

PPX Mining Corp.

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

For the years ended September 30, 2017 and 2016

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 audited consolidated financial statements of the Company, including the notes thereto, for the years ended September 30, 2017 and 2016 (the "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 January 26, 2018. All dollar amounts are in Canadian dollars unless otherwise stated.

As at September 30, 2017, the Company has cash of \$3,536,341 and working capital of \$3,213,382. Subsequent to year end, in December 2017, the Company received US\$2.5 million from RIVI Opportunity Fund LP ("RIVI") as part of a gold streaming facility agreement (refer to "2017 Highlight / RIVI Gold Streaming Facility"). 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 September 30, 2018.

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 concession, the Company's flagship 100% owned property, comprises around 1,000 hectares and is located in the prolific Northern Peru gold belt in eastern La Libertad Department. The Igor concession includes three projects: Igor 4, where the Company is carrying out an underground mining testing and bulk sampling program, as well as two other exploration projects - Igor and Igor 3. Previous exploration on the Igor 4 project 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](http://www.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 mining concession on the Igor 4 property 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 at the 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 du 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 the 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.

The Company’s objective is to continue to expand and upgrade the known gold and silver resources on the Igor 4 project and explore other targets along the approximately eight kilometres of undrilled gold and silver mineralized structure for additional potentially economically mineralized zones.

2017 HIGHLIGHTS¹

Bulk Sampling and Test Mining Program at Igor project –10,033 t averaging 8.4 gpt Au processed to December 31, 2017 (5,230 t grading 9.26 gpt Au in calendar Q4², 2017); high grade areas identified by channel samples

Bulk sampling program – since October 2016

10,033 tonnes (“t”) at an average grade of 8.4 gpt Au were mined and processed at a third party facility, for 2,200 recovered gold ounces with an average mill recovery of 81%. Total tonnes mined were 14,442 with the difference being “low grade development” material (average grade of 4.5 gpt Au); the development material (2,834 tonnes) is stockpiled at the Mina Callanquitas for processing once the Company’s heap leach plant starts the operations.

In July 2017, PLP implemented a revised test mining program which resulted in 4,120 t and 8,310 t, respectively mined in calendar Q3 and Q4, 2017; 2,792 t of bulk sample material grading 7.76 gpt Au and 5,230 t grading 9.26 gpt Au were shipped and processed at the third party facility, respectively during calendar Q3 and Q4, 2017. The operations at the Mina Callanquitas were suspended from February to end of May 2017 due to intense rainfall and dangerous flooding in Northern Peru during that period.

Underground Chanel Samples at Mina Callanquitas – 1.4m grading 52.2 gpt Au and 1.1m grading 1,122 gpt Au

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.

¹ The Company’s 2017 fiscal year is from October 1, 2016 to September 30, 2017. These highlights include information for the fiscal year 2017 and subsequent to fiscal 2017 as noted

² October 1, 2017 to December 31, 2017

The nearest previous drill hole intercepts to this portion of Callanquitas structure have returned grades of 1.26 to 7.2 gpt Au and 7.4 to 352 gpt Ag. For more details, refer to the “Exploration and Evaluation” section, further on this MD&A.

Phase One Drilling Program - 6,600m diamond drilling at Igor project

In September 2017, the Company announced 6,600 meters (“m”) phase one 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. 3,528m have been drilled to December 31, 2017, including 2,316m of infill drilling at the Callanquitas Mine as well as 1,212m of exploration drilling on areas of the Igor project outside the existing NI 43-101 resource.

Infill and resource confirmation / expansion drilling – intersection of high gold mineralisation in areas within the inferred resource and a New Silver Zone at Callanquitas

Subsequent to year ended September 30, 2017, the Company 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). For more details refer

Exploration drilling – new low grade breccia zone intersected 800m south of the Callanquitas resource area

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.

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 – commenced permitting process

Subsequent to year end, 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 Q1 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.

RIVI Gold Streaming Facility for US\$5 million

On October 11, 2016, the Company closed an agreement with RIVI Opportunity Fund LP to provide the Company with an investment of US\$5 million in return for a Metal Purchase Agreement (“Gold Streaming Facility”) on future precious metal production from the Company’s Igor 4 concession. The first tranche of US\$2.5 million was received upon closure in October 2016 and the second tranche in December 2017. Refer to “Agreement with RIVI Opportunity Fund LP” section on this MD&A for more details.

Management and Board of Directors Changes

On February 15, 2017, the Company’s Chief Financial Officer (“CFO”), Kimberly Ann resigned and March 27, 2017, Natasha Tsai was appointed Interim CFO. Subsequent to year end, on October 2, 2017, Meri Verli was appointed Chief Financial Officer for the Company.

On May 8, 2017, Hector Paredes Tarazona was appointed as Operations Manager to oversee all operational, engineering and permitting aspects of the Company’s ongoing bulk sampling and test mining program, as well as future processing facilities at its Igor Project.

On June 28, 2017, Diego de la Torre de la Piedra, Fernando Arias and Jorge Benavides resigned from the Board of Directors. Dr. John Thomas and Florian Siegfried were elected as Directors at the Annual General Meeting (“AGM”) on July 14, 2017.

