



**PPX Mining Corp.**  
(An Exploration Stage Company)

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended June 30, 2019 and 2018**

**Expressed in Canadian Dollars**  
(Unaudited – Prepared by Management)

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## Management's Report

The accompanying unaudited condensed interim consolidated financial statements of PPX Mining Corp. for the three and nine months ended June 30, 2019 and 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

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

/s/ Brian Maher

Brian Maher, Chief Executive Officer  
Vancouver, BC Canada  
August 27, 2019

/s/ Natasha Tsai

Natasha Tsai, Chief Financial Officer  
Vancouver, BC Canada  
August 27, 2019

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

<i>As at</i>	<i>Note</i>	<b>June 30, 2019</b>	September 30, 2018
<b>Assets</b>			
<i>Current assets</i>			
Cash		<b>\$39,378</b>	\$455,430
Receivables	5	<b>242,024</b>	303,410
Prepays and advances		<b>18,730</b>	65,128
		<b>300,132</b>	823,968
<i>Non-current assets</i>			
Advances for assets under construction	6	<b>967,536</b>	944,863
Exploration and evaluation assets	6	<b>10,585,242</b>	9,678,375
Property, plant and equipment	6	<b>1,550,434</b>	689,061
		<b>\$13,403,344</b>	\$12,136,267
<b>Liabilities</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	7	<b>\$2,500,615</b>	\$1,261,471
Convertible note	9	<b>1,282,301</b>	-
Promissory notes	8	<b>245,913</b>	-
Gold stream facility - short term		<b>1,211,115</b>	384,495
		<b>5,239,944</b>	1,645,966
<i>Non-current liabilities</i>			
Long term debt	9	<b>4,918,329</b>	6,917,311
Environmental rehabilitation provision	10	<b>316,069</b>	286,109
		<b>5,234,398</b>	7,203,420
<b>Shareholders' Equity</b>			
	11		
Share capital		<b>61,227,582</b>	59,628,834
Subscriptions received		<b>98,536</b>	-
Reserves		<b>7,181,426</b>	7,130,882
Deficit		<b>(65,578,542)</b>	(63,472,835)
		<b>2,929,002</b>	3,286,881
		<b>\$13,403,344</b>	\$12,136,267

*Nature of operations and going concern (note 1)*

*Subsequent event (note 16)*

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

Approved on behalf of the Board:

\_\_\_\_\_  
/s/ Brian J Maher  
Director

\_\_\_\_\_  
/s/ Florian Siegfried  
Director

**PPX Mining Corp.**  
*(An Exploration Stage Company)*  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
*(Unaudited – Expressed in Canadian Dollars)*

	Note	Three months ended June 30,		Nine months ended June 30,	
		2019	2018	2019	2018
<b>Operating expenses</b>					
Communication and regulatory		<b>\$124,319</b>	\$111,739	<b>\$235,395</b>	\$287,503
Consulting fees, salaries and benefits		<b>295,384</b>	279,630	<b>851,114</b>	967,805
Depreciation	6	<b>590</b>	3,805	<b>7,357</b>	10,591
Foreign exchange (gain) loss		<b>(272,507)</b>	(9,282)	<b>(126,395)</b>	88,623
Office and miscellaneous		<b>71,131</b>	50,404	<b>168,396</b>	239,776
Premises		<b>8,476</b>	9,415	<b>25,178</b>	20,690
Professional fees		<b>29,195</b>	25,579	<b>125,063</b>	108,390
Share based payments expense	11	-	4,230	<b>71</b>	109,387
Travel and promotion		<b>24,086</b>	55,372	<b>158,124</b>	248,583
<b>Net loss from operations</b>		<b>(280,674)</b>	(530,892)	<b>(1,444,303)</b>	(2,081,348)
<b>Finance and other items</b>					
Finance expense and other	4	<b>(301,229)</b>	(194,719)	<b>(661,404)</b>	(768,558)
<b>Net loss</b>		<b>(\$581,903)</b>	(\$725,611)	<b>(\$2,105,707)</b>	(\$2,849,906)
<b>Other comprehensive loss</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		<b>(186,827)</b>	52,970	<b>50,473</b>	192,153
<b>Total comprehensive loss</b>		<b>(\$768,730)</b>	(\$672,641)	<b>(\$2,055,234)</b>	(\$2,657,753)
<b>Basic and diluted loss per share</b>		<b>(\$0.00)</b>	(\$0.00)	<b>(\$0.00)</b>	(\$0.01)
<b>Weighted average number of common shares outstanding (basic and diluted)</b>					
		<b>492,444,629</b>	448,893,728	<b>480,515,676</b>	448,230,321

