



# PPX Mining Corp.

## Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and nine months ended June 30, 2023 and 2022

This Management's Discussion and Analysis ("MD&A") is intended to assist the reader in understanding and assessing the trends and significant changes in the results of operations and financial condition of PPX Mining Corp. ("PPX" or the "Company"). This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company, including the notes thereto, for the three and nine months ended June 30, 2023 and 2022 (the "interim financial statements") and the Company's audited consolidated financial statements for the years ended September 30, 2022 and 2021 (the "annual financial statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. This MD&A takes into account information available up to and including August 25, 2023. All dollar amounts are in Canadian dollars unless otherwise stated.

As at June 30, 2023 the Company has cash of \$1,532,533 and a positive working capital of \$724,078. 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 required funding 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 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. If the Company is unable to raise additional capital, continue receiving net profit interest from the Callanquitas operation and/or attracting joint venture partners for further exploration and development on its properties, then management will require to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern beyond June 30, 2023.

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such forward-looking statements in this Management's Discussion and Analysis include, but are not limited to, statements and information that relate to: the exploration and development of the Igor property, including the probability of commercial production of gold and silver from Igor 4 concession; the satisfaction of certain milestones and expected ounces to be delivered and produced under the Facility (as defined herein); the operations of a processing plant and the expansion of its capacity; the drilling campaign at the Igor concession; the need for additional funding; the ability of the Company to arrange for additional financing in the future; the impacts of the current political situation in Peru on the global economy and on the business and operations of the Company; prevailing capital market conditions; success of the Company in its mineral property exploration; the ongoing maintenance of the Company's Social Licenses (as defined herein); claims filed by AMM (as defined herein) against the Company; statements regarding the status of the Company's water use permit and environmental, exploration and exploitation licenses; life of mine gold production; changes in the market, economic and legal environment in which the Company operates; the manner in which mining properties and plant and equipment are being used or expected to be used; future gold prices; and

environmental rehabilitation costs. Risks and uncertainties that could cause actual events or results to differ materially from those projected in forward-looking statements include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the speculative nature of exploration activities; period interruptions to exploration, development and mining activities; industrial accidents; failure of processing and mining equipment to perform as expected; the interpretation of drill results and the uncertainty of estimates and projections in relation to production, costs and expenses, including those associated with environmental rehabilitation; changes in project parameters as plans continue to be refined; the uncertainty surrounding the ability of PPX to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks); the risk of commodity price, interest rates and foreign exchange rate fluctuations; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, including the ability of the Company to fund the drilling campaign at the Igor concession; the uncertainty associated with the operational status of a processing plant; the state of financial markets; the success of the Company's mineral property exploration; future metals price fluctuations; labour disputes; supply problems; legal and regulatory proceedings and community actions, including the uncertainty associated with the claims by AMM against the Company; title matters; regulatory approvals and restrictions; increased costs and physical risks relating to climate change, including extreme weather events and new or revised regulations relating to climate change; volatility of the market price of the Company's securities; insurance; competition; loss of key employees; and the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. The forward- looking statements and information contained herein are based upon assumptions management believes to be reasonable, including, without limitation: no adverse development in respect of the Igor concession; no material changes to applicable laws; no worsening of the impacts of the current political situation in Peru in the medium-term and long-term; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of PPX should not place undue reliance on these forward-looking statements. Forward-looking statements or information should not be read as guarantees of future performance and results. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

## **BUSINESS OVERVIEW**

PPX Mining Corp. (TSX.V: PPX.V, BVL: PPX) is a Canadian-based exploration and development company with assets in northern Peru. The Igor Project, the Company's flagship 100% owned property, comprises four concessions of about 1,300 hectares and is located in the prolific Northern Peru gold belt in eastern La Libertad Department. The Igor Project includes the Callanquitas structure (the "Igor 4 concession"), where the Company has been conducting an underground operation through a third-party contractor, had announced the results of a pre-feasibility study ("PFS") and had planned to build a heap leach processing plant. Based on new test work performed in Canada, the Company will no longer proceed with the construction of the heap leach processing plant. Instead, the Company is pursuing the construction of a CIL processing plant that will allow a material increase in gold recoveries. Some exploration has been carried out on three exploration targets: Portachuelos, Tesoros, and Domo.