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 property, 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 property 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. On October 10, 2017, the Company paid RIVI \$94,670 (US\$75,857 for RIVI’s 10% of the value of GEOs produced by the Company to September 30, 2017 as part of its bulk sample testing program); \$94,670 is included in accounts payable and accrued liabilities as at September 30, 2017.

The agreement was executed on October 11, 2016 with RIVI making a first tranche payment of US\$2.5 million, for net proceeds of US\$2.425 million or \$3,181,297 (net of a structuring fee of US\$75,000). In addition to the structuring fee, the Company incurred \$275,940 in cash financing costs. The Company issued 3,000,000 finder warrants valued at \$213,496, entitling the holder to purchase one common share at a price of \$0.12 per share and expiring on October 10, 2018.

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 provision was amended with the agreement signed on November 21, 2017 as described below. The Company paid interest of \$320,607 (US\$243,493) to RIVI during the year ended September 30, 2017.

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 Gold streaming agreement provisions as discussed below. 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 property.

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.

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 property 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 property is at least 85% of 150 MTPD or the Company delivers a monthly average of 150 MTPD from the Igor 4 property to a smelter (the “Monthly Production Milestone”).

Seventy-two months after the Monthly Production Milestone has been met, or when 20,000 GEOs have been delivered under the Gold Streaming Agreement (whichever occurs first), the Company has the option to reduce RIVI’s entitlement to 5% of the GEOs produced on the Igor 4 property 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\$5.0 million investment by RIVI.

RESULTS OF OPERATIONS

The following is a summary of the Company's results of operations for the years ended September 30, 2017 and 2016:

<i>For the years ended September 30,</i>	2017	2016
Operating expenses		
Communication and regulatory	\$414,070	\$157,074
Consulting fees, salaries and benefits	1,547,200	802,565
Depreciation	5,617	23,443
Foreign exchange gain	(209,862)	(71,147)
Office and miscellaneous	331,749	132,601
Premises	56,904	67,572
Professional fees	289,760	271,841
Share based payments	1,105,588	512,185
Travel and promotion	251,859	231,610
Net loss from operations	(3,792,885)	(2,127,744)
Finance and other items		
Finance expense (income), net	(914,368)	346,822
Write off of net advances for assets under construction	(4,830,627)	-
Net loss	(\$9,537,880)	(\$1,780,922)
Basic and diluted loss per share	(\$0.03)	(\$0.01)

The Company recorded a net loss of \$9,537,880 (\$0.03 per share) for the year ended September 30, 2017 ("2017") as compared to a net loss of \$1,780,922 (\$0.01 per share) for the year ended September 30, 2016 ("2016"). The net loss in 2017 includes \$4,830,627, net write off of certain advances for assets under construction (refer to "AM Mining SAC Agreement" section, further on this MD&A) for more details); excluding the write off, the net loss for 2017 is \$4,707,253 or \$0.01 per common share.

The Company recorded a net loss of \$6,186,343 (\$0.01 per share) for the three months ended September 30, 2017, which is higher compared to the net loss of \$798,035 (\$0.01 per share) for the three months ended September 30, 2016, primarily due to the loss on impairment of net advances for assets under construction of \$4,830,627 recorded during the current quarter.

The most significant changes for the year ended September 30, 2017 were as follows:

Communication and regulatory of \$414,070 (2016 - \$157,074) - Communication and regulatory includes charges related to the Company's investor relations activities as well as filing and listing fees with the increase in 2017 reflecting more investor relations activities.

Foreign exchange gain \$209,862 (2016 - \$71,147) – The foreign exchange gain results from fluctuations in the US\$/CAD\$ exchange rates throughout the year.

Consulting fees, salaries and benefits of \$1,547,200 (2016 - \$802,565) - The increase in 2017 reflects certain management restructuring during 2017, including change of the CFO and the hiring of the Operations Manager

Office and miscellaneous of \$331,749 (2016 - \$132,601) – the increase from 2016 reflects increased business activities.

Share-based payments of \$1,105,588 (2016 - \$512,185) – the increase reflects larger number of share options granted in 2017 compared to 2016 (17.436 million in 2017 compared to 8.85 million in 2016).

Finance (expense), income, net is as follows:

<i>For the years ended September 30,</i>	2017	2016
Gold streaming facility interest expense	\$320,607	\$-
Gold streaming facility transaction costs	587,827	-
Bank charges and other interest expense	5,934	7,545
Interest expense and unwinding of the discount on convertible debentures	-	173,575
Unwinding of the discount on promissory note	-	38,616
Gain on embedded derivatives	-	(613,900)
Loss on settlement of debt	-	59,417
Finance expense (income), net	\$914,368	(\$334,747)

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

Interest expense and unwinding of the discount on the convertible debentures of \$Nil (2016 - \$183,946) – On January 22, 2016, the Company entered into agreements to issue convertible debentures for proceeds of US\$100,000. The debentures bore interest of 12% and were settled on September 27, 2016 by issuing 2,768,000 common shares of the Company