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

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

	Note	Three months ended June 30, 2019	2018	Nine months ended June 30, 2019	2018
<b>Operating Activities</b>					
Net loss		<b>(\$581,903)</b>	(\$725,611)	<b>(\$2,105,707)</b>	(\$2,849,906)
Depreciation		<b>590</b>	3,805	<b>7,357</b>	10,591
Share based payments expense		-	4,230	<b>71</b>	109,387
Foreign exchange loss		<b>(272,507)</b>	(9,282)	<b>(126,395)</b>	88,623
Finance expense		<b>301,229</b>	194,719	<b>661,404</b>	768,558
Interest paid		-	(187,105)	<b>(199,592)</b>	(280,774)
		<b>(552,591)</b>	(719,244)	<b>(1,762,862)</b>	(2,153,521)
Change in non-cash operating working capital					
Decrease in accounts receivable		<b>9,917</b>	116,566	<b>21,386</b>	20,868
Decrease (increase) in prepaids		<b>13,358</b>	(3,626)	<b>46,398</b>	19,862
Increase (decrease) in accounts payable and accrued liabilities		<b>558,100</b>	(393,845)	<b>1,161,144</b>	(108,833)
Net cash flow used in operating activities		<b>28,784</b>	(1,000,149)	<b>(533,935)</b>	(2,221,624)
<b>Financing Activities</b>					
Proceeds from private placements, net of share issue costs	11	<b>78,135</b>	384,715	<b>1,697,284</b>	384,715
Proceeds from gold stream facility, net of transaction costs	9	-	-	-	2,924,887
Gold stream facility principal payments	9	-	-	-	(239,295)
Net cash flow from financing activities		<b>78,135</b>	384,715	<b>1,697,284</b>	3,070,307
<b>Investing Activities</b>					
Additions to exploration and evaluation assets, including changes in working capital		<b>(217,795)</b>	(501,002)	<b>(973,327)</b>	(3,344,209)
Additions to property, plant and equipment		<b>(47,132)</b>	(111,797)	<b>(620,082)</b>	(209,669)
Advances for assets under construction		-	-	<b>(68,210)</b>	-
Loan receivable, net of payment received	5	-	(40,090)	<b>43,318</b>	(40,090)
Net cash flow used in investing activities		<b>(264,927)</b>	(652,889)	<b>(1,618,300)</b>	(3,593,968)
Impact of foreign exchange on cash balances		<b>174,619</b>	(2,775)	<b>38,899</b>	12,262
Increase (decrease) in cash during the period		<b>\$16,610</b>	(\$1,271,098)	<b>(\$416,052)</b>	(\$2,733,023)
Cash at beginning of period		<b>22,768</b>	2,074,416	<b>455,430</b>	3,536,341
Cash at end of period		<b>\$39,378</b>	\$803,318	<b>\$39,378</b>	\$803,318

*Supplemental cash flow information note 13*

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

**PPX Mining Corp.**  
(An Exploration Stage Company)  
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
For the Nine Months Ended June 30, 2019 and 2018  
(Unaudited – Expressed in Canadian Dollars)