On December 4, 2018 the Company announced the results of an independent PFS for the 100% owned Igor 4 concession. The PFS results include proven and probable reserves of 1.03 million tonnes grading 4.10 gpt gold (136,000 ounces of gold) and 104.08 gpt silver (3.445 million ounces of silver), or 154,000 gold equivalent ("AuEq") ounces at a grade of 4.66 gpt AuEq. Total measured and indicated resources for the Igor 4 concession (inclusive of reserves) are 1.47 million tonnes grading 4.72 gpt gold (223,000 ounces gold) and 109.5 gpt silver (5.18 million ounces Ag) equal to 246,000 AuEq ounces (5.21 gpt AuEq). Inferred resources totaled 0.613 million tonnes, grading 3.91 gpt gold (77,000 ounces gold), and 139.7 gpt silver (2.75 million ounces of silver) equal to 89,000 AuEq ounces. The 43-101 report can be viewed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's web site at [www.ppxmining.com](http://www.ppxmining.com).

PPX conducted infill and resource expansion drilling along the Callanquitas structure and exploration drilling south of Callanquitas in the Portachuelos target area. The drill campaign has resulted in the discovery of new high-grade mineralization on the Callanquitas structure and a new gold and silver mineralized zone at Portachuelos.

The Company has an agreement with *Proyectos La Patagonia S.A.C.* ("PLP"), a wholly-owned subsidiary of the Explora Peru Mining Group, Peru, whereby the Company has assigned to PLP the Igor 4 mining concession, site of the Callanquitas resource, until the earlier of the date PLP extracts 600,000 metric tons of mineralized material or the end of the contract. During the term of the agreement, the Company and PLP share the net profits from the mining operation on the Igor 4 concession, at a rate of 70%/30% respectively, up to when the production from the mine reaches 350 tons per day ("MTPD"), and 75%/25% thereafter. Going forward, the area of the underground operations on the Callanquitas structure will be referred to as the "Callanquitas Mine".

The Company's objective remains to bring the Callanquitas Mine into full production and focus on growing the gold and silver resource base, particularly in areas easily accessible by the underground workings, with the goal of defining sufficient resources to justify an increase in the capacity of the mine, but a reassessment has been carried out of the type of plant to be built.

## **FISCAL 2023 HIGHLIGHTS**

At June 30, 2023, the Company has cash of \$1,532,533 and a positive working capital of \$724,078. Current liabilities include \$838,093 related to amounts due to RIVI Opportunity Fund for Gold Equivalent Ounces ("GEOs") produced under the Gold and Silver Purchase Agreement (streaming agreement).

The Company received net profit interest income of \$7,396,170 (nine months ended June 30, 2022 – \$6,540,577) on the Igor 4 concession during the nine months ended June 30, 2023.

On February 19, 2023, the Company entered into an amended and restated gold and silver purchase agreement (the "Amended and Restated GPA") with RIVI Opportunity Fund LP ("RIVI"), whereby the Company and RIVI have agreed, subject to receipt of TSX Venture Exchange approval, to restructure the Company's streaming and payment obligations under the original gold and silver purchase agreement dated October 10, 2016 between the Company and RIVI, as amended (the "Original GPA"). Please refer to results of operations below for details of the Amended and Restated GPA. On May 16, 2023 the Company received TSXV approval.

On February 17, 2023, the Company issued 7,306,425 common shares at a price of \$0.0273 (US\$0.02) per common share to settle the outstanding promissory note with a former employee of the Company.

On March 8, 2023, the Company issued 5,900,000 common shares at a price of \$0.0273 (US\$0.02) per common share to settle the outstanding trade payables with certain vendors.