Unwinding of the discount on promissory note of \$Nil (2016 - \$38,616) - On June 8, 2015, the Company entered into a promissory note agreement with AM Mining SAC for proceeds of US\$1,129,305, which was payable by the greater of cash payment of US\$1,129,305 or 12,344,782 common shares of the Company. The promissory note was due on February 3, 2016 and extended to August 3, 2016 as provided in the agreement. The note is now past due and repayable on demand. The repayment feature of the promissory note at inception met the definition of a derivative liability and was recorded as such, measured initially at fair market value and revalued on each subsequent reporting date with the changes in the fair value recorded in profit and loss. Subsequent to maturity, the repayment feature was measured by reference to its intrinsic value. The promissory note was written off in 2017 (refer to “AM Mining SAC Agreement” section, further on this MD&A) for more details.

Gain on embedded derivatives of \$Nil (2016 - \$636,646) – the gain in 2016 includes \$596,432, gain on embedded derivative on the promissory note (refer above) as well as a gain of \$36,808, the latter representing the impact of marking to market the conversion feature embedded derivative on the convertible debentures.

Loss on settlement of debt of \$Nil (2016 – \$59,417) - The loss on debt settlement during 2016 includes on conversion of the convertible debentures of \$69,484, net of a gain of \$10,067 on settlement of various debts.

SELECTED ANNUAL INFORMATION

The following selected financial data with respect to the Company’s financial condition and results of operations has been derived from the audited consolidated financial statements of the Company for the years ended September 30, 2017, 2016 and 2015. The selected financial data should be read in conjunction with those financial statements and the notes thereto.

<i>As at and for the year ended September 30,</i>	2017	2016	2015
Revenue	\$-	\$-	\$-
Finance expense (income), net	\$914,368	(\$346,822)	(\$99,663)
Net loss for the year	(\$9,537,880)	(\$1,780,922)	(\$2,422,382)
Loss per share - Basic and diluted	(\$0.03)	(\$0.01)	(\$0.01)
Total assets	\$9,057,572	\$8,314,347	\$7,730,630
Long term liabilities	\$3,125,170	\$16,714	\$16,431

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>	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Revenue	\$-	\$-	\$-	\$-
Net loss	(\$6,186,343)	(\$669,912)	(\$984,527)	(\$1,700,098)
Net loss income per share* basic and diluted	(\$0.02)	(\$0.00)	(\$0.00)	(\$0.01)

<i>Fiscal quarter ended</i>	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Revenue	\$-	\$-	\$-	\$-
Net loss	(\$798,035)	(\$428,770)	(\$260,636)	(\$293,481)
Net loss income per share* basic and diluted	(\$0.01)	(\$0.00)	(\$0.00)	\$0.01

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

EXPLORATION AND EVALUATION ACTIVITIES REVIEW

The Company is focused on exploring and developing the Igor property, located in Peru, South America. The Igor concession includes three projects: Igor 4, where the Company is carrying out an underground mining testing and bulk sampling program, as well as two other exploration projects - Igor and Igor 3. Previous exploration on the Igor 4 project 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](http://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 property 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.

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

The production from Igor 4 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.

Agreement with Proyectos Le Patagonia, S.A.C.

The Company has entered into an agreement with Patagonia (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 mining concession (the "assignment contract") on the Igor 4 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 at the 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.

Patagonia is responsible for obtaining all necessary permits and licenses to carry out mining operations on the Igor 4 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.

Agreement with AM Mining SAC (“AMM”)

On February 4, 2015, the Company signed a series of agreements (the “Agreements”) with AMM whereby AMM agreed to construct and operate the Company’s 350 MTPD gold and silver processing plant, capable of producing precious metal ore at the Igor Project. The agreement provided for AMM to obtain all necessary permits and fully commission the processing plant within 24 months of the signing date and operate the plant for up to 54 months. AMM would pay the Company US\$100,000 for the first month of delay on commissioning the plant and US\$50,000 for each month thereafter.

The Company agreed to pay AMM US\$5,000,000 as consideration for the plant construction by issuing the owner of AMM 42,311,740 common shares, equivalent to US\$3,870,695, and entering into a promissory note for US\$1,129,305 in cash or 12,344,782 common shares of the Company.

The Company has the right to terminate the agreements at any time, subject to a 120 day notice to AMM, by paying AMM a termination fee based on potential loss of earnings from the anticipated processing plant operations. The base termination fee is US\$13,500,000; for each month that the agreement is in effect, the termination fee is reduced by US\$187,500, commencing at the end of the first month following the effective date of the agreement. The termination fee can be further reduced by applying a credit equal to 50% of any appreciation in value of the shares acquired by AMM in the private placement.