	Note	Share capital		Subscriptions received	Reserves				Deficit	Equity
		Shares	Amount		Warrants	Share based payments	Other	Accumulated other comprehensive gain (loss) - foreign currency translation		
At September 30, 2017		447,898,617	\$57,957,777	\$0	\$1,074,521	\$6,992,470	\$-	(\$1,161,691)	(\$59,763,362)	\$5,099,715
Shares issued on exercise of warrants		3,192,000	307,352	136,860	(59,497)	-	-	-	-	384,715
Share based payments		-	-	-	-	109,387	-	-	-	109,387
Net loss		-	-	-	-	-	47,071	-	(2,849,906)	(2,802,835)
Other comprehensive loss, net of tax		-	-	-	-	-	-	192,153	-	192,153
Total comprehensive loss								192,153	(2,849,906)	(2,657,753)
<b>At June 30, 2018</b>		<b>451,090,617</b>	<b>\$58,265,129</b>	<b>\$136,860</b>	<b>\$1,015,024</b>	<b>\$7,101,857</b>	<b>\$47,071</b>	<b>(\$969,538)</b>	<b>(\$62,613,268)</b>	<b>\$2,983,135</b>
Shares issued on exercise of warrants, net of share issue costs of \$5,513	11(b)	18,195,000	1,363,705	(136,860)	(4,563)	-	-	-	-	1,222,282
Share based payments	11(c)	-	-	-	-	3,245	-	-	-	3,245
Net loss		-	-	-	-	-	-	-	(859,567)	(859,567)
Other comprehensive gain, net of tax		-	-	-	-	-	-	(62,214)	-	(62,214)
Total comprehensive loss								(62,214)	(859,567)	(921,781)
<b>At September 30, 2018</b>		<b>469,285,617</b>	<b>\$59,628,834</b>	<b>\$0</b>	<b>\$1,010,461</b>	<b>\$7,105,102</b>	<b>\$47,071</b>	<b>(\$1,031,752)</b>	<b>(\$63,472,835)</b>	<b>\$3,286,881</b>
Private placement shares issued, net of share issue costs of \$194,104	11(b)	23,840,331	1,598,748	-	-	-	-	-	-	1,598,748
Subscriptions received, net of share issue costs of \$24,544	11(b)	-	-	98,536	-	-	-	-	-	98,536
Share based payments	11(c)	-	-	-	-	71	-	-	-	71
Net loss		-	-	-	-	-	-	-	(2,105,707)	(2,105,707)
Other comprehensive gain, net of tax		-	-	-	-	-	-	50,473	-	50,473
Total comprehensive loss								50,473	(2,105,707)	(2,055,234)
<b>At June 30, 2019</b>		<b>493,125,948</b>	<b>\$61,227,582</b>	<b>\$98,536</b>	<b>\$1,010,461</b>	<b>\$7,105,173</b>	<b>\$47,071</b>	<b>(\$981,279)</b>	<b>(\$65,578,542)</b>	<b>\$2,929,002</b>

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

**PPX Mining Corp.**  
*(An Exploration Stage Company)*  
Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Nine Months Ended June 30, 2019 and 2018  
*(Unaudited – Expressed in Canadian Dollars)*

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**1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS**

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

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

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

The condensed interim consolidated financial statements (the “Interim Financial Statements”) have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company has incurred operating losses since inception, including \$2,105,707 for the nine months ended June 30, 2019 and has accumulated a deficit of \$65,578,542 as at June 30, 2019. As at June 30, 2019 the Company has cash of \$39,378 and a negative working capital of \$4,939,812; the working capital deficiency includes \$1,282,301 for the non-secured convertible note which was reclassified as short term liability at June 30, 2019 (note 9(b)). Subsequent to June 30, 2019, the Company received US\$400,000 from a promissory note (note 16).

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

**2. BASIS OF PREPARATION**

*Statement of Compliance*

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended September 30, 2018, except as noted below under changes in accounting policies. The Interim Financial Statements do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) and accordingly should be read in conjunction with the 2018 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Board of Directors of the Company on August 26, 2019.

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

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Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Nine Months Ended June 30, 2019 and 2018  
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The preparation of consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended September 30, 2018.