On March 8, 2023, the Company issued 104,121,062 common shares at a price of \$0.0273 (US\$0.02) per common share to settle an outstanding promissory note and unsecured convertible note with a creditor and several promissory notes with a director and former director of the Company.

On March 3, 2023, the Company 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 March 3, 2030. The fair value of the options granted was estimated to be \$403,286 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.03, risk free interest rate of 3.35%, expected volatility of 123.94%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 7 years.

The program of test work has been finished and all process design parameters for the CIL plant have been defined. A plant layout has been prepared and will form part of the application to apply for a modified environmental permit.

## RESULTS OF OPERATIONS

The following is a summary of the Company's results of operations for the three and nine months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
<b>Operating expenses</b>				
Communication and regulatory	42,908	109,709	111,126	192,445
Consulting fees, salaries and benefits	122,241	81,620	387,763	589,618
Depreciation	1,588	50	4,225	147
Office and miscellaneous	243,005	7,199	490,441	107,592
Premises	3,420	1,525	7,938	4,097
Professional fees	201,902	54,947	440,508	236,290
Share based payments	-	-	403,286	-
Travel and promotion	19,363	44,335	40,424	101,419
<b>Loss from operations</b>	<b>(634,427)</b>	<b>(299,385)</b>	<b>(1,885,711)</b>	<b>(1,231,608)</b>
<b>Finance and other items</b>				
Finance expense and other	(154,573)	(325,434)	(328,795)	(792,481)
Foreign exchange loss	(367,301)	(14,123)	(1,138,565)	(45,977)
Gain on debt settlement	335,476	-	754,027	-
Gold streaming expense	(286,759)	-	(1,747,534)	-
Net profit interest income	147,213	-	7,130,222	-
<b>Net income (loss)</b>	<b>(\$940,371)</b>	<b>(\$638,942)</b>	<b>\$2,783,644</b>	<b>(\$2,070,066)</b>

The Company recorded a net loss of \$940,371 and a net income of \$2,783,644 or loss of \$0.00 and income \$0.01 per share, respectively, for the three and nine months ended June 30, 2023 (three and nine months ended June 30, 2022 – net loss of \$638,942 and \$2,070,066 or \$0.00 and \$0.00 per share, respectively).

The most significant changes for the three months ended June 30, 2023 as compared to 2022 were as follows:

**Office and miscellaneous of \$243,005 (2022 – \$7,199)** – Office and miscellaneous have increased compared to 2022 mainly due to VAT administration expenses of \$62,358, and interest and penalties of \$135,339 recorded in 2023 compared to \$nil in 2022.

**Professional fees of \$201,902 (2022 – \$54,947)** – Professional fees have increased compared to 2022 mainly due to increases in legal and audit fees in 2023.

**Finance expense and other of \$154,573 (2022 – \$325,434)** – Financing expense and other have decreased compared to 2022 mainly due to gold stream facility interest expense of \$nil recorded in 2023 compared to \$230,378 in 2022, as the outstanding interest payable on the gold stream facility was fully paid down in 2022.

**Foreign exchange loss of \$367,301 (2022 – \$14,123)** – Foreign exchange loss results from fluctuations in the US\$/CAD\$ exchange rates throughout the periods. The Company's functional and reporting currency are the Canadian dollar, while the functional currency of its Peruvian subsidiaries is the United States ("US") dollar.

**Gold streaming expense of \$286,759 (2022 – \$nil)** – Gold streaming expense in the current period is a result of obligations resulting from GEOs produced by the Company's mining contractor from the Igor 4 concession payable to RIVI being recognized as an expense in profit or loss.

**Net profit interest income of \$147,213 (2022 – \$nil)** – Income in the current period is a result of the net profit interest received in excess of the carrying value of Igor 4. No income recorded in profit or loss in the prior period as net profit interest income received in 2022 was applied as a reduction to the face value of the gold stream facility.

The most significant changes for the nine months ended June 30, 2023 as compared to 2022 were as follows:

**Consulting fees, salaries and benefits of \$387,763 (2022 – \$589,618)** – Expenditures have decreased compared to 2022 due to the Company incurring lower management fees paid to companies controlled by key management members and salaries and benefits paid to a former employee of the Company.

