulk sampling program – since October 2016

In July 2017, PLP implemented a revised test mining program – 6,077 t grading 8.5 gpt Au were shipped and processed at the third party facility during Q2, 2018; 16,110 t grading 8.4 gpt Au shipped and processed since inception of the bulk sampling program to March 31, 2018.

Drilling Program – 6,955m of diamond drilling completed at Igor project

In September 2017, the Company announced a diamond drilling program with the goal of exploring multiple untested targets throughout the Igor Project area and also complete infill drilling at Mina Callanquitas in order to upgrade the existing resource estimate on the Callanquitas Structure. 6,955m have been drilled to March 31, 2018 of which 2,924 m drilled in Q2 2018; total drilling of 6,955m includes 2,836 of infill and exploration drilling at Mina Callanquitas and outside the existing NI 43-101 at Igor 4 project as well as 2,941 of exploration drilling on other areas of the Igor concession.

Exploration drilling – two new mineralised zones at Portachuelos, 800m south of Callanquitas existing resource

On March 2 and 19, 2018, the Company reported two new mineralized zones intercepted at Portachuelos (drill hole CA-18-94), 800m south of the existing Callanquitas resource.

The first mineralised zone at Portachuelos (Press Release March 2, 2018) includes 40.2 metres grading 1.18 gpt Au and 115.4 gpt Ag, (2.72 gpt Au Eq) at a vertical depth of approximately 25 metres. The Portachuelos mineralized zone is located over 800 metres south of the existing Callanquitas resource and represents a new distinct area of shallow, lower grade gold and silver mineralization hosted by tectonic and hydrothermal breccia. Together with previously reported drill hole CA-17-78 (41.6m grading 0.71 gpt Au Eq), the Portachuelos mineralized zone has a strike length of approximately 650 metres, a true thickness

¹ The Company's 2018 fiscal year is from October 1, 2017 to September 30, 2018. Q2 2018 represents the three month period ended March 31, 2018

of up to 40 metres and has been drilled to a depth of 130 metres. The gold and silver mineralization at Portachuelos is open in all directions, vertically and laterally.

The second mineralized area at Portachuelos (Press Release March 19, 2018), represents a thick zone of gold and silver mineralization: 35.1m grading 2.15 gpt Au, 25.9 gpt Ag (2.49 gpt Au Eq) including a high grade interval of 2.9m grading 22.34 gpt Au, 12.0 gpt Ag (22.50 gpt Au Eq) at a vertical depth of over 300 metres. The gold and silver mineralization is completely oxidized and is open in all directions, vertically and laterally

Infill and resource confirmation / expansion drilling – new zones of high grade mineralization intersected at the Callanquitas structure

On March 19, 2018, the Company announced that drilling at the north end of the Callanquitas existing resource area has intercepted a new zone of mineralization on the Callanquitas structure: 3.0m grading 7.11 gpt Au, 9.6 gpt Ag (7.24 gpt Au Eq). An additional drill hole has been added to the Callanquitas infill drilling program to test the down dip extension of this high grade intercept.

For more details on the results of infill, resource confirmation / expansion and exploration drilling, refer to the “Exploration and Evaluation” section, further on this MD&A.

Heap Leach Plant – permitting process on going

In November 2017, the Company commenced the permitting process for a gold and silver heap leach processing plant at the Igor Project. Given the time line of the permitting process and the planned completion of the PFS in calendar Q2 2018, the Company opted to start permitting in order to minimize or eliminate delays in constructing the processing plant should that option be recommended by the PFS.

Ten Year Community Agreement for Mining and Exploration at Igor

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 concession, including the ongoing test mining and bulk-sampling program Mina Callanquitas. 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.

RIVI Gold Streaming Facility for US\$5 million

In December 2017 the Company received the second tranche of US\$2.5 million from RIVI Opportunity Fund LP. Refer below on this MD&A, (section “Agreement with RIVI Opportunity Fund LP”) for more details.

AGREEMENT WITH RIVI OPPORTUNITY FUND LP

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 Streaming Agreement”) on future precious metal production from the Company’s Igor 4 concession, further amended on November 21, 2017 as discussed below.

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 or 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 first tranche payment of US\$2.5 million, for net proceeds of US\$2.425 million (net of a structuring fee of US\$75,000) was received on October 2016 and was subject to 10% interest, payable quarterly in US\$.s.