To date, AMM has not made significant progress in constructing the plant and PPX is in the process of permitting a heap leach plant for the processing of the Igor 4 material; the heap leach plant will be constructed by the Company. Management has had discussions with AMM to find a solution to the Company recovering its net advances to AMM. Due to the uncertainty related to the recoverability of the net advances of US\$3,870,695 (US\$5,000,000 net of the promissory note payable of US\$1,129,305) management decided to write off the balance during the year ended September 30, 2017. The write off at September 30, 2017 includes \$5,803,200 (US\$4,650,000) of advances for assets under construction, \$436,800 (US\$350,000) for assets under construction, net of \$1,409,373 (US\$1,129,305) write off of promissory note payable.

Igor 4 project permits

On April 13, 2015, the Company and Patagonia received approval of the Declaracion de Impactos Ambientales (“DIA”, “Declaration of Environmental Impacts”) for the underground test mining and bulk sampling program at Igor 4 project. The approval of the DIA by the Regional Government of the Department of La Libertad allows the Company and Patagonia to advance its test mining and bulk sampling program.

On February 8, 2016, the Federal Ministry of Energy and Mines and the Regional Government Ministry of Energy and Mines in La Libertad approved the Plan de Minado. Approval of the Plan de Minado allowed Patagonia to begin preparation and pre-development activities at Igor (“Permiso de Inicio de Actividades de Preparacion y Desarrollo”).

On August 15, 2016, Patagonia received the Certificado de Operación Minera (“COM” or Certificate of Mining Operation) from the Gobierno Regional La Libertad in Peru (Regional Government of La Libertad). The COM enables Patagonia to proceed with mining operations at the Igor 4 project and advance the development of test mining on the Callanquitas structure.

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

A summary of Company's spending on exploration and evaluation activities for the years ended September 30, 2017 and 2016 is shown below:

<i>For the years ended September 30,</i>	2017	2016
Drilling, road and site preparation	\$1,501,982	\$117,675
Salaries, claims maintenance and staking	794,221	208,734
Social development	257,263	3,828
Bulk sampling program	1,000,407	-
Engineering	36,278	-
Environmental	79,456	-
Environmental rehabilitation provision adjustment	83,072	-
Total additions	\$3,752,679	\$330,237

The 2017 expenditures include \$1,951,595 (2016 - \$330,237) spend in the bulk sampling and test mining program as well as infill drilling spent on the Igor 4 property, and \$1,801,084 (2016 - \$Nil) spent on exploration drilling on other Igor properties.

Bulk sampling program expenditures for the year ended September 30, 2017 of \$1,241,133, include \$916,310 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 project

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, the 3440 level 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 December 31, 2017, a total of 1,363 metres of ramp development have been completed on the 3440 and 3390 levels of Mina Callanquitas. Patagonia has also surveyed in detail approximately 300 linear metres of older underground workings, principally sub-levels, in order to integrate these workings into the mine plan for the systematic bulk-sampling. Approximately 80 metres of raises were completed connecting the 3440 and 3390 levels and provide access to the sublevels developed by previous mining at Callanquitas.

On October 31, 2016, the Company announced that Patagonia shipped its first bulk samples of approximately 200 tonnes from Mina Callanquitas to a nearby toll for processing. Since that start of the bulk sampling program to December 31, 2017, 10,033t at an average grade of 8.4 gpt Au were mined and processed at a third party facility, for 2,200 recovered gold ounces with an average mill recovery of 81%. Total tonnes mined were 14,442 with the difference being "low grade development" material (average grade of 4.5 gpt Au); at December 31, 2017, 2,834 t of development material is stockpiled at the Mina Callanquitas for processing once the Company's heap leach plant starts the operations. The bulk sample mined material, including stockpiled development rock, has geological characteristics similar to the bulk of the Callanquitas resource and is therefore ideal for evaluating the suitability of the toll processing facility for testing bulk samples of Callanquitas-style gold and silver mineralization.

In July 2017, PLP implemented a revised test mining program which resulted in 4,120 t and 8,310 t, respectively mined in calendar Q3 and Q4, 2017; 2,792 t of bulk sample material grading 7.76 gpt Au and 5,230 t grading 9.26 gpt Au were shipped and processed at the third party facility, respectively during calendar Q3 and Q4, 2017.

The operations at the Mina Callanquitas were suspended from February to June 2017 due to intense rainfall and dangerous flooding in Northern Peru during that period. The weather negatively impacted access to the property and the local community. There was no damage to Mina Callanquitas or other mine infrastructure. The operations were resumed on June 12, 2017. Road repairs were completed to allow the passage of large capacity trucks to connect Mina Callanquitas to the regional road network that connects the village of Callanquitas with Sayapullo, which then continues to Nueve de Octubra, the location of the third party plant. A portion of the road will be an access road to a site to be eventually used for the Company's heap leach plant (refer below on this MD&A).

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.

