PPX Mining Corp.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

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Independent Auditor's Report

To the Shareholders of PPX Mining Corp.

Opinion

We have audited the consolidated financial statements of PPX Mining Corp. (the "Group"), which comprise the consolidated statements of financial position as at September 30, 2022 and September 30, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pejman Mahlooji.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
January 30, 2023

PPX Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at September 30, 2022	As at September 30, 2021
ASSETS		
Current assets		
Cash	**$ 2,090,703**	$ 336,242
Receivable (note 7)	**590,244**	209,433
Prepaids and advances	**5,331**	590
Total current assets	**2,686,278**	546,265
Non-current assets		
Exploration and evaluation assets (note 8)	**7,696,580**	8,300,247
Property, plant and equipment (note 8)	**1,378,477**	1,518,110
Total assets	**$ 11,761,335**	$ 10,364,622
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and accrued liabilities (notes 9 & 16)	**$ 2,247,356**	$ 4,752,995
Converitble note (note 12(b))	**1,949,963**	1,685,130
Promissory notes (note 10)	**2,081,746**	1,018,586
Gold stream facility (note 12(a))	**7,401,706**	4,507,431
Environmental rehabilitation provision (note 13)	**254,721**	-
Total current liabilities	**13,935,492**	11,964,142
Non-current liabilities		
Long term debt (note 12)	**-**	1,459,960
Environmental rehabilitation provision (note 13)	**421,831**	394,771
Total liabilities	**14,357,323**	13,818,873
Shareholders' equity		
Share capital (note 14)	**62,280,625**	62,082,843
Subscription received	**-**	154,514
Reserves (note 14)	**7,466,854**	6,951,343
Deficit	**(72,343,467)**	(72,642,951)
Total shareholders' equity	**(2,595,988)**	(3,454,251)
Total liabilities and shareholders' equity	**$ 11,761,335**	$ 10,364,622

Nature of operations and going concern (note 1)
Commitments and contingencies (note 18)
Subsequent events (note 20)

Approved on behalf of the Board:

/s/ John Thomas	/s/ Florian Siegfried
Director	Director

The accompanying notes are an integral part of these consolidated financial statements.

PPX Mining Corp.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Year Ended September 30, 2022	Year Ended September 30, 2021
Operating expenses		
Communication and regulatory	**$ 375,362**	$ 123,787
Consulting fees, salaries and benefits (note 16)	**1,098,954**	770,385
Depreciation (note 8)	**197**	390
Office and miscellaneous	**106,218**	272,730
Premises	**5,592**	3,682
Professional fees (note 16)	**436,467**	328,342
Share based payments (note 16)	**407,735**	-
Travel and promotion	**120,885**	47,792
Loss from operations	**(2,551,410)**	(1,547,108)
Finance and other items		
Finance expense and other (note 6)	**(515,569)**	(1,031,830)
Foreign exchange (loss) gain	**(1,167,050)**	537,270
Gain on debt settlement	**109,646**	-
Gold streaming expense (note 12(a))	**(1,428,529)**	-
Impairment of advances for assets under construction (note 8)	**-**	(343,532)
Net profit interest income (note 8)	**5,852,396**	-
Net income (loss)	**$ 299,484**	$ (2,385,200)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**107,776**	(398,299)
Total comprehensive income (loss)	**$ 407,260**	$ (2,783,499)
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.00)
Weighted average number of common shares outstanding (basic and diluted)	**510,907,126**	502,988,271

The accompanying notes are an integral part of these consolidated financial statements.

PPX Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended September 30, 2022	Year Ended September 30, 2021
Operating activities		
Net income (loss) for the year	**$ 299,484**	$ (2,385,200)
Adjustments for:		
Accretion expense	**49,668**	-
Depreciation	**197**	390
Foreign exchange loss (gain)	**1,167,050**	(537,270)
Finance expense	**-**	1,031,830
Gain on debt settlement	**(109,646)**	-
Gold streaming expense	**1,428,529**	-
Impairment of advances	**-**	343,532
Interest expense	**264,283**	-
Net profit interest income	**(5,852,396)**	-
Share based payments	**407,735**	-
	(2,345,096)	(1,546,718)
Changes in non-cash operating working capital:		
Increase in receivables	**(380,811)**	(175,885)
(Increase) decrease in prepaids	**(4,741)**	61
(Decrease) increase in accounts payable and accrued liabilities	**(2,089,983)**	272,762
Decrease in deferred revenue	**-**	(271,220)
Net cash flow used in operating activities	**(4,820,631)**	(1,721,000)
Financing activities		
Payments for private placement share issuance costs	**(17,198)**	(26,307)
Gold stream facility principal payments	**(509,329)**	-
Net cash flow used in financing activities	**(526,527)**	(26,307)
Investing activities		
Additions to exploration and evaluation assets, including changes in working capital	**(872,012)**	(745,365)
Additions to property, plant and equipment	**(39,403)**	-
Net profit interest received	**8,214,144**	2,641,328
Net cash flow from investing activities	**7,302,729**	1,895,963
Impact of foreign exchange on cash balances	**(201,110)**	158,910
Net change in cash	**1,754,461**	307,566
Cash, beginning of year	**336,242**	28,676
Cash, end of year	**$ 2,090,703**	**$ 336,242**
Interest paid	**$ 1,863,765**	$ -
Income tax paid	**$ -**	$ -
Non-cash investing and financing activities		
Finders' shares issued with private placement	**$ -**	$ 8,769
Increase (decrease) in working capital related to mining assets	**24,228**	(290,365)
Environmental rehabilitation provision adjustment	**185,004**	-
	$ 209,232	**$ (281,596)**

The accompanying notes are an integral part of these consolidated financial statements.