The second tranche of US\$2.5 million was to be paid upon the Company meeting certain future production milestones, subject to the successful completion of the test mining program. The Company received the second tranche on December 13, 2017 for net proceeds of US\$2.275 million or \$2.99 million (net of US\$225,000 cash finder fees and structuring fee), with RIVI waiving some of the requirements for the production milestones, in exchange for certain amendments to the Metal Purchase Agreement provisions. The funds from the second installment are restricted to be used for the construction of a heap leach facility by the Company, and any remaining funds for exploration, development and mining on the Igor 4 concession.

The principal balance of US\$5 million is reduced as the GEOs are delivered to RIVI. 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. As at March 31, 2018 the Company has paid US\$191,142 toward the principal balance from the GEOs produced as part of the bulk sampling program; accounts payable and accruals at March 31, 2018 include \$161,491 (US\$125,245) due to RIVI for the GEOs produced during the three months ended March 31, 2018.

The amended agreement signed on November 21, 2017 (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 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 (net of the value of GEOs delivered to RIVI), 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”).

RESULTS OF OPERATIONS

The following is a summary of the Company’s results of operations for the three months and six month ended March 31, 2018 and 2017:

	Three months ended March 31,		Six months ended March 31,	
	2018	2017	2018	2017
Operating expenses				
Communication and regulatory	\$78,932	\$92,245	\$175,764	\$201,205
Consulting fees, salaries and benefits	396,124	656,605	688,175	945,134
Depreciation	4,003	1,555	6,786	1,555
Foreign exchange loss (gain)	77,057	(18,354)	97,905	41,822
Office and miscellaneous	50,955	21,650	189,372	81,690
Premises	6,520	21,658	11,275	35,845
Professional fees	42,303	59,780	82,811	108,826
Share based payments	12,012	-	105,157	990,366
Travel and promotion	79,603	64,905	193,211	117,890
Net loss from operations	(747,509)	(900,044)	(1,550,456)	(2,524,333)
Finance and other items				
Finance expense, net	(190,047)	(84,483)	(573,839)	(748,119)
Net loss	(\$937,556)	(\$984,527)	(\$2,124,295)	(\$3,272,452)
Basic and diluted loss per share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.01)

The Company recorded net loss of \$937,556 (\$0.00 per share) and \$2,124,295 (\$0.00 per share), respectively for the three and six months ended March 31, 2018 (respectively “Q2 2018” and “H1 2018”) as compared to a net loss of \$984,527 (\$0.00 per share) and \$3,272,452 (\$0.01 per share), respectively for the three and six months ended March 31, 2017 (respectively “Q2 2017” and “H1 2017”).

The most significant changes for Q2 2018 and H1 2018 (together ‘2018’) as compared to Q2 2017 and H1 2017 (together “2017”) were as follows:

Communication and regulatory of \$78,932 and \$175,764, respectively in Q2 and H1 2018 (Q2 and H1 2017 - \$92,245 and \$201,205, respectively) - Communication and regulatory includes charges related to the Company’s investor relations activities as well as filing and listing fees; the 2018 spending is comparable to 2017.

Consulting fees, salaries and benefits of \$396,124 and \$688,175, respectively in Q2 and H1 2018 (Q2 and H1 2017 - \$656,605 and \$945,134, respectively) - The 2017 spending includes severance paid to the former CFO of the Company.

Foreign exchange loss of \$77,057 and \$97,905 respectively in Q2 and H1 2018 (Q2 and H1 2017 – gain of \$18,354 and loss of 41,822, respectively)– The foreign exchange loss results from fluctuations in the US\$/CAD\$ exchange rates throughout the periods.

Office and miscellaneous of \$50,955 and \$189,372, respectively in Q2 and H1 2018 (Q2 and H1 2017 - \$21,650 and \$81,690, respectively)– The increase from 2017 reflects increased business activities.

Share-based payments of \$12,012 and \$105,157, respectively in Q2 and H1 2018 (Q2 and H1 2017 - \$Nil and \$990,366, respectively) – The decrease reflects smaller number of share options granted in 2018 compared to 2017 (1.8 million in 2017 compared to 15.036 million in 2016).

Travel of \$79,603 and \$193,211, respectively in Q2 and H1 2018 (Q2 and H1 2017 - \$64,905 and \$117,890, respectively) – Travel and promotions includes travel and meals and entertainment and increased as a result of increased travel to Peru to oversee project activities.