Level 3440N: Twenty channel samples collected over a continuous strike length of 45 metres averaged 15.7 gpt Au and 122 gpt Ag and ranged in grade from 6.6 gpt to 52.2 gpt Au and from 3 to 950 gpt Ag (9154285 to 9154330 North on the mine grid). The Callanquitas structure ranged from 1.2 to 2.5 metres in true thickness over this strike length (please see plan view maps for all levels posted on the Company's website). Twenty channel samples collected south of the proceeding sample set averaged 13.3 gpt Au and 119 gpt Ag ranging in grade from 1.8 to 30.7 gpt Au and from 3 to 664 gpt Ag. The combined sample sets document continuous gold and silver mineralization over a strike length of 90 metres along the Callanquitas structure averaging 14.5 gpt Au and 100 gpt Ag over widths ranging from 0.7 to 2.5 metres. The channel samples, combined with bulk samples that mimic actual mining conditions, are designed to validate the resource block model. The nearest drill hole intercept to this portion of the Callanquitas structure is CA-12-68, which cut 1.0 metre grading 4.7 gpt Au and 18.2 gpt Ag.

Sublevel Nv 2b (3419): Twenty-two channel samples collected over a continuous strike length of 45 metres averaged 18.7 gpt Au and 80 gpt Ag and ranged in grade from 4.1 to 50.6 gpt Au and from 0.5 to 329 gpt Ag (9154285 to 9154330N). The Callanquitas structure ranged from 0.5 to 1.5 metres in true thickness over this strike length. These samples are 20 metres below the high grade samples collected on the 3440 level, demonstrating vertical continuity of high grade gold mineralization in the Callanquitas structure. A continuous fifteen metre segment of high grade gold and silver mineralization within the 45 metre segment described above contained an average grade of 34.1 gpt Au and 120 gpt Ag based on seven channel samples. These results outline a very high grade, almost vertically raking, precious metal mineralized shoot almost 1.3 metres in width. This geometry would have been particularly difficult to identify from surface drilling. The nearest drill hole to these samples on Sublevel Nv 2b was CA-12-63, which cut 0.5 metres grading 7.2 gpt Au and 7.4 gpt Ag.

Level 3390N: Twenty-two samples collected over a continuous strike length of 35 metres averaged 8.8 gpt Au and 152 gpt Ag and ranged in grade from 3.0 to 17.9 gpt Au and from 2 to 1,122 gpt Ag (9154175 to 9154210N). The Callanquitas structure ranged from 0.4 to 2.5 metres in true thickness over this strike length. It should be noted that the gold and silver mineralization seen on this level is located south of the high grade zone sample on Sublevel Nv 2b and the 3440 level. The test mining plan anticipates advancing the 3390 level to a position under the aforementioned high grade zone in the coming months. The nearest drill hole to the channel samples on the 3390 level was CA-12-66, which cut 0.5 metres grading 1.26 gpt Au and 352 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.

Phase One Drilling Program - 6,600m diamond drilling at Igor project

On September 2017, the Company announced a 6,600m phase one diamond drilling program 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.

Phase one drilling is separated into two components as follows:

- Seven drill holes totaling 1,600 metres for the southern extension of the Callanquitas Structure, also known as the Portachuelo target area, testing for additional gold and silver monetization south of the Callanquitas resource areas. Previous surface sampling and mapping in the southern area of the Callanquitas resource identified a strike length of 1,400 metres in order to verify gold and silver mineralization.
- Eight drill holes totaling 1,950 metres are scheduled for the Domo and Tesoros target areas. At Tesoros, previous drilling intercepted high-grade structures, as well as thick zones of lower grade gold and silver mineralized structures. The geologic setting of the southern Tesoros area is similar to the Shahuindo Mine, a large low-grade gold deposit currently being mined by Tahoe Resources, approximately 30 kilometres east of Igor. The planned drilling will test both styles of gold and silver mineralization, allowing the results to be utilized for planning additional drilling in the Tesoros area. The Domo exploration drill holes will test down-dip extensions of previously drilled shallow high-grade structures located east of the Callanquitas Structure.
- Thirteen diamond drill holes totaling 3,050 metres are scheduled to in-fill areas within the current Inferred resource that lack drilling, as well as upgrading the existing resource to the Measured and Indicated category which will be a part of the Prefeasibility Study planned for later this year.

As at December 31, 2017, 3,528m have been drilled, including 2,316m of infill drilling at the Callanquitas resource area as well as 1,212m of exploration drilling on areas of the Igor project outside the existing NI 43-101 resource. The drill hole results,

combined with bulk sampling and underground mine testing program are being utilised to complete the PFS, expected to be completed by the end of calendar Q1 2018.

Infill and resource confirmation / expansion drilling – intersection of high gold mineralisation in areas within the inferred resource and a New Silver Zone at Callanquitas.

Subsequent to September 30, 2017, on November 7, 2017, the Company reported results from the first three infill and resource confirmation/expansion diamond drill holes on the Callanquitas structure. Two of the drill holes, CA-17-77 and -79, are located on drill section 4780N, a section along the Callanquitas structure that had not been drilled previously. These drill holes intercepted significant gold mineralization including 42.3m grading 2.14 gpt Au and 3.7 gpt Ag including 3.4m grading 8.43 gpt Au and 4.4 gpt Ag in drill hole -77 and 20.9m grading 1.63 gpt Au and 3.0 gpt Ag including 1.3 grading 7.21 gpt Au and 9.0 gpt Ag in drill hole -79. True widths are approximately 70% of the indicated core length of the intercepts.

