PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

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

Expressed in Canadian Dollars

(Unaudited – Prepared by Management)

Contents

Management's Report

The accompanying unaudited condensed interim consolidated financial statements of PPX Mining Corp. for the three and six months ended March 31, 2018 and 2017 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

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

/s/ Brian Maher

Brian Maher, Chief Executive Officer
Vancouver, BC Canada
May 28, 2018

/s/ Merushe (Meri) Verli

Merushe (Meri) Verli, Chief Financial Officer
Vancouver, BC Canada
May 28, 2018

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

As at	*Note*	**March 31, 2018**	**September 30, 2017**
Assets			
Current assets			
Cash		**$2,074,416**	**$3,536,341**
Receivables	*5*	**497,347**	**401,649**
Prepaids		**84,591**	**108,079**
		2,656,354	**4,046,069**
Non-current assets			
Exploration and evaluation assets	*6*	**7,517,450**	**4,741,213**
Property, plant and equipment	*6*	**418,644**	**270,290**
		$10,592,448	**$9,057,572**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*7*	**$1,183,415**	**$832,687**
Non-current liabilities			
Gold stream facility	*8*	**6,039,050**	**3,025,330**
Environmental rehabilitation provision		**103,152**	**99,840**
		6,142,202	**3,125,170**
Shareholders' Equity	*9*		
Share capital		**57,957,777**	**57,957,777**
Reserves		**7,196,711**	**6,905,300**
Deficit		**(61,887,657)**	**(59,763,362)**
		3,266,831	**5,099,715**
		$10,592,448	**$9,057,572**

Nature of operations and going concern (note1)

Subsequent events (note 9 (c))

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

Approved on behalf of the Board:

/s/ Brian J Maher	*/s/ Florian Siegfried*
Director	Director

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2018	Three months ended March 31, 2017	Six months ended March 31, 2018	Six months ended March 31, 2017
Operating expenses					
Communication and regulatory		**$78,932**	$92,245	**$175,764**	$201,205
Consulting fees, salaries and benefits		**396,124**	656,605	**688,175**	945,134
Depreciation	*6*	**4,003**	1,555	**6,786**	1,555
Foreign exchange loss (gain)		**77,057**	(18,354)	**97,905**	41,822
Office and miscellaneous		**50,955**	21,650	**189,372**	81,690
Premises		**6,520**	21,658	**11,275**	35,845
Professional fees		**42,303**	59,780	**82,811**	108,826
Share based payments expense	*9*	**12,012**	-	**105,157**	990,366
Travel and promotion		**79,603**	64,905	**193,211**	117,890
Net loss from operations		**(747,509)**	(900,044)	**(1,550,456)**	(2,524,333)
Finance and other items					
Finance expense and other	*4*	**(190,047)**	(84,483)	**(573,839)**	(748,119)
Net loss		**($937,556)**	($984,527)	**($2,124,295)**	($3,272,452)
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**134,261**	(109,417)	**139,183**	84,078
Total comprehensive loss		**($803,295)**	($1,093,944)	**($1,985,112)**	($3,188,374)
Basic and diluted loss per share		**($0.00)**	($0.00)	**($0.00)**	($0.01)
Weighted average number of common shares outstanding (basic and diluted)		**447,898,617**	447,898,617	**447,898,617**	396,116,811