Finance expense is as follows:

	Three months ended March 31,		Six months ended March 31,	
	2018	2017	2018	2017
Gold streaming facility interest expense	\$187,105	\$82,733	\$280,774	\$157,225
Gold streaming facility transaction costs	-	-	288,113	587,827
Bank charges and other interest expense	2,942	1,750	4,952	3,067
Finance expense	\$190,047	\$84,483	\$573,839	\$748,119

Gold streaming facility – Interest expense and transaction costs incurred in 2018 and 2017 under the agreement with RIVI (refer to the “Agreement with RIVI Opportunity Fund LP” section above on this MD&A for more details).

SUMMARY OF QUARTERLY INFORMATION

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

<i>Fiscal quarter ended</i>	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenue	\$-	\$-	\$-	\$-
Net loss	(\$937,556)	(\$1,186,739)	(\$6,186,343)	(\$669,912)
Net loss income per share* basic and diluted	(\$0.00)	(\$0.00)	(\$0.02)	(\$0.00)

<i>Fiscal quarter ended</i>	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Revenue	\$-	\$-	\$-	\$-
Net loss	(\$984,527)	(\$3,272,452)	(\$798,035)	(\$428,770)
Net loss income per share* basic and diluted	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.00)

* Net income (loss) per share is calculated based on the weighted average number of shares outstanding for the quarter

The net loss for the three months ended September 30, 2017 includes \$4,830,627, net write off of certain advances for assets under construction. The net loss for the three months ended December 31, 2016 includes \$587,827 of transaction costs incurred on completing the gold streaming facility with RIVI in October 2016 as well as \$990,366 share based payments expense.

EXPLORATION AND EVALUATION ACTIVITIES REVIEW

The Company is focused on exploring and developing the Igor Project, located in Peru, South America. The Igor Project includes Mina Callanquitas, where the Company is carrying out an underground mining testing and bulk sampling program, as well as three exploration targets. Previous exploration on the Callanquitas structure has resulted in a Canadian National Instrument (“NI”) 43-101 Inferred resource estimate (the Callanquitas resource estimate) of 730,500 gold equivalent “Au Eq” ounces (or “GEOs”) consisting of 7.2 million tonnes grading 1.9 grams per tonne (g/t) gold and 71.8 g/t silver; which equates to 3.16 Au Eq g/t using a cut-off grade of 1.5 grams per tonne (“gpt”) Au Eq. This represents 448,500 ounces of gold and 16,600,000 ounces of silver. The report amended on September 27, 2013 can be viewed on SEDAR at www.sedar.com or on the Company’s web site at www.ppxmining.com.

The Company has acquired surface rights totaling 65.3 hectares within the Igor project area. The surface rights facilitate the development of the surface infrastructure associated with the test mining program and would allow access to important areas of the property for surface exploration, including drilling.

The production from Mina Callanquitas and the Igor 4 concession is subject to the requirements of the gold streaming facility with RIVI as discussed on the section “Agreement with RIVI Opportunity Fund LP”, above on this MD&A.

A summary of Company's spending on exploration and evaluation activities for the six months ended March 31, 2018 and 2017 is shown below:

<i>Six months ended March 31,</i>	2018	2017
Drilling, road and site preparation	\$1,630,169	\$522,656
Salaries, claims maintenance and staking	523,413	374,460
Social development	344,433	4,409
Bulk sampling program	79,248	916,310
Engineering	35,757	-
Environmental	38,481	-
Total additions	\$2,651,501	\$1,817,835

H1 2018 expenditures include \$876,687 (same period in 2017 - \$1,345,572) spend in the bulk sampling and test mining program as well as infill and exploration drilling spent on the Igor 4 concession, and \$1,774,814 (same period in 2017 - \$472,263) spent on exploration drilling on other Igor properties.

The bulk sampling program expenditures for the six months ended March 31, 2017 of \$916,310 represent the fair value of 7,635,914 common shares of the Company issued on October 2016 to Patagonia.

Bulk Sampling and Test Mining Program at Igor 4 concession

Bulk sampling program – since October 2016

On October 26, 2016, the Company commenced the underground test mining and bulk sampling at the 3390 level and, in calendar 2017 and 2018, the 3440 and 3490 levels of Mina Callanquitas. The sub-vertical geometry of the Callanquitas structure combined with favorable topography allows Patagonia to extract gold and silver mineralized material rapidly for large-scale bulk sampling. The Company plans to utilize the economic, engineering, and technical data generating during the test mining and bulk-sampling program as the basis for the PFS to evaluate the economics of potential future mining operations at Mina Callanquitas.