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

*Adoption of New Accounting Standards*

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

*IFRS 9, Financial Instruments*

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and replaces 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 and (ii) a single, forward-looking "expected loss" impairment model. The Company completed a detailed assessment of its financial assets and liabilities as at October 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Convertible note	Other financial liabilities	Amortized cost
Promissory notes	Other financial liabilities	Amortized cost
Gold stream facility	FVTPL	FVTPL
Convertible note – derivative liability	FVTPL	FVTPL

*IFRS 15, Revenue from Contracts with Customers*

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



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**Accounting Standards Issued Not Yet Effective**

*IFRS 16, Leases*

In January 2016, the IASB issued the IFRS 16, *Leases* (“IFRS 16”) which replaces the existing lease accounting guidance. IFRS 16 requires all leases to be reported on the balance sheet unless certain criteria for exclusion are met. IFRS 16 is effective for the Company on October 1, 2019. 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 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 effective for the Company on October 1, 2019. The Company does not expect the Interpretation to have a material impact on the Interim Financial Statements.

**4. FINANCE EXPENSE**

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
Gold stream facility interest expense <i>note 9(a)</i>	<b>\$200,071</b>	\$193,093	<b>\$596,310</b>	\$473,867
Gold stream facility transaction costs <i>note 9(a)</i>	-	-	-	288,113
Convertible note interest expense and accretion <i>note 9(b)</i>	<b>89,140</b>	-	<b>258,075</b>	-
Unrealised gain on derivative liability <i>note 9(b)</i>	<b>(964)</b>	-	<b>(226,713)</b>	-
Promissory notes interest expense <i>note 8</i>	<b>2,945</b>	-	<b>2,945</b>	-
Unwinding of the discount - environmental closure provision	<b>9,440</b>	-	<b>27,242</b>	-
Bank charges and other	<b>597</b>	1,626	<b>3,545</b>	6,578
Finance expenses and other	<b>\$301,229</b>	\$194,719	<b>\$661,404</b>	\$768,558

**5. RECEIVABLES**

<i>As at</i>	June 30, 2019	September 30, 2018
Sales tax and government receivables	<b>\$19,114</b>	\$29,042
Other	<b>4,523</b>	15,981
Loan receivable	<b>218,387</b>	258,387
	<b>\$242,024</b>	\$303,410

Loan receivable represents non-interest bearing operational loans provided to Proyectos Le Patagonia S.A.C (“Patagonia”), a Peruvian entity, to carry out the bulk-sampling program on the Igor 4 concession (note 6). \$115,324 (US\$90,504) and \$343,189 (US\$274,991), respectively, were advanced during the years ended September 30, 2018 and 2017. The operational loan is expected to be fully paid in calendar year 2019. The Company received \$43,318 (US\$32,730) and \$75,234 (US\$58,021), respectively, during the nine months ended June 30, 2019 and 2018; \$215,297 (US\$165,891) were received during the year ended September 30, 2018.

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at June 30, 2019 are past due.

## PPX Mining Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2019 and 2018

(Unaudited – Expressed in Canadian Dollars)

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

<i>Nine months ended June 30, 2019</i>	Exploration and Evaluation Assets	Property, plant and equipment
<b>Cost</b>		
At October 1, 2018	\$9,678,375	\$824,603
Additions	849,142	874,817
Foreign exchange	57,725	(2,161)
<b>Cost at June 30, 2019</b>	<b>\$10,585,242</b>	<b>\$1,697,259</b>
<b>Accumulated depreciation</b>		
At October 1, 2018	\$-	\$135,542
Depreciation	-	7,357
Foreign exchange	-	3,926
<b>Accumulated depreciation at June 30, 2019</b>	<b>\$ -</b>	<b>\$146,825</b>
<b>Carrying value at June 30, 2019</b>	<b>\$10,585,242</b>	<b>\$1,550,434</b>

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

#### Exploration and evaluation assets

The Company, through its subsidiary Sienna Minerals S.A.C., has a 100% interest in the Igor Project, located in Northern Peru. The Igor Project totals approximately 1,300 hectares on four concessions. The production from the Igor 4 concessions is subject to the requirements of a gold streaming facility as disclosed in note 9(a); the Company has been carrying out a bulk-sampling program at Mina Callanquitas on the Igor 4 concession since October 2016.