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

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

		Three months ended March 31,		Six months ended March 31,	
	Note	**2018**	2017	**2018**	2017
Operating Activities					
Net loss		**($937,556)**	($984,527)	**($2,124,295)**	($3,272,452)
Depreciation		**4,003**	1,555	**6,786**	1,555
Share based payments expense		**12,012**	-	**105,157**	990,366
Foreign exchange loss (gain)		**77,057**	(18,354)	**97,905**	41,822
Finance expense		**190,047**	84,483	**573,839**	748,119
Interest paid		**(93,669)**	(74,492)	**(93,669)**	(74,492)
		(748,106)	(991,335)	**(1,434,277)**	(1,565,082)
Change in non-cash operating working capital					
Decrease (increase) in accounts receivable		**35,697**	389,237	**(95,698)**	(20,354)
Decrease (increase) in prepaids		**4,861**	69,639	**23,488**	(59,542)
Increase (decrease) in accounts payable and accrued liabilities		**12,657**	10,596	**285,012**	(259,976)
Net cash flow used in operating activities		**(694,891)**	(521,863)	**(1,221,475)**	(1,904,954)
Financing Activities					
Proceeds from private placements, net of share issue costs	*9*	**-**	-	**-**	6,999,888
Proceeds from gold stream facility, net of transaction costs	*8*	**-**	-	**2,924,887**	2,981,713
Gold stream facility principal payments	*8*	**(144,465)**	-	**(239,295)**	-
Net cash flow (used in) from financing activities		**(144,465)**	-	**2,685,592**	9,981,601
Investing Activities					
Additions to exploration and evaluation assets		**(1,306,100)**	(560,841)	**(2,843,207)**	(1,010,625)
Additions to property, plant and equipment		**(94,359)**	-	**(97,872)**	(276,177)
Net cash flow used in investing activities		**(1,400,459)**	(560,841)	**(2,941,079)**	(1,286,802)
Impact of foreign exchange on cash balances		**101,825**	(121,081)	**15,037**	(78,400)
Increase in cash during the period		**($2,137,990)**	($1,203,785)	**($1,461,925)**	$6,711,445
Cash at beginning of period		**4,212,406**	8,424,370	**3,536,341**	509,140
Cash at end of period		**$2,074,416**	$7,220,585	**$2,074,416**	$7,220,585

Supplemental cash flow information note 11

PPX Mining Corp.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Six Months Ended March 31, 2018 and 2017

(Unaudited – Expressed in Canadian Dollars)

	Note	**Share capital**		**Reserves**				**Deficit**	**Equity**
		Shares	**Amount**	**Warrants**	**Share based payments**	**Other**	**Accumulated other comprehensive loss (foreign currency translation)**		
At September 30, 2016		315,262,470	$50,445,666	$456,938	$5,886,882	$-	($700,654)	($50,225,482)	$5,863,350
Units issued on private placements, net of cash share issue costs of $500,126		125,000,233	6,999,888		-	-	-	-	6,999,888
Share issue costs (finder warrants)		-	(404,087)	404,087	-	-	-	-	-
Warrants issued pursuant to the gold streaming facility	*8*	-	-	213,496	-	-	-	-	213,496
Shares issued pursuant to work on the bulk sampling program	*6*	7,635,914	916,310	-	-	-	-	-	916,310
Share based payments		-	-	-	990,366	-	-	-	990,366
Net loss		-	-	-		-	-	(3,272,452)	(3,272,452)
Other comprehensive loss, net of tax		-	-	-	-	-	84,078	-	84,078
Total comprehensive loss							84,078	(3,272,452)	(3,188,374)
At March 31, 2017		**447,898,617**	**$57,957,777**	**$1,074,521**	**$6,877,248**	**$-**	**($616,576)**	**($53,497,934)**	**$11,795,036**
Share based payments		-	-	-	115,222	-	-	-	115,222
Net loss		-	-	-	-	-	-	(6,265,428)	(6,265,428)
Other comprehensive loss, net of tax		-	-	-	-	-	(545,115)	-	(545,115)
Total comprehensive loss							(545,115)	(6,265,428)	(6,810,543)
At September 30, 2017		**447,898,617**	**$57,957,777**	**$1,074,521**	**$6,992,470**	**$-**	**($1,161,691)**	**($59,763,362)**	**$5,099,715**
Share based payments		-	-	-	105,157	-	-	-	105,157
Land donation		-	-	-	-	47,071	-	-	47,071
Net loss		-	-	-	-	-	-	(2,124,295)	(2,124,295)
Other comprehensive loss, net of tax		-	-	-	-	-	139,183	-	139,183
Total comprehensive loss							139,183	(2,124,295)	(1,985,112)
At March 31, 2018		**447,898,617**	**$57,957,777**	**$1,074,521**	**$7,097,627**	**$47,071**	**($1,022,508)**	**($61,887,657)**	**$3,266,831**

The accompanying notes are an integral part of the 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"), the Lima Stock Exchange (Bolsa De Valores De Lima) and the Santiago Stock Exchange Venture. Following a number of name changes the Company became Peruvian Precious Metals Corp. on July 2, 2013 and then PPX Mining Corp. on August 4, 2016. The head office, principal address and records office of the Company are located at 880 – 580 Hornby Street, Vancouver, BC, Canada, V6C 3B6.