PPX Mining Corp.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital			Reserves					
	Number of shares	Amount	Subscriptions received	Warrants	Share based payments	Other	Accumulated other comprehensive (loss)	Deficit	Total Equity
Balance, September 30, 2020	**501,415,848**	**$ 61,670,697**	**$ 592,967**	**$ 1,010,461**	**$ 7,105,173**	**$ 47,071**	**$ (813,063)**	**$ (70,257,751)**	**$ (644,445)**
Private placement shares issued, net of share issuance costs	7,453,693	412,146	(438,453)	-	-	-	-	-	(26,307)
Net loss	-	-	-	-	-	-	-	(2,385,200)	(2,385,200)
Other comprehensive loss	-	-	-	-	-	-	(398,299)	-	(398,299)
Balance, September 30, 2021	**508,869,541**	**$ 62,082,843**	**$ 154,514**	**$ 1,010,461**	**$ 7,105,173**	**$ 47,071**	**$ (1,211,362)**	**$ (72,642,951)**	**$ (3,454,251)**
Private placement shares issued, net of share issuance costs	3,583,000	197,782	(154,514)	-	-	-	-	-	43,268
Share-based payments	-	-	-	-	407,735	-	-	-	407,735
Net income	-	-	-	-	-	-	-	299,484	299,484
Other comprehensive income	-	-	-	-	-	-	107,776	-	107,776
Balance, September 30, 2022	**512,452,541**	**$ 62,280,625**	**$ -**	**$ 1,010,461**	**$ 7,512,908**	**$ 47,071**	**$ (1,103,586)**	**$ (72,343,467)**	**$ (2,595,988)**

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

PPX Mining Corp. ("PPX Mining" or the "Company") is a publicly listed company incorporated under the Alberta Business Corporations Act on July 28, 1987; the Company's shares are traded on the Toronto Venture Exchange (the "TSX Venture Exchange"), and the Lima Stock Exchange (Bolsa De Valores De Lima). 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 82 Richmond Street East, Toronto, ON, Canada, M5C 1P1.

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. The Company's business plan is to engage in these mining activities on a long-term basis.

As the Company does not yet have positive cash flows from operations, it must rely on debt or equity financings and proceeds from net profit interest received from the assignment of the Igor 4 concession 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 consolidated 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 and has accumulated a deficit of $72,343,467 as at September 30, 2022. As at September 30, 2022 the Company has cash of $2,090,703 and a negative working capital of $11,249,214; the working capital deficiency includes $1,949,963 for the non-secured convertible note (note 12(b)).

The Company needs to raise funds in order to continue on as a going concern and there can be no assurances that sufficient funding, including adequate financing, will be available to cover its working capital deficiency or develop its mineral properties and / or cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including the outbreaks of the coronavirus (COVID-19) pandemic, current political situation in Peru, relations between NATO and the Russian Federation regarding the conflict in Ukraine and potential economic global challenges, such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the consolidated 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 consolidated financial statements.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements were approved by the Board of Directors of the Company on January 27, 2023.

These consolidated 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.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

The preparation of consolidated financial statements in accordance with IFRS 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 areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are described below:

a) Basis of presentation and consolidation

Thesse consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are those entities controlled by the Company. Control exists when the Company is exposed to or has rights to the variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Company to the date control ceases. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Company is presumed to have significant influence if it holds, directly or indirectly, 20% or more of the voting power of the investee. If the Company holds less than 20% of the voting power, other relevant factors are examined by the Company to determine whether it has significant influence. The factors that may enable the exercise of significant influence include the proportion of seats on the board being assigned to the Company, nature of the business decisions that require unanimous consent of the directors, ability to influence the operating, strategic and financing decisions and the existing ownership composition vis-à-vis the Company's ability to exercise significant influence. The Company does not have any associates as at September 30, 2022 and 2021. The subsidiaries of the Company as at September 30, 2022 and 2021 and their principal activities are described below:

The subsidiaries of the Company as at September 30, 2022 and 2021 and their principal activities are described below:

Name	Place of incorporation	Ownership Interest	Principal Activity
Sienna Minerals S.A.C	Peru	100%	Exploration
Agraria Huaranchal S.A.C.	Peru	100%	Exploration

On September 28, 2018, the Company signed a Usufruct and Options Agreement (the "Usufruct Agreement"), with Igor Mining Exploration S.A.C ("IME"), a Peruvian entity owned by the Company's lawyers in Peru. IME holds the title to the land where the heap leach plant is being built and is also responsible for building the plant. The Usufruct Agreement provides the Company with the same rights as the shareholders of IME and an option to acquire IME for 3,500 Peruvian Soles. Based on the fact that the Company controls all strategic and day to day decisions of IME and IME's key management personnel is comprised of officers appointed by PPX Mining, the Company concluded that it has control over IME. Accordingly, IME meets the criteria to be classified as a subsidiary. Commencing at the date of the signing of Usufruct agreement, the financial results of IME were included in the consolidated results.