On December 4, 2017, the Company announced results from three additional infill and resource confirmation/expansion diamond drill holes on the Callanquitas structure. Drill hole CA-17-82 cut 3.0m grading 9.71 gpt Au and 45.1 gpt Ag (10.31 gpt Au Eq) within a thick interval of lower grade mineralization: 40.8m grading 1.72 gpt Au and 38.7 gpt Ag (2.24 gpt Au Eq) on a previously undrilled portion of the Callanquitas. Drill holes CA-17-83 and -84 have identified a new Ag-rich portion of the Callanquitas Structure, intercepting 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) respectively.

Diamond drill hole CA-17-82 was drilled between two previously drilled sections in order to confirm grade continuity and mineralization thickness on the Callanquitas Structure. The average gold grade, 9.71 gpt, is higher than seen in adjacent sections, but consistent with recent gold grades encountered in the Company's test mining and bulk-sampling program. Within the interval reported above, much higher-grade gold and silver mineralization was encountered: 0.7m grading 15.66 gpt Au and 566 gpt Ag (23.21 gpt Au Eq). Previously reported underground channel sampling at Mina Callanquitas has shown similar grades, the underground samples consistent with the gold and silver grades seen in recent drilling.

Diamond drill holes CA-17-83 and -84, drilled on section NW4545, both intercepted significant widths of high-grade silver mineralization: 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) respectively. Individual samples have grades of nearly one kilo Ag per tonne: 0.8m grading 2.38 gpt Au and 933 gpt Ag (14.82 gpt Au Eq) in drill hole CA-17-83. These silver intercepts are defining a new zone of silver rich mineralization on the Callanquitas structure, starting at an elevation of approximately 3300 metres. More drilling will be required to outline this new area. A cross-section through these drill holes is posted on the Company's website, www.ppxmining.com.

Callanquitas West Structure: Drill holes CA-17-83 and CA-17-84 also cut the Callanquitas West structure at shallow levels about 15-20 metres below the surface. Drill hole -83 cut 1.8m grading 5.05 gpt Au and 87.7 gpt Ag (6.22 gpt Au Eq) while drill hole -84 intercepted 0.7m grading 3.36 gpt Au and 31.0 gpt Ag (3.77 gpt Au Eq). PPX views the Callanquitas West structure as an important exploration target, being located only 100m west of the main Callanquitas structure where the majority of the Company's defined precious metal resources are found. Located adjacent to the underground mining infrastructure being developed on Callanquitas East, the Callanquitas West exploration targets will be more thoroughly explored and drilled in the coming months.

On January 9, 2018 the Company announced results from four additional infill and resource confirmation/expansion diamond drill holes on the Callanquitas structure. The drill results reported demonstrate continuity in the highest-grade portions of the resource with grades very similar to those reported in the underground bulk-sampling program, defining a northerly raking geometry to the higher-grade mineralized zones. In addition, the high-grade zones remain open at depth, further underscoring the gold and silver resource expansion potential of the Callanquitas structure.

The drill results are described in more detail below:

Diamond drill hole CA-17-86 was designed to in-fill and validate previously drilled high-grade gold and silver resources along section NW4690. The thick interval of high grade gold and silver mineralization intercepted by this drill hole (12.6m grading 8.34 gpt Au and 207 gpt Ag (11.10 gpt Au Eq) including 2.0m grading 17.41 gpt Au and 200 gpt Ag (20.08 gpt Au Eq)), coupled with previous drill intercepts in this portion of Callanquitas structure, defines a northerly trending rake to high precious metal grades. Individual assays within this intercept range up to 58.24 gpt gold with 510 gpt Ag (65.04 gpt Au Eq) over 0.65m (250.25 – 250.9m), some of the highest grades seen in drilling to date at Callanquitas. This zone is open down-rake to the north. PPX is preparing a series of long sections depicting all drill results to date on the Callanquitas structure.

Drill hole CA-17-87 was targeting an area down-dip from previously reported drill holes CA-17-77 and -79 on section NW4780 (refer to results announced on November 7, 2017). Hole -87 cut the Callanquitas structure approximately 55 metres vertically below hole CA-17-77 (2.6m grading 9.21 gpt Au and 9.3 gpt Ag) and successfully intercepted the down-dip extension of this

gold and silver mineralized zone: 5.5m grading 8.46 gpt Au and 104 gpt Ag (9.85 gpt Au Eq) including 2.0m grading 17.41 gpt Au and 200 gpt Ag (20.08 gpt Au Eq). The Callanquitas structure seems to be getting thicker and high grade along this portion of section NW4780 and remains open at depth.

Diamond drill hole CA-17-85 was drilled on Section NW4315 and cut the Callanquitas structure approximately 55 metres vertically above drill hole CA-08-01B (1.6m grading 2.56 gpt Au and 471 gpt Ag, 8.84 gpt Au Eq). These two drill holes help define a northerly raking zone of high silver grades in this portion of the Callanquitas structure, parallel to that seen in the vicinity of drill hole CA-17-86. The zone is open to the North and is unconstrained by drilling at depth, a priority target for resource expansion drilling.