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

The Company is in the process of exploring mineral properties in Peru and has not yet determined whether the properties contain economically recoverable ore reserves. As the Company does not yet have cash flows from operations, it must rely on debt or equity financings to fund its operations. To date the Company's main source of funding has been the issuance of equity securities or debt, including the gold streaming facility (note 8), through private placements to sophisticated investors and through public offering to institutional investors.

The condensed interim consolidated financial statements (the "Interim Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. The Company has incurred operating losses since inception, including $2,124,295 for the six months ended March 31, 2018 and has accumulated a deficit of $61,887,657 as at March 31, 2018. The Company may need to raise additional 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 explore its mineral properties and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the interim financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

The interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended September 30, 2017, except as noted below under changes in accounting policies. The Interim Financial Statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") and accordingly should be read in conjunction with the 2017 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Board of Directors of the Company on May 28, 2018.

The interim financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, as set out in the accounting policies in note 3 of the 2017 annual consolidated financial statements.

The preparation of consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended September 30, 2017.

(Unaudited – Expressed in Canadian Dollars)

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

Changes in Accounting Policies

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

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

The impact of this retroactive application was as follows:

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

Adoption of New Accounting Standards

The Company has adopted the following new standards, along with any consequential amendments, effective October 1, 2017. These changes were made in accordance with the applicable transitional provisions. The adoption of the new standards and consequential amendments did not have a material impact on the Company's interim financial statements.

IAS 12, Income Taxes ("IAS 12")

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

IAS 7, Statement of Cash Flows

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

Accounting Standards Issued Not Yet Effective

IFRS 9, Financial Instruments

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

(Unaudited – Expressed in Canadian Dollars)

IFRS 15, Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") proposes to replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company does not expect the new standard to have a material impact on the interim financial statements.

IFRS 16, Leases

In January 2016, the IASB issued the IFRS 16, *Leases (*"IFRS 16") which replaces the existing lease accounting guidance. IFRS 16 requires all leases to be reported on the balance sheet unless certain criteria for exclusion are met. IFRS 16 is effective for the year ended December 31, 2019 with early adoption permitted if IFRS 15 is also adopted at the same time. The Company is currently in the process of assessing the impact that the new and amended standards will have on its interim financial statements.

IFRIC 22, Foreign Currency Transactions and Advance Consideration

On December 8, 2016, the IASB issued IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company does not expect the Interpretation to have a material impact on the interim financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company does not expect the Interpretation to have a material impact on the interim financial statements.

4. FINANCE EXPENSE

	Three months ended March 31,		Six months ended March 31,	
	2018	2017	**2018**	2017
Gold streaming facility interest expense *note 8*	**$187,105**	$82,733	**$280,774**	$157,225
Gold streaming facility transaction costs *note 8*	**-**	-	**288,113**	587,827
Bank charges and other	**2,942**	1,750	**4,952**	3,067
Finance expense	**$190,047**	$84,483	**$573,839**	$748,119

(Unaudited – Expressed in Canadian Dollars)

5. RECEIVABLES

As at	**March 31, 2018**	September 30, 2017
Sales tax and government receivables	**$18,796**	$55,539
Other	**7,281**	2,921
Loan receivable	**471,270**	343,189
	$497,347	$401,649

Loan receivable represents non-interest bearing operational loans provided to Proyectos Le Patagonia S.A.C ("Patagonia"), a Peruvian entity to carry out the bulk sampling program on the Igor 4 concession (note 6). $343,189 (US$274,991) were provided during the year ended September 30, 2017 and $115,324 (US$90,504) during the three months ended December 31, 2017. The operational loans were due on February 2018 further extended to September 2018. In April 2018, the Company received $42,100 (US$32,797) from Patagonia, as partial payment for the loan receivable.