**Office and miscellaneous of \$490,441 (2022 – \$107,592)** – Office and miscellaneous have increased compared to 2022 mainly due to VAT administration expenses of \$180,218, and interest and penalties of \$135,339 recorded in 2023 compared to \$nil in 2022.

**Professional fees of \$440,508 (2022 – \$236,290)** – Professional fees have increased compared to 2022 mainly due increases in legal and audit fees in 2023.

**Share based payments of \$403,286 (2022 – \$nil)** – Share based payments will vary from period to period depending upon the number of stock options granted and vested during a period, and the fair value of the options calculated as at the grant date.

**Finance expense and other of \$328,795 (2022 – \$792,481)** – Financing expense and other have decreased compared to 2022 mainly due to gold stream facility interest expense of \$nil recorded in 2023 compared to \$568,922 in 2022, as the outstanding interest payable on the gold stream facility was fully paid down in 2022.

**Foreign exchange loss of \$1,138,565 (2022 – \$45,977)** – Foreign exchange loss results from fluctuations in the US\$/CAD\$ exchange rates throughout the periods. The Company’s functional and reporting currency are the Canadian dollar, while the functional currency of its Peruvian subsidiaries is the United States (“US”) dollar.

**Gold streaming expense of \$1,747,534 (2022 – \$nil)** – Gold streaming expense in the current period is a result of payment resulting from GEOs produced by the Company’s mining contractor from the Igor 4 concession payable to RIVI being recognized as an expense in profit or loss.

**Net profit interest income of \$7,130,222 (2022 – \$nil)** – Income in the current period is a result of the net profit interest received in excess of the carrying value of Igor 4. No income recorded in profit or loss in the prior period as net profit interest income received in 2022 was applied as a reduction to the face value of the gold stream facility.

*Finance expense is as follows:*

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Gold stream facility interest expense	-	230,378	-	568,922
Convertible note interest expense and accretion	-	31,920	<b>30,627</b>	95,083
Convertible debenture interest expense and accretion	<b>142,518</b>	-	<b>214,231</b>	-
Promissory note interest expense	<b>3,355</b>	44,514	<b>55,399</b>	81,202
Unwinding of the discount – environmental closure provision	<b>7,626</b>	12,887	<b>22,760</b>	37,382
Bank charges and other	<b>1,074</b>	5,735	<b>5,778</b>	9,892
<b>Finance expenses and other</b>	<b>\$154,573</b>	\$325,434	<b>\$328,795</b>	\$792,481

*Original Gold and Silver Purchase Agreement* – The Company has a gold stream facility (the “Facility”) with RIVI Opportunity Fund LP (“RIVI”), whereby the Company received a total of US\$5.0 million from RIVI. Under this agreement, the Company had to pay interest of 12% (10% until the 2<sup>nd</sup> tranche was received) on the Facility until the Company’s processing plant average monthly production from the Igor 4 concession is at least 85% of 150 MTPD or the Company delivers a monthly average of 150 MTPD from the Igor 4 concession to a smelter.

The Facility provides for RIVI 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 GEOs 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. Seventy-two months after the Monthly Production Milestone has been met, and when 20,000 GEOs have been delivered under the Facility 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. During the three and nine months ended June 30, 2023, the Company paid to RIVI \$nil of interest related to the Facility (three and nine months ended June 30, 2022 – \$nil).

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 concession, multiplied by the difference between the market price of gold and the lesser of US\$400 or 80% the market price of gold. Upon expiry of the term which is the earlier of 40 years and depletion of the mine, any balance remaining unpaid shall be refunded to RIVI.

The Facility was 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 the profit or loss. Due to the uncertainty of the total expected ounces to be delivered and the timing of cash flows, the Facility is currently recorded at its face value with derivative measured at a nominal value.

The Company 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.