The financial statements of subsidiaries are prepared for the same reporting periods as the Company, using consistent accounting policies. Where necessary, adjustments are made to bring the accounting policies of the Company's associates in line with those of the Company. All intercompany balances and transactions have been eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Foreign currency translation

The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's reporting currency. The functional currency of the Company is the Canadian dollar while the functional currency of its Peruvian subsidiaries is the United States ("US") dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21 *"The Effects of Changes in Foreign Exchange Rates"*.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rate on the date of transaction.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the year in which they arise. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The financial results and position of foreign operations whose functional currency is different from the Company's reporting currency are translated into the Company's reporting currency at each reporting period with assets and liabilities translated at period-end exchange rates prevailing at that reporting date and income and expenses using monthly average exchange rates during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's exchange difference on translating foreign operations on the Consolidated Statements of Loss and Comprehensive Loss and are reported as a separate component of shareholders' equity titled "Accumulated other comprehensive gain (loss) – foreign currency translation". These differences are recognized in the profit or loss in the year in which the operation is disposed of.

c) Financial instruments

Recognition and Classification

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company financial assets and financial liabilities:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

	Classification Under IFRS9
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Convertible note	Amortized cost
Promissory notes	Amortized cost
Gold stream facility	FVTPL
Convertible note – derivative liability	FVTPL

Measurement

Financial assets and liabilities at FVTPL:
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Financial assets at FVTOCI:
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost:
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost:
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets:
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities:
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets, is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques.

These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and pricing models.

Financial instruments that are measured subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

d) Cash and cash equivalents

Cash and cash equivalents include cash and short-term money market instruments that are readily convertible to cash with original terms of three months or less. As at September 30, 2022 and 2021 the Company did not have any cash equivalents. As at September 30, 2022, the Company has $746,000 (September 30, 2021 - $140,000) in a separate bank account that is restricted to be used to settle the future tax liability that may arise in the course of operations.

e) Mining interest and property, plant and equipment

Exploration and Evaluation Assets

Mineral exploration and evaluation costs are charged to operations in the period incurred until such time as the property has been acquired or is under option, in which case subsequent exploration costs and costs incurred to develop the property are capitalized.

Direct costs related to the acquisition of mineral property interests are capitalized on a property by property basis. Property acquisition costs include cash expenses and the fair market value of common shares, based on the trading price of the shares, issued for mineral properties interests, pursuant to the related property agreements. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded as mineral property costs upon payment.

Once the technical feasibility and commercial viability of extracting the mineral resource from a property has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Upon commencement of commercial production of a mineral property, the related capitalized costs are amortized and depleted on a unit-of-production basis using estimated proven and probable reserves of the mineral property.

Periodic reviews are made by management and where the long-term expectation is that the net carrying amount of these capitalized exploration and development costs will not be recovered, the carrying amount is then written down accordingly and the write-down amount charged to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Mining interest and property, plant and equipment (continued)

The amounts shown for exploration and evaluation assets represent acquisition and deferred exploration costs incurred to date, on a property by property basis, and are not intended to reflect present or future values. It is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. The carrying amounts of plant and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets. The significant classes of depreciable plant and equipment and their estimated useful lives are as follows:

Category	Rates
Office furniture	3 years
Computer equipment	2 years
Plant	Life of mine
Land	Not amortized

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

f) Impairment of assets

Non-financial assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or whenever impairment indicators exist. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, if applicable, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social, legal, and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount.

The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Net profit interest

Net profit interest income is comprised of income earned in the period based on the agreement with the operator. The Company has determined that income recognition occurs when the operator transfers the relevant commodity to the end customer. Income is measured at the fair value of the consideration receivable or received, when management can reliability estimate the amount, and there is reasonable certainty regarding its collectability, pursuant to the terms of the agreement. In some instances, the Company will not have access to sufficient information to make a reasonable estimation of consideration to which it expects to be entitled and, accordingly, income is not recognized until management can make a reasonable estimate.

h) Provisions

Provisions are recognized when the Company or its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are not recognized in the consolidated financial statements, if not estimable and probable, and are disclosed in notes to the financial information unless their occurrence is remote. Contingent assets are not recognized in the consolidated financial statements, but are disclosed in the notes if their recovery is deemed probable.

Environmental rehabilitation

Provisions for environmental rehabilitation (decommissioning and restoration) are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate, and the unwinding of the discount is included in finance costs. At the time of establishing the provision, a corresponding asset is capitalized and is depreciated over future production from the mining property to which it relates. The provision is reviewed on an annual basis for changes in cost estimates, discount provision on future obligations required to retire an asset.

i) Share based payments

The fair value of the equity settled share options (“equity based instruments”) awarded to employees, officers and directors, is recognized as share based compensation expense over the vesting period of the stock options with a corresponding increase to equity (share based payments reserve). Upon exercise, shares are issued from treasury and the amount reflected in share based payment reserve is credited to share capital, adjusted for any consideration paid.

The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option-pricing model and is expensed over the vesting period, based on the Company’s estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in net earnings (loss) or capitalized in mining properties (options granted to individuals involved on specific projects) such that the accumulated expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share based payments (continued)

Equity based instruments granted to non-employees are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares in which case the fair value is recorded as a reduction of share capital. When the value of goods or services received in exchange for the equity based instruments cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Income taxes

Taxes, comprising both current and deferred income taxes, are recognized in net earnings (loss), except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity. Deferred income taxes are provided using the balance sheet liability method, providing for unused tax losses, unused tax credits and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. As an exception, deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current assets and liabilities on a net basis.

k) Share capital

Common shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new common shares are recognized in equity, net of tax, as a deduction from the share proceeds (share issue costs). Share issue costs incurred in advance of share subscriptions are recorded as deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations. Proceeds from unit placements are allocated between common shares and warrants issued based on the residual value method, with the common shares being valued first.