The fair value of receivables approximates their carrying value. None of the amounts included in receivables at March 31, 2018 are past due.

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

Six months ended March 31, 2018	**Exploration and Evaluation Assets**	**Property, plant and equipment**
Cost		
At October 1, 2017	**$4,741,213**	**$387,254**
Additions	**2,651,501**	**144,943**
Foreign exchange	**124,736**	**13,954**
Cost at March 31, 2018	**$7,517,450**	**$546,151**
Accumulated depreciation		
At October 1, 2017	**$-**	**$116,964**
Depreciation	**-**	**6,786**
Foreign exchange	**-**	**3,757**
Accumulated depreciation at March 31, 2018	**$ -**	**$127,507**
Carrying value at March 31, 2018	**$7,517,450**	**$418,644**

Year ended September 30, 2017	Exploration and Evaluation Assets	Property, plant and equipment
Cost		
At October 1, 2016	$1,097,305	$576,032
Additions	3,752,679	294,006
Write off of assets under construction	-	(436,800)
Foreign exchange	(108,771)	(45,984)
Cost at September 30, 2017	$4,741,213	$387,254
Accumulated depreciation		
At October 1, 2016	$-	$116,937
Depreciation	-	$5,617
Foreign exchange	-	(5,590)
Accumulated depreciation at September 30, 2017	$ -	$116,964
Carrying value at September 30, 2017	$4,741,213	$270,290

(Unaudited – Expressed in Canadian Dollars)

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 concession is subject to the requirements of a gold streaming facility as disclosed in note 8; the Company has been carrying out a bulk sampling program at Mina Callanquitas on the Igor 4 concession since October 2016.

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.

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

The Company's spending in the Igor concession for the six months ended March 31, 2018 and 2017 is as follows:

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

The expenditures for the six months ended March 31, 2018 include $876,687 (same period in 2017 - $1,345,572) spent in the bulk sampling and test mining program as well as infill and exploration drilling on the Igor 4 concession, and $1,774,814 (same period in 2017 - $472,263) spent on exploration drilling on other Igor properties.

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

Property, Plant and Equipment

Property, plant and equipment at March 31, 2018 includes $266,773 (September 30, 2017 - $266,773) for land purchased by the Company and $47,071 for land donated by a third party (September 30, 2017 - $nil) to be used as the site for the Company's planned heap leach plant.

Property, plant and equipment at September 30, 2016 included $459,095 (US$350,000) of assets under construction, representing spending by AM Mining SAC. ("AMM") to that date. Pursuant to agreements between the Company and AMM signed on February 4, 2015, AMM had agreed to construct and operate the Company's 350 tons per day ("MTPD") gold and silver processing plant, capable of producing precious metal ore at the Igor Project. The Company had agreed to pay AMM US$5 million as consideration for the plant construction by issuing the owner of AMM 42,311,740 common shares, equivalent to US$3,870,695, and entering into a promissory note for US$1,129,305 in cash or 12,344,782 common shares of the Company. As at September 30, 2017, AMM had not made significant progress in constructing the plant and PPX is in the process of permitting a heap leach plant for the processing of Mina Callanquitas material; the heap leach plant will be constructed by the Company. Management has had discussions with AMM to find a solution to the Company recovering its net advances to AMM. Due to the uncertainty related to the recoverability of the net advances of US$3,870,695 (US$5,000,000 net of the promissory note payable of US$1,129,305) management decided to write off the balance during the year ended September 30, 2017. The write off included $5,803,200 (US$4,650,000) of advances for assets under construction, $436,800 (US$350,000) for assets under construction and $1,409,373 (US$1,129,305) for the promissory note payable.