As at March 31, 2018, a total of 2,020 metres of ramp development have been completed on the 3440, 3390 and 3490 levels of Mina Callanquitas. Patagonia has also surveyed in detail approximately 600 linear metres of older underground workings, principally sub-levels with smaller sections, in order to integrate these workings into the mine plan for the systematic bulk-sampling. Approximately 240 metres of raises were completed connecting the 3490, 3440 and 3390 levels and provide access to the sublevels developed by previous mining at Callanquitas. Work was also performed to recover the pillars left by older underground workings.

To March 31, 2018, 16,110 tonnes ("t") at an average grade of 8.4 gpt Au were mined and processed at a third party facility, for 3,543 recovered gold ounces with an average mill recovery of 81%. Total tonnes mined were 24,926 with the difference being "low grade development" material (approximate average grade of 4.4 gpt Au); the development material (4,407t) is stockpiled at the Mina Callanquitas for processing once the Company's heap leach plant starts the operations.

During the three months ended March 31, 2018, 6,077 tonnes ("t") at an average grade of 8.5 gpt Au were mined and processed at a third party facility, for 1,343 recovered gold ounces with an average mill recovery of 81.2%. Total tonnes mined were 8,077 with the difference being "low grade development" material (approximate average grade of 4.4 gpt Au).

Underground Chanel Samples at Mina Callanquitas

On September 25, 2017, the Company reported the results of 84 channel samples collected underground at Mina Callanquitas from working faces along the Callanquitas structure on three separate levels.

The combined set of forty channel samples from underground level ("L") 3440N document continuous gold and silver mineralization over a strike length of 90 metres ("m") along the Callanquitas structure averaging 14.5 gpt Au and 100 gpt Ag over widths ranging from 0.7 to 2.5 metres. Twenty channel samples collected over a continuous strike length of 45m on sublevel Nv 2b (L3419), located twenty metres below the high grade samples collected on L3440N, returned average grades of 18.7 gpt Au and 80 gpt Ag, outlining a very high grade, almost vertically raking mineralisation area. Another twenty two channel samples, collected over a continuous strike of 35m on L 3390N returned average grades of 8.8 gpt Au and 152 gpt Ag and ranged in grade from 3.0 to 17.9 gpt Au and from 2.0 to 1,122 gpt Ag.

The consistent and high grade tenor of gold and silver mineralization seen in the channel samples suggests that precious metal distribution within the Callanquitas structure and hydrothermal system is regular, predictable, and in general, higher grade than seen in drilling. While this is encouraging, the Company recognizes that the test mining and bulk sampling program is at an early stage and the pattern of grade distribution will have to be verified by further bulk sampling and channel sampling. Plan maps depicting the results of the channel sampling program are available on the Company's website including a long section that allows the channel samples to be accurately located with respect to mine workings.

Drilling Program – 6,955m of diamond drilling completed at Igor project

In September 2017, the Company announced a diamond drilling program with the goal of exploring multiple untested targets throughout the Igor Project area and also complete infill drilling at Mina Callanquitas in order to upgrade the existing resource estimate on the Callanquitas Structure. 6,955m have been drilled to March 31, 2018 of which 2,924 m drilled in Q2 2018; total drilling of 6,955m includes 2,836 of infill and exploration drilling at Mina Callanquitas and outside the existing NI 43-101 at Igor 4 concession as well as 2,941 of exploration drilling on other areas of the Igor Project.

Infill and resource confirmation / expansion drilling – new zones of high grade mineralization intersected at the Callanquitas structure

On March 19, 2018, the Company announced that drilling at the north end of the Callanquitas existing resource area has intercepted a new zone of mineralization on the Callanquitas structure: 3.0m grading 7.11 gpt Au, 9.6 gpt Ag (7.24 gpt Au Eq). Drill hole CA-18-95 cut the Callanquitas structure 50 metres vertically below the pierce point of drill CA-18-93, a drill hole that returned no significant assay values. Drill hole -95 therefore opens up a new area of higher grade gold and silver mineralization on the Callanquitas structure; in adjacent drill sections, high grade gold and silver extends to depths almost 200 metres below the intercept reported here. An additional drill hole has been added to the Callanquitas in-fill drilling program to test the down-dip extension of this high grade intercept.