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. Notwithstanding the obligation of Sienna Minerals S.A.C. ("Sienna") under the NSR agreement, RIVI agreed to waive all accrued interest due to Sienna until December 31, 2022 totaling US\$78,841. On June 1, 2023, the Company entered into a letter agreement with RIVI, whereby the Net Smelter Royalty Agreement was amended such that the royalty obligation thereunder shall not commence (and none shall be deemed to have accrued) until January 1, 2023, in consideration for US\$540,000 payable to RIVI by the Company. From and after January 1, 2023, the royalty obligations shall commence in accordance with the terms of the Net Smelter Royalty Agreement. In addition, the option to repurchase 1% of the NSR royalty is extended in perpetuity at the same price, US\$750,000, but limited to the Igor and Igor 3 concessions. The Igor 4 concession in which the Callanquitas mine is located is excluded from this repurchase extension.

*Amended and Restated Gold and Silver Purchase Agreement* - On February 19, 2023, the Company entered into an amended and restated gold and silver purchase agreement (the "Amended and Restated GPA") with RIVI Opportunity Fund LP ("RIVI"), whereby the Company and RIVI have agreed, subject to receipt of TSX Venture Exchange approval, to restructure the Company's streaming and payment obligations under the original gold and silver purchase agreement dated October 10, 2016 between the Company and RIVI, as amended (the "Original GPA").

The Amended and Restated GPA provides for the following material changes to the Original GPA:

- Convertible Debenture  
The due and outstanding balance of US\$5,399,946 owing to RIVI under the Original GPA as at September 30, 2022 will be entirely satisfied by the issuance by the Company of a secured convertible debenture to RIVI for this amount (the "Convertible Debenture"). The Convertible Debenture will mature on the third anniversary of the date of issue and bears interest at a rate of 5% per annum, payable semi-annually. RIVI may convert all or any part of the principal amount outstanding into common shares of the Company (the "Shares"), at a conversion price of US\$0.04 per Share (subject to adjustment), subject to a restriction on any conversion which would result in RIVI owning, on a post-conversion basis, more than 19.9% of the outstanding Shares with the approval of the TSX Venture Exchange. The Company may prepay all or any portion of the Principal Amount without penalty. The obligations under the Convertible Debenture will be secured by the same security package granted under the Original GPA (and which continue under the Amended and Restated GPA).
- Removal of Default NSR Royalty Provisions  
In the Amended and Restated GPA, all default provisions under the Original GPA that would have required the Company to grant to RIVI a net smelter returns royalty will be eliminated (including any net smelter returns royalties that RIVI may have earned, but not granted, prior to the entering into of the Amended and Restated GPA).
- Restructuring of Stream Obligations  
The Original GPA contemplated monthly delivery obligations to RIVI equal to 10% of the gold equivalent ounces produced in its Callanquitas Mine (the "Stream Percentage"), currently operated by PLP and subject to certain production milestones. Even though the Amended and Restated GPA continues to accrue gold equivalent ounces under the same Stream Percentage, the maximum delivery obligation is linked to 30% of the monthly collected net profit interest attributable to the Company from PLP (the "NPI"), rather than the number of gold equivalent ounces produced in the Callanquitas mine. Any refined metals required to be delivered in excess of the monthly maximum will accrue in a stream account (with interest at 2.00% per month) until repaid in full. When the Company receives an annual bulk payment from PLP, it must use up to 40% of such payment to satisfy any accrued stream obligations and interest.

## SUMMARY OF QUARTERLY INFORMATION

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

<i>Fiscal quarter ended</i>	<b>June 30, 2023</b>	March 31, 2023	December 31, 2022	September 30, 2022
Revenue	\$-	\$-	\$-	\$-
Net income (loss)	<b>(\$940,371)</b>	\$3,319,662	\$404,353	\$2,369,550
Net income (loss) per share* basic and diluted	<b>(\$0.00)</b>	\$0.01	\$0.00	\$0.00

<i>Fiscal quarter ended</i>	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Revenue	\$-	\$-	\$-	\$-
Net loss	(\$638,942)	(\$707,698)	(\$723,426)	(\$797,157)
Net loss per share* basic and diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

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

The net income for the quarter ended March 31, 2023, December 31, 2022 and September 30, 2022 as a result of the net profit interest received in excess of the carrying value of Igor 4, partially offset by obligations to RIVI being recognized as an expense in the profit or loss during the quarter.