The Company uses the Black-Scholes option valuation model to value finder's warrants issued in private placements. The fair value assigned to finder's warrants is recorded as share issue costs and an increase to warrants reserve. Upon exercise the consideration paid by the holder together with the amount previously recognized is recorded as an increase to share capital. When the terms of the warrants are modified, no adjustments are recognized in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Profit (loss) per share

Basic profit (loss) per share is computed by dividing net profit (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted profit (loss) per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

m) Other comprehensive income (loss)

Other comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profits such as foreign currency translation.

n) Segment reporting

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Company has one operating segment, being mineral exploration.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, 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;
- the determination of the functional currency in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*;
- determination of derivative liability;
- determination of commercial production; and
- determination of contingencies.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key Sources of Estimation Uncertainty

Useful life of plant and equipment

As discussed in note 3(e), 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, 2022 and 2021.

Impairment of assets

The carrying amounts of mining interest, 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 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 assets are being used or are expected to be used and indications of economic performance of the assets.

Gold stream facility

The Company has entered into a Gold Stream Agreement (note 12(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 concession, 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 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. The provision represents management’s best estimate of the present value of the future rehabilitation costs required.

(Expressed in Canadian Dollars)

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

Adoption of New Accounting Standards

The Company has not adopted any new standard, along with any consequential amendments, effective October 1, 2021.

Accounting Standards Issued But Not Yet Effective

Amendments to IAS 16 Property, Plant and Equipment

With the amendments to IAS 16 Property, Plant and Equipment, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Company will therefore need to distinguish between the costs associated with producing and selling items before the item of property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of property, plant and equipment available for its intended use. For the sale of items that are not part of a Company's ordinary activities, the amendments will require the Company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of loss and comprehensive loss. These amendments will have an impact on the Company's financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2022.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

6. FINANCE EXPENSE AND OTHER

	Year Ended September 30, 2022	Year Ended September 30, 2021
Gold stream facility interest expense (note 12(a))	**$ 189,589**	$ 758,249
Convertible note interest expense and accretion (note 12(b))	**127,723**	126,430
Promissory note interest expense (note 10)	**136,560**	96,146
Unwinding of the discount - environmental closure provision (note 13)	**49,668**	43,680
Bank charges and other	**12,029**	7,325
Finance expenses and other	**$ 515,569**	$ 1,031,830

(Expressed in Canadian Dollars)

7. AMOUNTS RECEIVABLE

	As at September 30, 2022	As at September 30, 2021
Accounts receivable	**$ 236,888**	$ 84,573
Advance of tax installments	**315,255**	-
Sales tax and government receivables	**32,618**	119,763
Loan receivable	**5,483**	5,097
	$ 590,244	$ 209,433

Accounts receivable represents the receivable portion of the net profit interest from Proyectos Le Patagonia S.A.C ("Patagonia") relating to the 2022 fiscal year. The fair value of receivables approximates their carrying value. None of the amounts included in receivables at September 30, 2022 are past due.

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

Year ended September 30, 2022	**Exploration and evaluation asset**	**Property, plant and equipment**
Cost		
At September 30, 2021	**$ 8,300,247**	**$ 1,664,308**
Additions	**927,259**	**8,384**
Net profit interst received, net of NSR accrual	**(1,864,176)**	**-**
Change in environmental rehabilitation provision	**185,004**	**-**
Foreign exchange	**(108,523)**	**121,210**
Transfer from property, plant and equipment	**256,769**	**(256,769)**
Cost at September 30, 2022	**$ 7,696,580**	**$ 1,537,133**
Accumulated depreciation		
At September 30, 2021	**$ -**	**$ 146,198**
Depreciation	**-**	**197**
Foreign exchange	**-**	**12,261**
Accumulated depreciation at September 30, 2022	**$ -**	**$ 158,656**
Carrying value at September 30, 2022	**$ 7,696,580**	**$ 1,378,477**

Year ended September 30, 2021	Exploration and evaluation asset	Property, plant and equipment
Cost		
At September 30, 2020	$ 11,337,857	$ 1,738,975
Additions	455,000	-
Net profit interst received, net of NSR accrual	(2,448,328)	-
Sale of NSR	(637,000)	-
Foreign exchange	(407,282)	(74,667)
Cost at September 30, 2021	$ 8,300,247	$ 1,664,308
Accumulated depreciation		
At September 30, 2020	$ -	$ 152,092
Depreciation	-	390
Foreign exchange	-	(6,284)
Accumulated depreciation at September 30, 2021	$ -	$ 146,198
Carrying value at September 30, 2021	$ 8,300,247	$ 1,518,110

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

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 12(a).

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.

During the year ended September 30, 2020, the Peruvian Ministry of Energy and Mines issued a notice that the Company's environmental license at the Igor 1 and 3 exploration projects had expired. During the year ended September 30, 2019, the Company's water use permit had expired. During the year ended September 30, 2021, the exploration license at the Igor 4 exploration project expired. As of September 30, 2022, the exploitation license remains in good standing as the Company has obtained an extension. Management is in the process of having these expired licenses and permits reinstated.

The Company's spending in the Igor concession for the years ended September 30, 2022 and 2021 is as follows:

	Year Ended September 30, 2022	Year Ended September 30, 2021
Drilling, road and site preparation	**$ 256,468**	$ 177,415
Salaries, claims maintenance and staking	**28,238**	33,999
Social development	**585,289**	197,299
Environmental	**57,264**	46,287
Total additions	**$ 927,259**	$ 455,000

The Company earned net profit interest income of $8,214,144 (year ended September 30, 2021 – $2,641,328) on the Igor 4 concession during the year ended September 30, 2022. $1,864,176 of the net profit interest from PLP was netted against historically capitalized exploration and exploration costs capitalized specific to Igor 4, and once these amounts were fully depleted, the remaining net profit interest in the amount of $5,852,396 was recorded as other income in the statement of income (loss) during the year ended September 30, 2022.