During H1 18, the Company also reported results from ten drill holes (infill and resource confirmation and expansion) at the Callanquitas structure (the "structure"). The results include significant gold mineralisation intersected in two drill holes on a section along the structure that had not been drilled before; continuity in grade and thickness as well as a New Silver Zone (2.7m grading 1.73 gpt Au and 752 gpt Ag (11.76 gpt Au Eq) and 1.8m grading 0.12 gpt Au and 605 gpt Ag (8.19 gpt Au Eq) from the results of another four drill holes on the Callanquitas structure and continuity in the highest grade portion of the deposit and grades very similar to those reported on the underground bulk sampling program (8.56 gpt Au).

Exploration drilling – two new mineralised zones at Portachuelos, 800m south of Callanquitas existing resource

On November 20, 2017, the Company reported the discovery of a new, thick, gold and silver mineralized breccia zone over 800 metres south of the known Callanquitas resource area at the Igor Project (two drill holes). The gold and silver mineralization intercepted in these drill holes is open in all directions, vertically and laterally.

On March 2 and 19, 2018, the Company reported two new mineralized zones intercepted at Portachuelos (drill hole CA-18-94), 800m south of the existing Callanquitas resource.

The first mineralised zone at Portachuelos (Press Release March 2, 2018) includes 40.2 metres grading 1.18 gpt Au and 115.4 gpt Ag, (2.72 gpt Au Eq) at a vertical depth of approximately 25 metres. The Portachuelos mineralized zone is located over 800 metres south of the existing Callanquitas resource and represents a new distinct area of shallow, lower grade gold and silver mineralization hosted by tectonic and hydrothermal breccia. Together with previously reported drill hole CA-17-78 (41.6m grading 0.71 gpt Au Eq), the Portachuelos mineralized zone has a strike length of approximately 650 metres, a true thickness of up to 40 metres and has been drilled to a depth of 130 metres. The gold and silver mineralization at Portachuelos is open in all directions, vertically and laterally.

The second mineralized area at Portachuelos (Press Release March 19, 2018), represents a thick zone of gold and silver mineralization: 35.1m grading 2.15 gpt Au, 25.9 gpt Ag (2.49 gpt Au Eq) including a high grade interval of 2.9m grading 22.34 gpt Au, 12.0 gpt Ag (22.50 gpt Au Eq) at a vertical depth of over 300 metres. The gold and silver mineralization is completely oxidized and is open in all directions, vertically and laterally

Heap Leach Plant

On November 1, 2017, the Company started the permitting process for a gold and silver heap leach processing plant at the Igor 4 concession in northern Peru. Given the timelines and anticipation to complete the PFS in calendar Q2 2018, the Company started permitting activities to minimize delays in constructing the processing plant. The facility will include a primary, secondary and tertiary rock crushing circuit, loading conveyors, agglomerate, heap leach pads, a Merrill-Crowe precious metal recovery plant (capable of producing Au/Ag dore on site), and associated support facilities. The crushing circuit will be permitted at 350

tonnes per day (“tpd”) but have sufficient excess capacity to allow production of up to 700 tpd of crushed material for future expansion.

Once the heap leach plant is operational, the Company plans to start the permitting and engineering design to expand the mill capacity to 700 tpd. The process is expected to take approximately two years and involves implementing a ball mill and leaching tanks to replace the heap leach pads, to improve recoveries on gold (from 75% to 95%) and silver (from 16% to 65%), and facilitate the final disposition of processed material in underground open spaces (backfill), reducing the need for surface land. The heap leach pads would be re-processed (milled and tank leached) together with the material coming from the mine.

The Plant layout is being designed so that other processing facilities can be added with minimal costs. The Company will permit the processing plant utilizing a Semi Detailed Environmental Impact Assessment (“EIASd”) to be submitted to the Gerencia Regional de Energia, Minas e Hidrocarburos (“GREMH”), Department of La Libertad. The Company has completed the first step in the process and has submitted the Terms of Reference (“TOR”) which has been approved by GREMH La Libertad. The EIASd was submitted in late May 2018 with the approval expected by late July 2018.