(Unaudited – Expressed in Canadian Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**March 31, 2018**	September 30, 2017
Trade payables	**$630,692**	$546,311
Due to RIVI Opportunity Fund LP - acrued principal *note 8*	**161,491**	94,670
Due to RIVI Opportunity Fund LP - acrued interest *note 8*	**190,761**	-
Acquisition of surface rights	**200,471**	191,706
	$1,183,415	$832,687

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

8. GOLD STREAMING FACILITY

	Six months ended March 31, 2018	Year ended September 30, 2017
Balance at beginning of year	**$3,120,000**	$-
Proceeds	**3,213,000**	3,279,688
Principal repayments	**(239,295)**	-
Foreign exchange	**106,836**	(159,688)
Balance at end of period / year	**$6,200,541**	$3,120,000
Acrued principal repayments	**(161,491)**	(94,670)
Gold stream facility	**$6,039,050**	$3,025,330

On October 10, 2016, the Company entered into an agreement with RIVI Opportunity Fund LP ("RIVI"), further amended on November 21, 2017, to provide the Company with an investment of US$5 million in return for a Metal Purchase Agreement ("Gold Streaming Facility" or the "Facility") on future precious metal production from the Company's Igor 4 concession. 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, net of US$225,000 finder and restructuring fees for each tranche).

The face value of the gold streaming facility at March 31, 2018 was US$4,808,858 (September 30, 2017 – US$2.5 million). Principal repayments of $239,295 (US$191,142) paid to RIVI during the six months ended March 31, 2018, represent RIVI's entitlement on the GEOs produced to December 31, 2017. Account payable and accruals at March 31, 2018 and September 30, 2017, include, respectively $161,491 (US$125,245) and $94,670 (US$75,857) due to RIVI for their entitlement on the GEOs produced respectively, during the three months ended March 31, 2018 and year ended September 30, 2017.

The Company incurred total transaction costs of $950,432 in relation to the gold streaming 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 three months ended December 31, 2017 and 2016, with the rest incurred in the year ended

September 30, 2016. Transaction costs incurred during the six months ended March 31, 2017, include $213,946 for the fair value of 3,000,000 million warrants issued to an agent on the receipt of the first tranche of the Facility.

The Facility has been classified as a financial liability at FVTPL and is revalued at its fair value on each subsequent reporting date with the changes in the fair value recorded in profit or loss. Due to the uncertainty of the total expected ounces to be delivered and the timing of cash flows, the Facility is currently recorded at its face value with derivative measured at a nominal value. Once a pre-feasibility study is in place, the Facility will be fair valued using discounted cash flows based on principal inputs from the pre-feasibility study such as gold price forwards and expected timing of GEOs deliveries.

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 interest was increased to 12% with the agreement signed on November 21, 2017, as described below. The Company interest expense for the three and six months ended March 31, 2018 was, respectively, $187,105 (US$147,945) and $280,774 (US$221,583); three and six months ended March 31, 2017, respectively $82,733 (US$62,500) and $157,225 (US$117,979).

The second tranche of US$2.5 million was to be paid upon the Company meeting certain future production milestones, subject to the successful completion of the bulk test mining program. The Company received the second tranche on December 13, 2017 for net proceeds of $2,924,887 (US$2.225 million), with RIVI waiving some of the requirements for the production milestones, in exchange for certain amendments to the Metal Purchase Agreement. The funds from the second installment are restricted to be used for the construction of a heap leach facility by the Company, and any remaining funds for exploration, development and mining on the Igor 4 concession.

The amended agreement signed on November 21, 2017 (the “Amended Agreement”) provides for interest at 12%, payable quarterly in US$s and accruing daily on the full amount of the investment of US$5 million (net of the value of GEOs delivered to RIVI), until three months after the Company reaches commercial production. Commercial production is defined as the Company’s processing plant average monthly production from the Igor 4 concession is at least 85% of 150 MTPD or the Company delivers a monthly average of 150 MTPD from the Igor 4 concession to a smelter (the “Monthly Production Milestone”).

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

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

The principal balance of US$5 million is reduced as the GEOs are delivered to RIVI. 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.

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

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

(Unaudited – Expressed in Canadian Dollars)

9. SHARE CAPITAL

a) Authorized

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

b) Issued

On October 13, 2016, the Company issued 7,635,914 common shares valued at $916,310 for exploration work on the Igor concession (note 6).