Drill hole CA-17-88, drilled on section NW4870, was targeting an undrilled portion of the Callanquitas structure between sections NW4805 and N4990. The drill hole successfully intercepted the Callanquitas structure, 0.4m grading 8.52 gpt Au, 35.2 gpt Ag (9.00 gpt Au Eq), confirming the continuity of gold and silver mineralization in this previously undrilled area. An additional drill hole will be completed on this section to follow up on the results from drill hole CA-17-88.

Exploration drilling – new low grade breccia zone intersected 800m south of the Callanquitas resource area

On November 20, 2017, the Company announced the discovery of a new, thick, gold and silver mineralized breccia zone over 800 metres south of the known Callanquitas resource area. Diamond drill hole CA-17-76 cut 41.6 metres grading 0.53 gpt Au and 13.6 gpt Ag (0.71 gpt Au Eq.) including 20.6 metres grading 0.77 gpt Au and 8.0 gpt Ag (0.88 gpt Au Eq.) at a vertical depth of approximately 130 metres. A second diamond drill hole, CA-17-78, located 150 metres southeast of CA-17-76 cut 30.3 metres grading 0.28 gpt Au and 12.0 gpt Ag (0.44 gpt Au Eq.). The gold and silver mineralization intercepted in these drill holes is open in all directions, vertically and laterally.

Heap Leach Plant

Subsequent to September 30, 2017, on November 1, 2017, the Company started the permitting process for a gold and silver heap leach processing plant at the Igor 4 project in northern Peru. Given the timelines and anticipation to complete the PFS in calendar Q1, 2018, the Company started permitting activities to minimize delays in constructing the processing plant. The facility will include a primary and secondary rock crusher, loading conveyors, heap leach pads, a Merrill-Crowe precious metal recovery plant capable of producing 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.

The Plant layout is being permitted 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.

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 September 30, 2017 the Company had cash of \$3,536,341 and working capital of \$3,213,382 (2016 – \$509,140 and a working capital deficiency of \$1,852,097). Subsequent to year end, in December 2017, the Company received the net proceeds from RIVI for the second tranche of the gold streaming facility of \$2.99 million (US\$2,275,000).

During the year ended September 30, 2017, net cash used in operating activities was \$3,397,979 while \$3,513,057 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 fiscal 2017 was \$9,981,601 and 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.

<i>As at September 30,</i>	2017	2016
Consulting fees, salaries and benefits	\$481,777	\$641,761
Management bonus	132,480	-
Severance	412,946	-
Professional fees	36,800	-
Share based compensation	1,049,178	492,611
	\$2,113,181	\$1,134,372

Other related party transactions

Related party transactions are measured at the exchange amount which is the consideration agreed to between the parties.

Loans with related parties

In March 2016 the Company entered into several loan agreements with two directors and a family member of a director of the Company for a total of US\$148,000 (\$184,588); the loans bore interest at 12% per annum and were paid in full, including accrued interest on the due date of July 30, 2016. The Company incurred interest expense of \$7,546 related to the loans in the year ended September 30, 2016 and recognized a foreign exchange gain of \$1,309.

On September 30, 2016, the Company issued 498,617 common shares as part of debt settlement agreements with two directors of the Company, valued at \$57,341. On October 16, 2015, the Company issued 1,050,000 common shares at a value of \$94,500 as part of a debt settlement with a former director resulting in a gain on debt settlement of \$10,500.

Amounts due to related parties were unsecured, non-interest bearing and due on demand. Accounts payable at September 30, 2017 included \$Nil (2016 – \$87,138), which were due to individuals or companies whose officers, directors or partners were also officers or directors of the Company.

Note Receivable from former Officer/Director

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

The terms of the loan required the former director to place the shares in trust with the Company's counsel as security for the loan. The loan accrued interest at a rate of 4% per annum with principal repayments as follows: \$136,250 on August 31, 2014, \$175,000 on September 14, 2015 and \$305,000 on November 24, 2016

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

OUTSTANDING SHARE INFORMATION

As at January 26, 2018

Common shares - issued and outstanding	447,898,617
Securities exercisable or convertible into common shares	
Warrants	91,250,116
Agent warrants	13,776,845
Share options	32,002,667

FINANCIAL INSTRUMENTS

Management of capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure. The Company manages its capital structure, being its promissory note, convertible debenture and equity components, and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's capital at September 30, 2017 and 2016 is as follows:

<i>As at September 30,</i>	2017	2016
Share capital	\$57,957,777	\$50,445,666
Reserves	6,905,300	5,643,166
Deficit	(59,763,362)	(50,225,482)
Debt	3,025,330	1,481,309
	\$8,125,045	\$7,344,659

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administrative costs, the Company will be using its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended September 30, 2017. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

Carrying values of financial instruments

The carrying values of the financial assets and liabilities at September 30, 2017 and 2016 are as follows:

<i>As at September 30,</i>	2017	2016
Financial Assets		
<i>At fair value through profit or loss</i>		
Cash	\$3,536,341	\$509,140
<i>Loans and receivable, measured at amortized cost</i>		
Receivables	401,649	23,520
	\$3,937,990	\$532,660
Financial Liabilities		
<i>At fair value through profit or loss</i>		
Gold streaming facility	\$3,025,330	\$-
<i>Other financial liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	832,687	952,974
Debt	-	1,481,309
	\$832,687	\$2,434,283

Fair values of financial instruments

The fair value of receivables, accounts payable and accrued liabilities, and promissory note payable 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 September 30,</i>	2017	2016
	Level 1	Level 1
Cash	\$3,536,341	\$509,140
	Level 3	Level 3
Gold streaming facility	\$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 the embedded derivative at September 30, 2017 measured at nominal value.