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

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

The Company’s spending in the Igor concession for the nine months ended June 30, 2019 and 2018 is as follows:

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For the Three and Nine Months Ended June 30, 2019 and 2018  
*(Unaudited – Expressed in Canadian Dollars)*

<i>Nine months ended June 30,</i>	<b>2019</b>	2018
Drilling, road and site preparation	<b>\$496,272</b>	\$2,399,035
Salaries, claims maintenance and staking	<b>95,600</b>	557,779
Social development	<b>239,918</b>	495,879
Bulk sampling program	-	74,919
Engineering	<b>40,909</b>	67,151
Environmental	<b>105,430</b>	58,553
Transfer to property plant and equipment (construction in progress)	<b>(128,988)</b>	-
<b>Total additions</b>	<b>\$849,142</b>	<b>\$3,653,316</b>

**Property, Plant and Equipment**

Property, plant and equipment at June 30, 2019 includes \$1,166,301 (September 30, 2018 - \$371,783) for construction in progress related to the heap leach facility being built by the Company on the Igor 4 concession, including spending for permits, design and engineering work. In August 2018, the Company contracted the services of Big Rock Consulting Inc. ("BRC"), a Canadian entity, for the manufacturing of certain equipment for the Company's heap leach plant at Mina Callanquitas for a total of US\$1,913,250. Advances for assets under construction at June 30, 2019 include \$967,536 (US\$739,311) (September 30, 2018 - \$892,313 (US\$689,311)) advanced to BRC toward the price of the equipment. The full contracted amount will be paid in various instalments with the final payments due once the equipment is delivered.

Property, plant and equipment at June 30, 2019 include \$326,537 (September 30, 2018 - \$266,773) for land purchased by the Company and \$47,071 for land donated by a third party being used as the site for the Company's heap leach plant.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

<i>As at</i>	<b>June 30, 2019</b>	September 30, 2018
Trade payables	<b>\$1,712,710</b>	\$868,960
Due to RIM Opportunity Fund LP - accrued interest <i>note 8(a)</i>	<b>588,058</b>	195,731
Acquisition of surface rights	<b>199,847</b>	196,780
	<b>\$2,500,615</b>	<b>\$1,261,471</b>

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

**8. PROMISSORY NOTES**

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

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

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<i>For the nine months ended June 30,</i>	<b>2019</b>
Balance at beginning of period	\$-
Proceeds	<b>132,373</b>
Issuance of promissory note for accounts payable	<b>112,160</b>
Accrued interest	<b>2,947</b>
Foreign exchange	<b>(1,567)</b>
Balance at end of period	<b>\$245,913</b>

**9. LONG TERM DEBT**

<i>As at</i>	<b>June 30, 2019</b>	September 30, 2018
Gold stream facility 9(a)	<b>\$6,129,444</b>	\$6,062,936
Convertible note 9(b)	<b>1,282,301</b>	1,238,870
	<b>\$7,411,745</b>	\$7,301,806
Current portion (a,b)	<b>(2,493,416)</b>	(384,495)
Long term debt	<b>\$4,918,329</b>	\$6,917,311

a) *Gold Stream Facility*

	<b>Nine months ended June 30, 2019</b>	Year ended September 30, 2018
Balance at beginning of year	<b>\$6,062,936</b>	\$3,120,000
Proceeds	-	3,213,000
Principal repayments	-	(404,192)
Foreign exchange	<b>66,508</b>	134,128
Balance at end of period	<b>\$6,129,444</b>	\$6,062,936
Accrued principal repayments	<b>(1,211,115)</b>	(384,495)
Gold stream facility (long term)	<b>\$4,918,329</b>	\$5,678,441

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

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

During the three and nine months ended June 30, 2019, the Company paid to RIVI \$Nil and \$199,592 (US\$150,533) of interest related to the Facility (same periods in 2018, \$187,105 (US\$147,945) and \$280,774 (US\$223,803)). Accounts payable and accrued liabilities at June 30, 2019 and September 30, 2018 respectively, include accrued interest related to the Facility of \$588,058 (US\$449,344) and \$195,731 (US\$151,202), respectively.