The net loss for the remaining quarters are consistent and comparable with one another.

## EXPLORATION AND EVALUATION ACTIVITIES REVIEW

The Company is focused on exploring and developing the Igor property, located in Peru, South America. The Igor concession includes three projects: Igor 4, where the Company has an ongoing underground mining program, as well as two other exploration projects - Igor and Igor 3. The Company has acquired surface rights totaling 408 hectares within the Igor property area. The surface rights facilitate the development of the surface infrastructure associated with the underground mining program and would allow access to important areas of the property for surface exploration, including drilling. The production from Igor 4 concession is subject to the requirements of the gold streaming facility with RIVI as discussed above on this MD&A.

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, while the exploitation license remains in good standing as the Company has applied for a COVID-19 extension. Management is in the process of having these expired licenses and permits reinstated. As part of the process of requesting a reinstatement, the Company is evaluating what exploration activities, i.e. drilling, geophysics, surface mapping and sampling, etc., can best support the underground mining operations at Igor 4. An alternative under evaluation is underground drilling from the Igor 4 mine workings (Mina Callanquitas) which would require no additional permitting. The Company is preparing a detailed exploration program based on this concept and drilling is expected to start at the beginning of the third calendar quarter of 2023, with the objective of providing adequate reserves for the plant. .

A summary of Company's spending on exploration and evaluation activities for the three and nine months ended June 30, 2023 and 2022 is shown below:

	<b>Three Months Ended June 30,</b>		<b>Nine Months Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Drilling, road and site preparation	<b>44,812</b>	55,236	<b>128,084</b>	162,257
Salaries, claims maintenance and staking	<b>104,463</b>	23,389	<b>209,404</b>	26,809
Social development	<b>86,792</b>	89,729	<b>308,578</b>	360,003
Environmental	<b>17,798</b>	13,773	<b>47,564</b>	40,430
<b>Total additions</b>	<b>\$253,865</b>	\$182,127	<b>\$693,630</b>	\$589,499

### ***Processing Plant***

The Company started the permitting process for the heap leach processing plant on November 1, 2017. The facility included a primary, secondary and tertiary rock crusher, agglomerator, heap leach pads, a Merrill-Crowe precious metal recovery plant capable of producing doré (gold and silver) on site and associated support facilities. A pre-feasibility study based on heap leaching showed positive results. At that time, the choice of heap leaching was made to minimized the capital cost of the plant.



To date the Company has all necessary permits for plant construction and operation.

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 were 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 June 30, 2023, the Company will no longer proceed with the construction of the heap leach facility, but will instead construct a plant more suited to the type of ore contained in the Callanquitas deposit that will allow higher recoveries, based on new data obtained from test work performed in Canada.

### ***Milling and Tank Leaching Plant***

A program of test work has been carried out on oxide ore from the Callanquitas mine that shows that much improved gold and silver recoveries can be obtained by using a plant with milling and tank leaching. The ore has been shown to exhibit so called *preg-robbing* characteristics, where naturally occurring carbon in the ore adsorbs gold, reducing gold recovery. Using a carbon in leach system, where activated carbon is present before cyanide is added to the ground ore slurry allows the activated carbon to compete with the naturally occurring carbon and higher recoveries are obtained. Tests on the flotation of sulfide ore have also shown that a salable concentrate can be made using froth flotation.

The program of test work is nearing completion and once process parameters are all defined, sufficient design work will be carried out to allow an application for a change to the environmental permit to be made. The plant capacity will be restricted to 350 tons per day in the first phase to maintain the company's status as a "Small Mining Company" which facilitates permitting. Work on the application is underway, which includes a topographic and archeological survey of the intended plant site. An initial survey for a power line has also been completed and an application has been prepared to submit to the power supply company.