Risk management policies

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 options, forward or future contracts to manage its foreign exchange related exposures. Similarly, derivative financial instruments are not used to reduce these financial risks.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

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

The Company's accounts receivable at September 30, 2017 primarily consist of goods and services sales tax (GST) due from the Federal Government of Canada and loan receivable. The loan receivable of \$343,189 (US\$274,991) and the funds advanced after September 30, 2017 of US\$90,504 are being paid through the cash flows generated from the bulk sampling program at the Igor 4 property. Management believes that the credit risk associated with the loan receivable is remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. At September 30, 2017, the Company has a cash balance of \$3,536,341 to settle its obligations related to accounts payable and accrued liabilities of \$832,687, and a gold streaming facility loan with RIVI of US\$2,424,142, payable upon meeting future production milestones.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Peru and Canada and a portion of its expenses are incurred in United States dollars and Peruvian Soles. A significant change in the currency exchange rates between the US dollar relative to the Canadian dollar and the Peruvian Soles to the Canadian dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At September 30, 2017 the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars and Peruvian Soles:

	Peruvian Soles (S/.)	United states dollars (US\$)
<i>Assets</i>		
Cash	282,000	\$260,000
Accounts receivable	8,000	-
Loan receivable	-	275,000
	290,000	\$535,000
<i>Liabilities</i>		
Accounts payable and accrued liabilities	1,243,000	\$124,000
Gold Stream facility	-	2,424,000
	\$1,243,000	\$2,548,000

At September 30, 2017, USD amounts were converted at a rate of USD 1.00 to CAD 1.25; Peruvian Soles amounts were converted at a rate of Peruvian Sol 1.00 to CAD 0.3822.

Subsequent to year end the Company received US\$2,275,000 net proceeds from the second instalment of the gold streaming facility.

Based on the above net exposures as at September 30, 2017, and assuming that all other variables remain constant, a 10% change of the Canadian dollar against the US dollar and Peruvian Soles would result in a change of approximately \$288,000 in the Company's comprehensive loss for the year.

Interest rate risk

The Company considers the interest rate risk to be insignificant, as all of its interest-bearing debt have fixed interest rates.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

OFF - BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

On October 2, 2017, the Company granted an officer of the Company 800,000 stock options, entitling the holder to purchase one common share at an exercise price of \$0.075 per share over a five year period. The stock options vest in three equal instalments with the first tranche vesting upon grant and the rest every six months thereafter.

On November 20, 2017, the Company granted 1,000,000 stock options to certain employees and consultants, entitling the holders to purchase one common share at an exercise price of \$0.09 per share over a five year period. The stock options vested upon grant.

On November 21, 2017, the Company signed an amendment to the gold streaming facility agreement with RIVI, whereby RIVI waived certain production milestone requirements for delivering the second instalment of US\$2.5 million and the Company agreed to change certain of the provisions on the agreement.

On December 31, 2017, 3,772,500 warrants and 164,375 finder's warrants at an exercise price of \$0.15 per common share expired unexercised.

Subsequent to September 30, 2017, the Company provided an additional US\$90.504 of operational loans to Patagonia.

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 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 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 years ended September 30, 2017 and 2016.

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 10(a)) 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 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, 2016. 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 consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1")

The amendments clarify existing IAS 1 requirements and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements.

Amendments to IAS 27 Separate Financial Statements

These amendments permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38, Intangible Assets

These amendments clarify the acceptable methods of depreciation and amortization.

Amendments to IFRS 5, Non current Assets Held for Sale and Discontinued Operations

These amendments clarify circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution.

Amendments to IFRS 7, Financial Instruments (“IFRS 7”)

The amendments clarify the applicability of the amendments to IFRS 7, *Disclosure–Offsetting Financial Assets and Financial Liabilities* to condensed interim financial statements.

Amendments to IFRS 11, Joint Arrangements (“IFRS 11”)

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3, *Business Combinations* (“IFRS 3”)) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured).

Amendments to IAS 34, Interim Financial Reporting

These amendments clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and require a cross reference.

Accounting Standards Issued Not Yet Effective

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. The Company does not expect the amendments to the standard to impact the consolidated financial statements.

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. The Company does not expect the amendments to the standard to impact the consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments* (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking “expected loss” impairment model, and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018. 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements for the year ended September 30, 2017 and this accompanying MD&A (together, the "Annual 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.