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

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

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

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

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

During the three and nine months ended June 30, 2019, the Company paid to RIVI \$Nil related to GEOs produced during the periods. Short term portion of the stream facility at June 30, 2019 and September 30, 2018 of \$1,211,115 (US\$925,434) and \$384,495 (US\$297,022), respectively, relates to amounts due to RIVI for GEOs produced and not yet paid until that respective date.

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

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

b) *Convertible note*

	Note liability	Derivative liability	Convertible note	Note liability	Derivative liability	Convertible note
Opening balance	\$1,016,535	\$222,335	\$1,238,870	\$983,069	\$320,531	\$1,303,600
Transaction costs	-	-	-	(5,156)	-	(5,156)
Interest accretion	158,394	-	158,394	26,934	-	26,934
Accrued interest	99,681	-	99,681	18,698	-	18,698
Unrealised gain on derivative	-	(226,713)	(226,713)	-	(96,611)	(96,611)
Foreign exchange	7,163	4,906	12,069	(7,010)	(1,585)	(8,595)
	<b>\$1,281,773</b>	<b>\$528</b>	<b>\$1,282,301</b>	<b>\$1,016,535</b>	<b>\$222,335</b>	<b>\$1,238,870</b>
Current portion	<b>(1,281,773)</b>	<b>(528)</b>	<b>(1,282,301)</b>	-	-	-
Convertible note (long term)	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,016,535</b>	<b>\$222,335</b>	<b>\$1,238,870</b>

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On August 9, 2018 the Company signed a subscription agreement with an investor for a US\$1.0 million non-secured convertible note (the “note”). The note bears annual interest at 10% payable at maturity, mature 18 months from issuance and will be convertible into common shares of the Company, at the option of the holder, at a price of US\$0.11 per common share. The Company received the note proceeds of \$1,303,600 (US\$1,000,000) on August 24, 2018 and incurred transaction costs of \$6,837. At June 30, 2019, the convertible note was reclassified as short term, as the note matures in February 2020.

During the three and nine months ended June 30, 2019, the Company incurred \$89,140 (US\$66,634) and \$258,075 (US\$194,151) of interest expense, including interest accretion of \$55,696 (US\$41,634) and \$158,394 (US\$119,151).

The conversion feature of the note meets the definition of a derivative liability and is recorded as such revalued on each subsequent reporting date with the changes in the fair value recorded in profit and loss. The fair value of the derivative liability is measured using the Black Scholes option pricing model with assumption as disclosed in note 15.

**10. ENVIRONMENTAL REHABILITATION PROVISION**

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

<i>As at</i>	<b>June 30, 2019</b>	September 30, 2018
Balance at beginning of year	<b>\$286,109</b>	\$99,840
Accretion	<b>27,242</b>	-
Change in estimates	-	205,506
Environmental spending during the year	-	(22,463)
Foreign Exchange	<b>2,718</b>	3,226
	<b>\$316,069</b>	\$286,109

The environmental rehabilitation provision is calculated using a risk adjusted rate of 12% with the rehabilitation and remediation spending expected to incur in 5 years. The total undiscounted estimated rehabilitation provision at June 30, 2019 is \$522,413 (US\$399,185); September 30, 2018 \$516,745 (US\$399,185).

**11. SHARE CAPITAL**

**a) Authorized**

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

**b) Issued**

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

The Company received \$1,818,525 gross proceeds from the financing; upon closing of the first and second tranche (respectively on February 11 and April 16, 2019), the Company issued 18,999,999 and 3,875,000 units, respectively; \$98,536 net proceeds (\$102,900 gross proceeds) from the third tranche are recorded as subscriptions received as at June 30, 2019.

The Company has incurred cash transaction costs of \$116,877 related to the first two tranches of the financing and issued 935,666 commons shares of the Company with a fair value of \$77,227 to a broker.