Ten Year Community Agreement for Mining and Exploration at Igor

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 on the Igor concessions, including the ongoing test mining and bulk-sampling program at Mina Callanquitas. 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. The agreement provides, among other for upgrades to the Callanquitas first aid facility, including working with the Health Ministry to increase staffing and providing updated health care equipment, expansion of the water distribution system to increase the availability of water for agricultural and domestic uses, increased educational opportunities so that children who successfully complete elementary school have the option of going to high school in the nearby community of Huaranchal, a technical training program which will lead to employment opportunities with the Company for community members. The Company will also provide scholarships to community children who wish to pursue more advanced technical training in mining and engineering.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through the equity markets and / or various other financing instruments. Should the Company wish to continue fieldwork on its exploration projects, further financing may be required. Management constantly reviews expenditures and exploration programs and equity markets in order that the Company have sufficient liquidity to support its growth strategy.

At March 31, 2018, the Company had cash of \$2,074,416 and working capital of \$1,472,939 (September 30, 2017 – cash of \$3,536,341 and working capital of \$3,213,382).

During the six months ended March 31, 2018, net cash used in operating activities was \$1,221,475 while \$2,941,079 was spent in investing activities. Investing activities include spending for the bulk sampling and testing program at the Igor 4 property as well as other exploration and evaluation spending on Igor 4 and other properties on the Igor concession. Net cash from financing activities for the six months ended March 31, 2018 was \$2,685,592, including \$2,924,887 (US\$2.275 million) net proceeds from RIVI for the second tranche of the gold streaming facility (same period in 2017 included net proceeds of \$6,999,888 from a private placement financing and \$2,981,713 from RIVI - net proceeds from the first instalment of the gold streaming facility).

On December 13, 2016, the Company closed a non-brokered private placement issuing 125,000,233 units at a price of \$0.06 per unit for gross proceeds of \$7,500,014 (net proceeds of \$6,999,888). Each unit consists of one common share and half a common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at a price of \$0.085 on or before December 13, 2019. In connection with the non-brokered private placement, the Company incurred legal and filing fees of \$71,906, paid cash finder’s fees of \$428,220, and issued 7,137,014 finder’s units valued at \$404,087. Each finder’s unit is exercisable at \$0.06 per unit, expiring December 13, 2019, and consists of one common share and one-half of one finder’s warrant. Each finder’s warrant entitles the holder to purchase one common share at a price of \$0.085 for a period of three years from closing.

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 following:

- Maher Global Exploration, a company controlled by Brian Maher, Chief Executive Officer
- KA Gold LLC, a company controlled by Kimberly Ann, former Chief Financial Officer and Vice President of Corporate Development
- Malaspina Consultants Inc, a company in which Natasha Tsai, former Interim Chief Financial Officer, is an Associate

Compensation includes salaries and professional fees paid to the President and Chief Executive Officer, former Chief Financial Officer and Vice President of Corporate Development, former Interim Chief Financial Officer and amounts paid to directors.

	Three months ended March 31,		Six months ended March 31,	
	2018	2017	2018	2017
Consulting fees, salaries and benefits	\$274,606	\$131,144	\$426,659	\$287,845
Severance and professional fees	-	279,086	-	279,086
Share based compensation	9,541	-	31,956	958,355
	\$284,147	\$410,230	\$458,615	\$1,525,286

OUTSTANDING SHARE INFORMATION

	As at May 28, 2018
Common shares - issued and outstanding	447,898,617
Securities exercisable or convertible into common shares	
Warrants (including finder warrants)	102,484,961
Share options	30,936,000

On May 25, 2018, 2,542,000 warrants at a weighted average price of \$0.078 were exercised; the respective 2,542,000 common shares will be issued in early June 2018.

The Company is exposed to financial risks sensitive to changes in commodity prices, foreign exchange and interest rates. The Company's

FINANCIAL INSTRUMENTS RISK EXPOSURE

The Company is exposed to financial risks sensitive to changes in commodity prices, foreign exchange and interest rates. The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Currently the Company has not entered into any material options, forward and future contracts to manage its price-related exposures. Similarly, derivative financial instruments are not used to reduce these financial risks.

Carrying values of financial instruments

The carrying values of the financial assets and liabilities at March 31, 2018 and September 30, 2017 are as follows:

As at	March 31, 2018	September 30, 2017
Financial Assets		
<i>At fair value through profit or loss</i>		
Cash	\$2,074,416	\$3,536,341
<i>Loans and receivable, measured at amortized cost</i>		
Receivables	497,347	401,649
	\$2,571,763	\$3,937,990
Financial Liabilities		
<i>At fair value through profit or loss</i>		
Gold streaming facility	\$6,039,050	\$3,025,330
<i>Other financial liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	1,183,415	832,687
	\$7,222,465	\$3,858,017

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:

<i>As at</i>	March 31, 2018	September 30, 2017
	Level 1	Level 1
Cash	\$2,074,416	\$3,536,341
	Level 3	Level 3
Gold streaming facility	\$6,039,050	\$3,025,330

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.