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

The Company entered into a commercial agreement with Patagonia, a Peruvian mining contractor, whereby the Company granted to Patagonia a rights to mine the Igor 4 concession for certain number of years. During the term of the agreement, the Company and Patagonia share the net profits from the mining operation in the Igor 4 concession, at a ratio of 70%/30% respectively and 75%/25% once the Company builds a processing plant to treat the ore of this concession. Currently, the Company is in discussion with Patagonia to amend certain sections of the agreement that allow different interpretations.

During the year ended September 30, 2022, the Company has recorded a portion of the net profit interest from the Igor 4 operation. These portion corresponds to all the net profit interest that is collected or considered collectible with reasonable certainty during the current fiscal year. The remaining balance has not been accrued given the lack of information to quantify such amount and the uncertainties with its collectability.

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

8. EXPLORATION AND EVALUATION ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

Exploration and Evaluation Assets (continued)

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

The Company can terminate the assignment agreement at any time subject to 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. As the Company's Igor 4 project remains in exploration stage and has not reached commercial production based on the criterias established in the 2018 pre-feasibility study, the net profit interest income received during the year ended September 30, 2022 had been recorded to reduce the Company's Igor 4 exploration and evaluation assets in the amount of $1,864,176, and once the asset was depleted to $Nil, recorded as other income of $5,852,396.

b) Community Agreements

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

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

Based on the current stage of exploration and development, the Company is in the process of putting together a plan for these commitments and it is not yet quantifiable.

Property, Plant and Equipment

Property, plant and equipment at September 30, 2022 includes $972,603 (September 30, 2021 - $1,147,074) 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 included payments 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. An impairment charge of $629,190 (US$467,572) was recorded for the year ended September 30, 2020, as certain equipment paid for in advance are no longer available to the Company. During the year ended September 30, 2021, the remaining advance of $343,532 (US$271,739) was also written off. As at September 30, 2022, the Company will no longer proceed with BRC on the construction of the heap leach facility.

Property, plant and equipment at September 30, 2022 include $398,745 for land where $47,071 is for land donated by a third party being used as the site for the Company's heap leach plant.

(Expressed in Canadian Dollars)

9. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at September 30, 2022	As at September 30, 2021
Trade payables	**$ 1,363,913**	$ 2,721,229
Due to RIVI Opportunity Fund LP - accrued interest (note 12(a))	**-**	1,659,488
Acquisition of surface rights	**192,870**	179,278
RIVI NSR accrual	**690,573**	193,000
	$ 2,247,356	$ 4,752,995

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

10. PROMISSORY NOTES

On April 24, 2019, the Company entered into unsecured promissory note agreements with one director and one former director 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 matured 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 matured on June 30, 2020.

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

On January 9, 2020 and January 16, 2020, the Company entered into unsecured promissory note agreements with another director of the Company for total proceeds of US$16,754 ($21,912). The promissory notes bear interest at 12% per annum payable semi-annually and matured on January 31, 2021.

On March 31, 2022, the Company entered into unsecured promissory note agreement to repay amounts owing to the former employee of the Company for total of $776,162 (US$621,129). The promissory notes bear interest at 10% per annum. Subsequent to the year ended September 30, 2022, the Company has settled this promissory note (note 20).

	Year Ended September 30, 2022	2021
Balance, beginning of year	**$ 1,018,586**	$ 959,010
Transferred from accounts payable	**776,162**	-
Accrued interest	**136,560**	96,146
Foreign exchange	**150,438**	(36,570)
Balance, end of year	**$ 2,081,746**	$ 1,018,586

(Expressed in Canadian Dollars)

11. DEFERRED REVENUE

On July 7, 2020, the Company signed a one year Ore Purchase Agreement ("OPA") for 40,000 tonnes of gold-bearing material with Inca One Gold Corp. ("Inca One"), a gold producer operating two fully permitted mineral processing facilities in Peru. Under the terms of the OPA, the Company was to deliver 40,000 tonnes, approximately 110 tonnes per day ("TPD") of gold-bearing material during the first year, with a minimum grade of 8 grams of gold per tonne to Inca One's Kori One processing facility. In addition, Inca One was to provide a secured, advance payment based on certain milestones for up to US$400,000 to the Company. In the event the Company does not deliver 20,000 tonnes in the first year, the supply contract would be extended to a total of 80,000 tonnes by the end of the second year. This arrangement was set up to use the Igor mining concessions as security for a total value of up to US$800,000.

As at September 30, 2020, the Company had received $271,220 in advance of shipments. During the year ended September 30, 2021, the OPA was terminated and the Company refunded the $271,220 advance back to Inca One.

12. LONG TERM DEBT

	As at September 30, 2022	As at September 30, 2021
Gold stream facility (a)	**$ 5,885,103**	$ 5,967,391
Convertible note (b)	**1,949,963**	1,685,130
	7,835,066	7,652,521
Current portion (a)(b)	**(7,835,066)**	(6,192,561)
Long term debt	**$ -**	$ 1,459,960

a) Gold Stream Facility

	Year Ended September 30, 2022	**2021**
Balance, beginning of year	**$ 5,967,391**	$ 6,247,471
Principal repayments	**(509,329)**	-
Foreign exchange	**427,041**	(280,080)
Balance, end of year	**5,885,103**	5,967,391
Accrued principal repayments	**(5,885,103)**	(4,507,431)
Gold stream facility (long term)	**$ -**	$ 1,459,960

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.