On December 13, 2016, the Company closed a non-brokered private placement issuing 125,000,233 units at a price of $0.06 per unit for gross proceeds of $7,500,014. Each unit consists of one common share and half a common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at a price of $0.085 on or before December 13, 2019. All of the proceeds have been allocated to the common shares issued with a $Nil value assigned to the warrants issued. The Company incurred cash financing costs of $500,126 (including finder's fees of $428,220), and issued 7,137,014 finder's units valued at $404,087. Each finder's unit is exercisable at $0.06 per unit, expiring December 13, 2019, and consists of one common share and one-half of one finder's warrant. Each finder's warrant entitles the holder to purchase one common share at a price of $0.085 for a period of three years from closing.

The fair value of the finder's warrants was estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of $Nil, risk free interest rate of 1.07%, Expected life of 3 years and expected volatility based on past performance of 122.7%.

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 six months ended March 31, 2018 and 2017 are as follows:

	March 31, 2018		March 31, 2017	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Outstanding, beginning of year	**30,936,000**	**$0.12**	17,133,000	$0.17
Granted	**1,800,000**	**$0.08**	15,036,000	$0.10
Expired	**(1,800,000)**	**0.26**	(2,883,000)	$0.25
Outstanding, end of period	**30,936,000**	**$0.10**	29,286,000	$0.13
Exercisable, end of period	**30,202,666**		29,286,000	

(Unaudited – Expressed in Canadian Dollars)

During the three and six months ended March 31, 2018, the Company granted, respectively Nil and 1,000,000 share options (same periods in 2017, respectively Nil and 15,036,000) to certain employees and consultants which vested immediately at the date of grant, are exercisable at a weighted average price of $0.09 per share option (2016 - $0.10), expire in five years from date of issuance, and have a total fair value of $68,409 (2016 - $990,366) with a weighted average fair value at grant date of $0.07 per share option (2016 - $0.066).

In addition, during the three and six months ended March 31, 2018, the Company granted, respectively, Nil and 800,000 share options to its employees which vest in three equal instalments with the first tranche vesting upon grant and the rest every six months thereafter; the options are exercisable at a weighted average price of $0.075 per share option, expire in five years from date of issuance, and have a total fair value of $38,623 (fair value at grant date of $0.05 per share option).

Share based payment expense recorded during the three and six months ended March 31, 2018 was respectively $12,012 and $105,157 (same periods in 2017, respectively $Nil and $990,366).

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

Three and six months ended March 31,	**2018**	2017
Dividend yield	**Nil**	Nil
Expected annualized volatility	**103.0%**	100.6%
Risk free interest rate	**1.6%**	1.0%
Expected life to exercise	**5 years**	5 years
Grant date fair value	**$0.06**	$0.07
Forfeiture rate	**Nil**	Nil

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

The summary of the Company's options outstanding and exercisable as at March 31, 2018 is as below:

Exercise price	Options outstanding	Options exercisable	Remaining contractual life (years)	Expiry dates
$0.07-$0.075	3,200,000	2,466,666	4.66	May to October 2022
$0.09	1,000,000	1,000,000	4.89	November 20, 2022
$0.10	21,786,000	21,786,000	3.51	October 2020 to November 2021
$0.15-$0.16	4,950,000	4,950,000	1.48	September 2018 to October 2019
	30,936,000	30,202,666		

(Unaudited – Expressed in Canadian Dollars)

Warrants

Movements in the Company warrants for the six months ended March 31, 2018 and 2017 are as follows:

	March 31, 2018		March 31, 2017	
	Number of warrants	**Weighted-average exercise price**	Number of warrants	Weighted-average exercise price
Outstanding, beginning of period	**95,022,616**	**$0.09**	56,581,206	$0.11
Issued	**-**	**-**	62,500,116	$0.09
Expired	**(3,772,500)**	**$0.15**	(7,173,316)	$0.17
Outstanding, end of period	**91,250,116**	**$0.09**	111,908,006	$0.10

The summary of the Company's warrants outstanding as at March 31, 2018 is as below:

Exercise price	Warrants outstanding	Remaining contractual life (years)	Expiry dates
$0.075	28,750,000	0.57	July 22 to August 11, 2018
$0.085	62,500,116	1.95	December 13, 2019
	91,250,116		

In May 2018, 1,350,000 warrants were exercised for same number of common shares; 500,000 warrants at an exercise price of $0.075 per common share, expiring on August 11, 2018, and 850,000 warrants at an exercise price of $0.085 expiring on December 13, 2019.