### ***Community Agreement***

On November 20, 2018, the Company signed an agreement with the Igor community, located within the Company's concessions, 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.

A summary of the community projects is presented below:

A Medical Clinic has been built in the village of Callanquitas and has been in operation since March 2022. It includes an admission room, pharmacy, waiting room, examination room, emergency care room, outpatient room, recovery room with full washroom and sanitary facilities and store. It is fully equipped and a permanent nurse/paramedic is being funded by the company. More details and photographs are available on the company web site, [www.ppxmining.com](http://www.ppxmining.com)

The Callanquitas area possessed a partial system of irrigation canals, but these were unlined and practically did not function. The company funded the lining of these canals with concrete to ensure the efficient distribution of water for agriculture. About 12 km of canals were built. The Company concluded this project during Q1 calendar 2023. Details and photographs can be found on the company website, [www.ppxmining.com](http://www.ppxmining.com)

The company funded the construction of a community center in the village of Igor. The building has an area of 5220 square meters that includes a main hall, kitchen, storage and restroom facilities. The building is multipurpose and is used for community meetings, indoor sports such as volley ball, basket ball and karate, as well as for cultural activities. The community center was inaugurated on November 5, 2022. More details and photographs can be found on the company web site, [www.ppxmining.com](http://www.ppxmining.com)

### ***Drilling Campaign at Igor Concession***

Based on the results of the PFS for the Callanquitas, the Company has identified multiple drill targets in the Callanquitas area with the goal of adding gold and silver resource ounces in the immediate proximity of existing and planned underground mine workings. The Company also intends to aggressively drill the new Portachuelos discovery located 800 meters south of the Callanquitas reserves. The drilling campaign start up depends upon the Company having the necessary financial resources to perform this activity.

## **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations other than net profit interest received from its mining contractor for the exploitation of its Igor 4 concession. In additions to the net profit interest, the Company finances its activities by raising capital through the equity markets and / or various other financing instruments.



As at June 30, 2023, the Company has cash of \$1,532,533 and a positive working capital of \$724,078 (September 30, 2022 – \$2,090,703 and a negative working capital of \$11,249,214).

During the nine months ended June 30, 2023, net cash used in operating activities (before changes in working capital) was \$3,693,676 compared to \$1,717,887 used in the comparative prior period. The Company generated a net of \$6,750,522 in investing activities, including incurring \$680,474 on exploration and evaluation asset additions and \$6,751 on property, plant and equipment additions, which was offset by \$7,396,170 of net profit interest income on the Igor 4 concession and disposal of property, plant and equipment of \$41,577. Net cash used in financing activities was \$2,376,758 for gold stream facility payments of \$1,028,240 and convertible debenture principal payments of \$1,348,518.

The consolidated financial statements of the Company for the three and nine months ended June 30, 2023 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 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 required funding 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 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 for the three and nine months ended June 30, 2023 and the financial results presented on this MD&A 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.

The Company is exploring financing alternatives in order to provide additional capital and also engaged with vendors, and other debt-holders to reduce balance sheet obligations through debt for equity swaps. The goal is to restructure the balance sheet of the Company to meet its liquidity performance. These plans are expected to generate sufficient liquidity to finance operations, to cover its operating and overhead costs within the next fiscal year, to meet obligations as they become due and to improve the Company's working capital, until the Company can generate higher revenues.

## RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The Company's key management personnel consist of the Company's officers, directors and companies associated with them.

Compensation includes consulting and professional fees paid to a company in which the Chief Executive Officer is an owner, a company in which the former Chief Financial Officer is an owner, amounts paid to the Executive Chairman, and share based compensation granted to management and directors.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2023	2022	2023	2022
Consulting fees, salaries and benefits	96,000	87,922	320,057	255,758
Professional fees	12,000	24,550	20,000	84,189
Share based compensation	-	-	403,286	-
<b>Total additions</b>	<b>\$108,000</b>	<b>\$112,472</b>	<b>\$743,343</b>	<b>\$339,947</b>

Accounts payable and accrued liabilities at June 30, 2023 includes \$35,653 (September 30, 2022 – \$383,796) due to the former CEO of the Company and \$311,460 (September 30, 2022 – \$nil) due to related parties. 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.