12. LONG TERM DEBT (continued)

a) Gold Stream Facility (continued)

During the year ended September 30, 2022, the Company paid to RIVI in cash $1,863,765 of interest related to the Facility (year ended September 30, 2021 – $nil). Accounts payable and accrued liabilities at September 30, 2022 and 2021 include accrued interest related to the Facility of $nil (US$nil) and $1,659,488 (US$1,302,439), respectively. During the year ended September 30, 2021, the accrued interest was reduced by $637,000 (US$500,000) as a result of the NSR agreement with RIVI.

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 the 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 a contractual production threshold at Igor 4 has been meet. Such threshold was met during fiscal 2022.

The amended agreement provides that until equivalent dollar amount of 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 amount of reduction for each period is determined based on the GEOs from the Igor 4 pre-production, multiplied by the difference between the market price of gold and the lesser of US$400 or 80% the market price of gold. The face value of the gold stream facility at September 30, 2022 and 2021 was US$4,293,502 and US$4,683,613, respectively. 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 year ended September 30, 2022, the Company paid to RIVI $509,329 related to GEOs produced (year ended September 30, 2021 – $nil). Short term portion of the stream facility at September 30, 2022 and 2021 of $5,885,103 (US$4,293,502) and $4,507,431 (US$3,537,737), respectively, relates to amounts due to RIVI for GEOs produced and not yet paid until that respective date.

During 2022, the Company accrued an additional amount of $1,516,603 (US$1,106,444) related to GEOs produced on top of its principal portion of the stream facility, which resulted in a gold streaming expense of $1,428,529 (US$1,106,444).

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. These conditions have not yet been met as at September 30, 2022.

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.

(Expressed in Canadian Dollars)

12. LONG TERM DEBT (continued)

a) Gold Stream Facility (continued)

On April 30, 2021, the Company signed a Net Smelter Royalty Agreement with RIVI, whereby RIVI is granted an option to acquire a royalty equal to 2% of Net Smelter Returns ("NSR") over the Igor, Igor 3 and Igor 4 concessions, in exchange for reducing US$500,000 of the amounts owed to RIVI by the Company. In addition, the Company has the option to repurchase 1% of the NSR royalty for US$750,000 until October 21, 2021. The US$500,000 reduction in the amounts owed to RIVI by the Company has been recorded to reduce the Company's exploration and evaluation assets and to reduce the accrued interest.

b) Convertible note

	Year Ended September 30, 2022	Year Ended September 30, 2021
Balance, beginning of year	**$ 1,685,130**	$ 1,630,831
Accrued interest	**127,723**	126,430
Foreign exchange	**137,110**	(72,131)
Balance, end of year	**$ 1,949,963**	$ 1,685,130

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

During the year ended September 30, 2022, the Company incurred $127,723 (US$100,000) of interest expense (year ended September 30, 2021 – $126,430 (US$100,000)).

13. ENVIRONMENTAL REHABILITATION PROVISION

	As at September 30, 2022	As at September 30, 2021
Balance, beginning of year	**$ 394,771**	$ 367,211
Accretion	**49,668**	43,680
Change in estimates	**185,004**	-
Foreign exchange	**47,109**	(16,120)
Balance, end of year	**676,552**	394,771
Current portion	**254,721**	-
Non-current portion	**$ 421,831**	$ 394,771

The environmental rehabilitation provision is calculated using a risk free rate of 4.5% with the rehabilitation and remediation spending expected to incur starting 2023. The total undiscounted estimated rehabilitation provision at September 30, 2022 is $759,732 (US$554,266) (year ended September 30, 2021 – $500,084 (US$392,500)).

As at September 30, 2022, $254,721 of the environmental rehabilitation provision is classified as current as the exploration permits for the Igor and Igor 3 concessions have expired and have not been renewed.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL

a) Authorized

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

b) Issued

On March 7, 2022 the Company completed a non-brokered private placement pursuant to which the Company issued 3,583,000 common shares of the Company at a price of $0.06 per share for gross proceeds of $214,980. In connection with the private placement, the Company paid aggregate finder's fees of $17,198 to arm's length finders.

On July 16, 2021, the Company closed a non-brokered private placement for 7,307,542 common shares of the Company at a price of $0.06 per share for gross proceeds of $438,453. In consideration for introducing certain subscribers to the private placement, the Company paid cash finders' fees of $26,307, representing 8% of the total funds raised from subscribers introduced to the Company by such finders and issued 146,151 finders' shares valued at $8,769.

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 years ended September 30, 2022 and 2021 are as follows:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, September 30, 2020	**22,836,000**	**0.10**
Expired	(5,750,000)	0.10
Balance, September 30, 2021	**17,086,000**	**0.10**
Granted	15,000,000	0.04
Expired	(16,086,000)	0.10
Balance, September 30, 2022	**16,000,000**	**0.04**

On September 22, 2022, the Company granted granted 15,000,000 share options to certain directors and officers of the Company. The options vested immediately at the date of grant, are exercisable at a price of $0.04 per share and expire on September 22, 2029. The fair value of the options granted was estimated to be $407,735 using the Black-Scholes option pricing model with the following assumptions: share price of $0.03, risk free interest rate of 3.15%, expected volatility of 127.83%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 7 years.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (continued)

c) Reserves (continued)

Share purchase options (continued)

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.

During the year ended September 30, 2022, the Company recorded share based payments of $407,735 (year ended September 30, 2021 – $nil).