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**c) Reserves**

*Share purchase options*

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

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

Movements in the Company's share options for the nine months ended June 30, 2019 and 2018 are as follows:

<i>Nine months ended</i>	<b>June 30, 2019</b>		June 30, 2018	
	<b>Number of options</b>	<b>Weighted- average exercise price</b>	Number of options	Weighted- average exercise price
Outstanding, beginning of period	<b>29,386,000</b>	<b>\$0.11</b>	30,936,000	\$0.12
Granted	-	-	1,800,000	\$0.08
Forfeited	-	-	(1,800,000)	\$0.26
Outstanding, end of period	<b>29,386,000</b>	<b>\$0.11</b>	30,936,000	\$0.10
Exercisable, end of period	<b>29,386,000</b>		30,669,333	

During the nine months ended June 30, 2018, the Company granted 1,000,000 share options to certain employees and consultants which vested immediately at the date of grant, are exercisable at a weighted average price of \$0.09 per share option, expire in five years from date of issuance, and have a total fair value of \$68,409 with a weighted average fair value at grant date of \$0.07 per share option.

In addition, during the nine months ended June 30, 2018, the Company granted 800,000 share options to its employees which vest in three equal instalments with the first tranche vesting upon grant and the rest every six months thereafter; the options are exercisable at a weighted average price of \$0.075 per share option, expire in five years from date of issuance, and have a total fair value of \$38,623 (fair value at grant date of \$0.05 per share option).

Share based payment expense recorded during the three and nine months ended June 30, 2019 and 2018 was, respectively, \$Nil and \$71 (\$4,230 and \$109,387).

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

<i>Nine months ended June 30,</i>	<b>2019</b>	2018
Dividend yield	<b>NA</b>	Nil
Expected annualized volatility	<b>NA</b>	103.0%
Risk free interest rate	<b>NA</b>	1.6%
Expected life to exercise	<b>NA</b>	5 years
Grant date fair value	<b>NA</b>	\$0.06
Forfeiture rate	<b>NA</b>	Nil

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

The summary of the Company's options outstanding and exercisable as at June 30, 2019 is as below:

Exercise price	Options outstanding	Options exercisable	Remaining contractual life (years)	Expiry dates
\$0.07-\$0.075	3,200,000	3,200,000	3.13	May to October 2022
\$0.09	1,000,000	1,000,000	3.39	November 20, 2022
\$0.10	21,786,000	21,786,000	2.02	October 2020 to November 2021
\$0.16	3,400,000	3,400,000	0.33	October 28, 2019
	29,386,000	29,386,000		

Warrants

Movements in the Company warrants for the nine months ended June 30, 2019 and 2018 are as follows:

	June 30, 2019		June 30, 2018	
	Number of warrants	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
Outstanding, beginning of period	61,650,116	\$0.09	95,022,616	\$0.09
Issued	11,437,499	\$0.10	-	\$0.00
Exercised	-	-	(3,825,000)	\$0.08
Expired	-	\$0.00	(3,772,500)	\$0.15
Outstanding, end of period	73,087,615	\$0.09	87,425,116	\$0.09

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

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

The summary of the Company's warrants outstanding as at June 30, 2019 is as below:

Exercise price	Warrants outstanding	Remaining contractual life (years)	Expiry dates
\$0.085	61,650,116	0.45	December 13, 2019
\$0.100	9,499,999	1.62	February 11, 2021
\$0.100	1,937,500	1.80	April 16, 2021
	73,087,615		

Finder's Warrants

Movements in the Company's finder's warrants for the nine months ended June 30, 2019 and 2018 are as follows:



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	June 30, 2019		June 30, 2018	
	Number of finder's warrants	Weighted-average exercise price	Number of finder's warrants	Weighted-average exercise price
Outstanding, beginning of period	10,137,014	\$0.08	13,941,220	\$0.09
Issued	-	-	-	\$0.00
Exercised	-	-	(1,192,000)	\$0.08
Expired	(3,000,000)	\$0.12	(1,395,206)	\$0.16
Outstanding, end of period	7,137,014	\$0.06	11,354,014	\$0.08

The summary of the Company's finder's warrants outstanding as at June 30, 2019 is as below:

Exercise price	outstanding	contractual life (years)	Expiry dates
\$0.06	7,137,014	0.45	December 13, 2019
0.060	7,137,014		

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

## 12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information of the Company as at and for the three and nine months ended June 30, 2019 and 2018 is as follows:

	As at June 30, 2019			As at September 30, 2018		
	Canada	Peru	Total Company	Canada	Peru	Total Company
Total assets	\$277,302	\$13,126,042	\$13,403,344	\$702,504	\$11,433,763	\$12,136,267
Total liabilities	\$9,263,148	\$1,211,194	\$10,474,342	\$7,816,482	\$1,032,904	\$8,849,386

  

	Three months ended June 30, 2019			Three months ended June 30, 2018		
	Canada	Peru	Total Company	Canada	Peru	Total Company
Net loss	(\$562,939)	(\$18,964)	(\$581,903)	(\$606,205)	(\$119,406)	(\$725,611)

  

	Nine months ended June 30, 2019			Nine months ended June 30, 2018		
	Canada	Peru	Total Company	Canada	Peru	Total Company
Net loss	(\$1,958,460)	(\$147,247)	(\$2,105,707)	(\$2,382,656)	(\$467,250)	(\$2,849,906)

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**13. SUPPLEMENTAL CASH FLOW INFORMATION**

**Non-cash investing activities**

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
<b>Exploration and evaluation assets and property plant and equipment</b>				
Decrease in working capital related to mining interests	\$58,808	\$500,813	(\$78,000)	\$309,107
Land donation	-	47,071	-	47,071
Foreign exchange	(183,558)	255,297	51,638	262,386
	<b>(\$124,750)</b>	<b>\$803,181</b>	<b>(\$26,362)</b>	<b>\$618,564</b>
<b>Share Capital note 11 (b)</b>				
Finder shares issued with private placements	\$0	\$-	\$77,227	\$-

**14. RELATED PARTY TRANSACTIONS**

**Compensation of key management personnel**

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

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

	Three months ended June 30,		Nine months ended June 30,	
	2019	2018	2019	2018
Consulting fees, salaries and benefits	\$140,065	\$147,370	\$439,712	\$574,029
Share based compensation	-	3,351	71	35,307
	<b>\$140,065</b>	<b>\$150,721</b>	<b>\$439,783</b>	<b>\$609,336</b>

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

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

**15. FINANCIAL INSTRUMENTS**

**Carrying values of financial instruments**

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

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<i>As at</i>	<b>June 30, 2019</b>	September 30, 2018
<b>Financial Assets</b>		
<i>At fair value through profit or loss</i>		
Cash	<b>\$39,378</b>	\$455,430
<i>Loans and receivable, measured at amortized cost</i>		
Receivables	<b>\$218,387</b>	\$303,410
	<b>\$257,765</b>	\$758,840
<b>Financial Liabilities</b>		
<i>At fair value through profit or loss</i>		
Gold stream facility <i>note 9(a)</i>	<b>\$6,129,444</b>	\$6,062,936
Convertible note derivative liability <i>note 9(b)</i>	<b>\$528</b>	\$222,335
<i>Other financial liabilities, measured at amortized cost</i>		
Accounts payable and accrued liabilities	<b>\$2,500,615</b>	\$1,261,471
Promissory notes	<b>\$245,913</b>	\$0
	<b>\$8,876,500</b>	\$7,546,742

**Fair values of financial instruments**

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

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

<i>As at</i>	<b>June 30, 2019</b>	September 30, 2018
	<b>Level 1</b>	Level 1
Cash	<b>\$39,378</b>	\$455,430
	<b>Level 3</b>	Level 3
Gold stream facility <i>note 9</i>	<b>\$6,129,444</b>	\$6,062,936
Convertible note derivative liability <i>note 9(b)</i>	<b>\$528</b>	\$222,335

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

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

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

<i>As at</i>	<b>June 30, 2019</b>	<b>September 30, 2018</b>
Dividend yield	<b>Nil</b>	<b>Nil</b>
Expected annualized volatility	<b>39.3%</b>	<b>91.8%</b>
Risk free interest rate	<b>1.51%</b>	<b>2.18%</b>
Expected life to exercise	<b>0.53 year</b>	<b>1.33 years</b>
Exercise price in \$s/share (US\$0.11/share)	<b>0.144</b>	<b>0.142</b>
Forfeiture rate	<b>Nil</b>	<b>Nil</b>

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**16. SUBSEQUENT EVENT**

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