## SUBSEQUENT EVENTS

On July 26, 2023, the Company issued 6,297,800 common shares at a price of \$0.0273 (US\$0.02) per common share to settle US\$ 280,000 owed to a former officer of the Company. The share payment totaled US\$125,956. The Company recorded a gain on settlement of US\$154,044 for this transaction.

## OUTSTANDING SHARE INFORMATION

	<b>As at August 25, 2023</b>
Common shares – issued and outstanding	<b>636,077,828</b>
Securities exercisable or convertible into common shares	
Share options	<b>30,000,000</b>
Convertible debenture	<b>109,998,650</b>

## FINANCIAL INSTRUMENTS RISK EXPOSURE

### Carrying values of financial instruments

The carrying values of the financial assets and liabilities at June 30, 2023 and September 30, 2022 are as follows:

<i>As at</i>	<b>June 30, 2023</b>	September 30, 2022
Financial Assets		
<i>At fair value through profit or loss</i>		
Cash	<b>\$1,532,533</b>	\$2,090,703
<i>At amortized cost</i>		
Accounts receivable	<b>1,063,204</b>	236,888
Loan receivable	-	5,483
	<b>\$2,595,737</b>	\$2,333,074
Financial Liabilities		
<i>At fair value through profit or loss</i>		
Gold streaming facility	<b>\$838,093</b>	\$7,401,706
<i>At amortized cost</i>		
Accounts payable and accrued liabilities	<b>750,181</b>	2,247,356
Convertible note	-	1,949,963
Convertible debenture	<b>5,146,583</b>	
Promissory notes	<b>166,034</b>	2,081,746
	<b>\$6,900,891</b>	\$13,680,771

### Fair values of financial instruments

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

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

<i>As at</i>	<b>June 30, 2023</b>	September 30, 2022
	<b>Level 1</b>	Level 1
Cash	<b>\$1,532,533</b>	\$2,090,703
	<b>Level 3</b>	Level 3
Gold streaming facility	<b>\$838,093</b>	\$7,401,706

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

The fair value of the Gold stream facility is measured at fair value through profit or loss, with the embedded derivative at June 30, 2023 and September 30, 2022 measured at nominal value.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## COMMITMENTS AND CONTINGENCIES

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 June 30, 2023, 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 June 30, 2023, 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 for remediation and rehabilitation work on the Company's Igor properties with estimated total obligations at June 30, 2023 of \$733,848 (US\$554,266).

During the year ended September 30, 2021, the Company was notified of a claim filed by PLP 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 June 30, 2023. PLP continues to operate the Igor 4 project and the Company is in active discussions and negotiations with PLP to clarify certain terms and a possible extension to their operating agreement.

## CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3 of the audited annual financial statements of the Company for the years ended September 30, 2022 and 2021, 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 International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*;
- determination of derivative liability;
- determination of commercial production; and
- determination of contingencies.

## **Key Sources of Estimation Uncertainty**

### *Useful life of plant and equipment*

As discussed in note 3(e) of the audited annual financial statements of the Company for the years ended September 30, 2022 and 2021, 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 nine months ended June 30, 2023 and 2022.

### *Impairment of assets*

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

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

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

### *Gold streaming facility*

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

### *Environmental rehabilitation*

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

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

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

### **Adoption of New Accounting Standards**

The Company has adopted the following new standards, along with any consequential amendments, effective October 1, 2022. These changes were made in accordance with the applicable transitional provisions. The adoption of the new standards and consequential amendments did not have a material impact on the Company's unaudited condensed interim consolidated financial statements.

### *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.

#### *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).

#### **Accounting Standards Issued But Not Yet Effective**

##### *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, 2024.

#### **DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three and nine months ended June 30, 2023 and 2022 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).