The summary of the Company's options outstanding and exercisable as at September 30, 2022 is as below:

Expiry Date	Exercise Price($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
November 20, 2022 [1]	0.09	0.14	1,000,000	1,000,000
September 22, 2029	0.04	6.98	15,000,000	15,000,000
	0.04	**6.56**	**16,000,000**	**16,000,000**

[1] These share options expired unexercised subsequent to September 30, 2022.

Warrants

Movements in the Company's warrants for the years ended September 30, 2022 and 2021 are as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, September 30, 2020	**12,123,499**	**0.10**
Expired	(12,123,499)	0.10
Balance, September 30, 2021 and September 30, 2022	**-**	**-**

The Company had no warrants outstanding as at September 30, 2022.

15. SEGEMENT INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information of the Company as at and for the years ended September 30, 2022 and 2021 is as follows:

	As at September 30, 2022			As at September 30, 2021		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Total assets	**$ 673,437**	**$ 11,087,898**	**$ 11,761,335**	$ 119,257	$ 10,245,365	$ 10,364,622
Total non-current assets	**-**	**9,075,057**	**9,075,057**	-	9,818,357	9,818,357
Total liabilities	**$ 13,133,146**	**$ 1,224,177**	**$ 14,357,323**	$ 12,820,670	$ 998,203	$ 13,818,873

	Year Ended September 30, 2022			Year Ended September 30, 2021		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net loss	**$ 861,069**	**$ (561,585)**	**$ 299,484**	$ (1,627,778)	$ (757,422)	$ (2,385,200)

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

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, former Chief Executive Officer.

Compensation includes salaries and professional fees paid to the former President and Chief Executive Officer, a company in which the former CFO is an owner, and amounts paid to directors.

	Year Ended September 30, 2022	Year Ended September 30, 2021
Consulting fees, salaries and benefits	**$ 359,741**	$ 349,255
Severance	**383,796**	-
Professional fees	**109,984**	88,068
Share based compensation	**407,735**	-
	$ 1,261,256	$ 437,323

Accounts payable and accrued liabilities at September 30, 2022 includes $383,796 (September 30, 2021 – $688,151) due to the former CEO of the Company, and a company in which the former CFO is an owner. The balances owing are non-interest bearing. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The Company has agreements with certain members of key management. In the event that there is a change of control as defined by the agreements, the Company is committed to pay severance payments of salary which amounts to a total of $408,000. In the event of termination without notice or cause, certain senior management would be entitled to total of $204,000 .

17. 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, gold stream facility, 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, 2022 and 2021 is as follows:

	As at September 30, 2022	As at September 30, 2021
Share capital	**$ 62,280,625**	$ 62,082,843
Subscription received	**-**	154,514
Reserves	**7,466,854**	6,951,343
Deficit	**(72,343,467)**	(72,642,951)
Debt financing	**11,433,415**	8,671,107
	$ 8,837,427	$ 5,216,856

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS (continued)

Management of capital risk (continued)

The properties in which the Company has an interest are in the exploration stage as at September 30, 2022; the Company filed a PFS for the Igor 4 concession on December 4, 2018 which identified proven and probable reserves. The Company is planning to build a heap leach processing plant on the Igor 4 concession; until production from the Igor 4 concession starts, the Company is dependent on external financing to fund its activities; the Company will be using its existing working capital and raise additional amounts as needed. A full reassessment of the ore processing plant is being made, with the possibility of omitting the heap leach facility and passing directly to milling and tank leaching.

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, 2022. 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, 2022 and 2021 are as follows:

	As at September 30, 2022	As at September 30, 2021
Financial Assets		
At fair value through profit or loss		
Cash	**$ 2,090,703**	$ 336,242
At amortized cost		
Accounts receivable	**236,888**	84,573
Loan receivable	**5,483**	5,097
	$ 2,333,074	$ 425,912
Financial Liabilities		
At fair value through profit or loss		
Gold stream facility (note 12(a))	**$ 7,401,706**	$ 5,967,391
At amortized cost		
Accounts payable and accrued liabilities	**2,247,356**	4,752,995
Convertible note (note 12(b))	**1,949,963**	1,685,130
Promissory notes	**2,081,746**	1,018,586
	$ 13,680,771	$ 13,424,102

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS (continued)

Fair values of financial instruments

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

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

	As at September 30, 2022	As at September 30, 2021
	Level 1	Level 1
Cash	**$ 2,090,703**	$ 336,242
	Level 3	Level 3
Gold stream facility (note 12(a))	**$ 7,401,706**	$ 5,967,391

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, 2022 consists of the receivable portion of the net profit interest relating to the 2022 fiscal year, advance of tax installments, goods and services sales tax (GST) due from the Federal Government of Canada and loan receivable. The loan receivable of $5,483 (US$4,000) is being paid through the cash flows generated from the operations at the Igor 4 concession. 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, 2022, the Company has a cash balance of $2,090,703 to settle its obligations related to accounts payable and accrued liabilities of $9,649,062 (including the short-term portion of the gold stream facility and NSR accrual), convertible note of $1,949,963, and promissory notes of $2,081,746.

17. FINANCIAL INSTRUMENTS (continued)

Risk management policies (continued)

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 Sates 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, 2022, 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$)
Assets		
Cash	**4,257,164**	$ 448,188
Accounts receivable	**1,629,990**	-
Prepaids and advances	**780**	796
Loan receivable	**-**	4,000
	5,887,934	$ 452,984

	Peruvian Soles (S/.)	United States Dollars (US$)
Liabilities		
Accounts payable and accrued liabilities	**(927,396)**	$ (54,420)
Promissory notes	**-**	(1,404,960)
Convertible note	**-**	(1,422,603)
Gold stream facility	**-**	(4,293,502)
	(927,396)	$ (7,175,485)

At September 30, 2022, USD amounts were converted at a rate of USD 1.00 to CAD 1.3707; Peruvian Soles amounts were converted at a rate of Peruvian Sol 1.00 to CAD 0.3442.