OFF - BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3 of the annual financial statements, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Critical Judgments in Applying Accounting Policies

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

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

Key Sources of Estimation Uncertainty

Useful life of plant and equipment

As discussed in note 3(e) of the annual financial statements, the Company reviews the estimated lives of its plant and equipment at the end of each reporting period. There were no material changes in the lives of plant and equipment for the six months ended March 31, 2018 and 2017.

Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company and/or its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company and/or its subsidiaries to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

Impairment of assets

The carrying amounts of mining properties and plant and equipment, and advances for assets under construction are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash generating unit ("CGU") level.

The assessment requires the use of estimates and assumptions such as, but not limited to, long-term commodity prices, foreign exchange rates, discount rates, future capital requirements, resource estimates, exploration potential and operating performance as well as the CGU definition. It is possible that the actual fair value could be significantly different from those assumptions, and changes in these assumptions will affect the recoverable amount of the mining interests. In the absence of any mitigating valuation factors, adverse changes in valuation assumptions or declines in the fair values of the Company's CGUs or other assets may, over time, result in impairment charges causing the Company to record material losses.

The Company considers both external and internal sources of information in assessing whether there are any indications that mining interests are impaired. External sources of information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of mining interests. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets.

Gold streaming facility

The Company has entered into a Gold Streaming Agreement (Note 8 of the interim financial statements) which contains a derivative liability. The valuation of this derivative utilizes a number of assumptions, including discount rate, future gold prices, the probability of achieving commercial production from the Igor 4 property, change in expected ounces to be delivered and future production levels. As at the statement of financial position date, management, due to uncertainties related to the amount of reserve and timing of future ounces to be delivered, has determined the derivative value to be nominal.

Environmental rehabilitation

Significant estimates and assumptions are made in determining the environmental rehabilitation costs as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates.

Those uncertainties may result in actual expenditures in the future being different from the amounts currently provided in the financial statements. The provision represents management's best estimate of the present value of the future rehabilitation costs required.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3(h) of the annual financial statements. The fair value of stock options granted is measured using the Black-Scholes option valuation model and is only an estimate of their potential value and requires the use of estimates and assumptions.

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

Changes in Accounting Policies

During the year ended September 30, 2017, the Company retrospectively changed its accounting policy for the valuation of shares and warrants in a unit placement. Proceeds from unit placements were previously allocated between shares and warrants issued based on the residual value method, with the warrants being valued first using the Black-Scholes option pricing model.

Under the new policy, proceeds from unit placements are allocated between shares and warrants issued based on the residual value method, with the shares being valued first. As required by IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the consolidated financial statements reflect the retroactive application of this accounting policy change, which has no net effect on the net loss for the years ended September 30, 2017 and 2016. The impact of this retroactive application was as follows:

	As Reported		Adjustments		Restated	
	As at September 30,		As at September 30,		As at September 30,	
	2016	2015	2016	2015	2016	2015
Share capital	\$46,488,242	\$44,174,640	\$3,957,424	\$2,598,011	\$50,445,666	\$46,772,651
Warrants reserve	\$4,414,362	\$2,876,626	(\$3,957,424)	(\$2,598,011)	\$456,938	\$278,615

Adoption of New Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, effective October 1, 2017. 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.

IAS 12, Income Taxes ("IAS 12")

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of a reporting period, and is not affected by possible future changes in the carrying amount or expected recovery of the asset. The Company does not expect the amendments to the standard to impact the consolidated financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2017.

IAS 7, Statement of Cash Flows

The International Accounting Standards Board ("IASB") issued amendments to IAS 7, *Statement of Cash flows* ("IAS 7"), in January 2016. The amendments are effective for annual periods beginning on or after January 1, 2017. This amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from both cash and non-cash changes.

Accounting Standards Issued Not Yet Effective

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. Earlier adoption is permitted. The Company has identified financial instruments that would be impacted by this standard. The Company is in the process of evaluating the impact of the new standard on the interim financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") proposes to replace 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. Earlier adoption is permitted. The Company does not expect the new standard to have a material impact on the 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. 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 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim financial statements for the three and six months ended March 31, 2018 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.