Finder's Warrants

Movements in the Company's finder's warrants for the six months ended March 31, 2018 and 2017 are as follows:

	March 31, 2018		March 31, 2017	
	Number of finder's warrants	**Weighted-average exercise price**	Number of finder's warrants	Weighted-average exercise price
Outstanding, beginning of period	**13,941,220**	**$0.09**	7,664,354	$0.15
Issued	**-**	**-**	10,137,014	$0.09
Expired	**(164,375)**	**$0.15**	(475,208)	$0.18
Outstanding, end of period	**13,776,845**	**$0.09**	17,326,160	$0.11

The summary of the Company's finder's warrants outstanding as at March 31, 2018 is as below:

Exercise price	Finder's warrants outstanding	Remaining contractual life (years)	Expiry dates
$0.075	2,409,000	0.58	July 22 to August 11, 2018
$0.06	7,137,014	0.78	December 13, 2019
$0.12	3,000,000	1.95	October 10, 2018
$0.15 - $0.16	1,230,831	0.36	May 11, 2018

The 7,137,014 finder's warrants expiring on December 13, 2019 are exercisable into units. Each unit consists of one common share and one half of one warrant. Each finder's warrant is exercisable at $0.085 expiring December 13, 2019.

(Unaudited – Expressed in Canadian Dollars)

In May 2018, 1,192,000 finder's warrants were exercised for same number of common shares; the finder's warrants had an exercise price of $0.075 per common share and an expiry date of August 11, 2018.

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information of the Company as at and for the three and six months ended March 31, 2018 and 2017 is as follows:

	As at March 31, 2018			As at September 30, 2017		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Total assets	**$4,870,952**	**$5,721,496**	**$10,592,448**	$3,712,827	$5,344,745	$9,057,572
Total liabilities	**$6,522,435**	**$803,182**	**$7,325,617**	$3,382,944	$574,913	$3,957,857
	Three months ended March 31, 2018			Three months ended March 31, 2017		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net loss	**($806,553)**	**($131,003)**	**($937,556)**	($891,520)	($93,007)	($984,527)

	Six months ended March 31, 2018			Six months ended March 31, 2017		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net loss	**($1,776,451)**	**($347,844)**	**($2,124,295)**	($3,021,858)	($250,594)	($3,272,452)

11. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities	Three months ended March 31,		Six months ended March 31,	
	2018	2017	**2018**	2017
Exploration and evaluation assets and property plant and equipment				
Fair value of shares issued for work on the bulk sampling program	**$-**	$-	**$-**	$916,310
Decrease in working capital related to mining interests	**-**	4,539	**(191,706)**	(109,100)
Land donation	**47,071**	-	**47,071**	-
Foreign exchange	**127,844**	(31,909)	**134,933**	22,890
	$174,915	($27,370)	**($9,702)**	$830,100
Share Capital ***note 9***				
Fair value of shares issued for work on the bulk sampling program	-	-	-	916,310
Finder units issued with private placements	-	-	-	(404,087)
	$-	$-	**$-**	$512,223
Gold Streaming Facility				
Fair value of warrants issued *note 8*	**$-**	$-	**$-**	$213,496

(Unaudited – Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

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

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

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

13. FINANCIAL INSTRUMENTS

Carrying values of financial instruments

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

As at	**March 31, 2018**	September 30, 2017
Financial Assets		
At fair value through profit or loss		
Cash	**$2,074,416**	$3,536,341
Loans and receivable, measured at amortized cost		
Receivables	**497,347**	401,649
	$2,571,763	$3,937,990
Financial Liabilities		
At fair value through profit or loss		
Gold stream facility *note 8*	**$6,039,050**	$3,025,330
Other financial liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	**1,183,415**	832,687
	$7,222,465	$3,858,017

Fair values of financial instruments

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

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

As at	**March 31, 2018**	September 30, 2017
	Level 1	Level 1
Cash	**$2,074,416**	$3,536,341
	Level 3	Level 3
Gold stream facility *note 8*	**$6,039,050**	$3,025,330

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

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