Based on the above net exposures as at September 30, 2022, 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 $750,711 in the Company's net 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.

(Expressed in Canadian Dollars)

18. COMMITMENTS AND CONTINGENCIES

The Company's commitments are disclosed in note 8 and summarized below:

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

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

The Company has contracted the services of Big Rock Consulting Inc. ("BRC") for the manufacturing of certain equipment for the Company's heap leach plant for US$1,913,250. To September 30, 2022, the Company has advanced $986,167 (US$739,311) to BRC with the rest of the contracted amount to be paid by the time the equipment is delivered. An impairment charge of $629,190 (US$467,572) was recorded for the year ended September 30, 2020, as certain equipment paid for in advance are no longer available to the Company. During the year ended September 30, 2021, the remaining advance of $343,532 (US$271,739) was also written off. As at September 30, 2022, the Company will no longer proceed with BRC on the construction of the heap leach facility.

In addition, the Company had undiscounted environmental closure obligations (note 13) for remediation and rehabilitation work on the Company's Igor properties with estimated total obligations at September 30, 2022 of $759,733 (US$554,266).

During the year ended September 30, 2021, the Company was notified of a claim field by Patagonia against the Company, for damages as a result of incomplete construction of the processing plant. Management has performed its own analysis and has concluded that no significant damages has occurred as a consequence of the plant not having been built. Therefore management believes PPX Mining has valid arguments to defend against the claim and as a result no amounts have been recorded for this claim as at September 30, 2022. Patagonia continues to operate the Igor 4 project and the Company is in active discussions and negotiations with Patagonia to clarify certain terms and a possible extension to their operating agreement.

19. INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates of 27% for the years ended September 30, 2022 and 2021 with the reported income taxes is as follows:

	Year Ended September 30, 2022	Year Ended September 30, 2021
Net income (loss) before taxes	**$ 299,484**	$ (2,385,200)
Computed expected income tax recovery at Canadian statutory rates	**81,000**	(644,000)
Foreign exchange movement and other	**-**	1,422,000
Non-deductible expenses	**111,000**	-
Changes in the unrecognized deferred tax assets	**(192,000)**	(778,000)
Income tax expense (recovery)	**$ -**	$ -

(Expressed in Canadian Dollars)

19. INCOME TAXES (continued)

The significant components of the Company's unrecognized deferred income tax assets are as follows:

	As at September 30, 2022	As at September 30, 2021
Deferred income tax assets		
Mining interest	**$ 8,266,000**	$ 6,065,000
Operating losses carried forward	**10,034,000**	8,922,000
Share issuance costs	**21,000**	45,000
VAT	**50,000**	-
Capital assets	**597,000**	-
Other	**167,000**	(53,000)
	$ 19,135,000	$ 14,979,000
Unrecognized deferred tax assets	**(19,135,000)**	(14,979,000)
Net deferred tax assets	**$ -**	$ -

At September 30, 2022, the Company has available non-capital tax losses for Canadian income tax purposes of approximately $30,546,000 available for carry-forward to reduce future years' taxable income which expire between 2026-2042. The Company has approximately $6,055,000 of losses in Peru which can be carried forward indefinitely but are limited to 50% of taxable income each subsequent year.

In addition, the Company has available mining interest and capital asset tax pools of approximately $26,109,000 and $3,244,000, respectively, in Canada and Peru, which may be deductible at various rates dictated by relevant tax authorities. Those amounts are subject to review by relevant tax authorities and are subject to revision. Future tax benefits, which may arise as a result of applying these deductions to taxable income, have not been recognized in these accounts as the Company does not have a history of earnings.

20. SUBSEQUENT EVENTS

On November 8, 2022, the Company announced that it has entered into binding commitments with certain arm's length and non-arm's length creditors of the Company to settle US$2,194,017 of outstanding debt (the "Debt Settlement") by issuing an aggregate of 108,700,842 common shares of the Company at a deemed issue price of $0.0273 (US$0.02) per common share. The Debt Settlement is subject to the approval of the TSX Venture Exchange (the "Exchange") and execution of definitive debt settlement agreements. All common shares to be issued will be subject to a hold period expiring on the date that is four months and one day after the date of issuance, in accordance with applicable securities laws and the policies of the Exchange. Post-transaction, one of the creditors under the Debt Settlement, will own approximately 33.5% of the common shares and will therefore be a control person of the Company as defined in the policies of the Exchange. Consequently, the issuance of common shares to this creditor is subject to disinterested shareholder approval.

On January 16, 2023, the Company entered into a debt settlement agreement with a former employee of the Company to settle US$621,129 of outstanding promissory notes and forgive the accrued interest in its entirety, by issuing an aggregate of 7,306,425 common shares of the Company at a deemed issue price of $0.0273 (US$0.02) per common share and paying US$475,000 in staged cash payments. If the deemed issue price of $0.0273 (US$0.02) per common share is not within the minimum pricing requirements of the Exchange, the deemed issue price will be adjusted to the minimum price allowable under the policies of the Exchange and the number of common shares to be issued will be adjusted accordingly. In the event that the Exchange does not provide aceptance for the issuance of the entire 7,306,425 common shares, the Company will pay cash in lieu of common shares for the difference.