PPX Mining Corp.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

PPX Mining Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at June 30, 2023	As at September 30, 2022
ASSETS		
Current assets		
Cash	**$ 1,532,533**	$ 2,090,703
Receivable (note 5)	**1,102,418**	590,244
Prepaids and advances	**31,675**	5,331
Total current assets	**2,666,626**	2,686,278
Non-current assets		
Exploration and evaluation assets (note 6)	**8,667,616**	7,696,580
Property, plant and equipment (note 6)	**1,295,395**	1,378,477
Total assets	**$ 12,629,637**	$ 11,761,335
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Amounts payable and accrued liabilities (notes 7 & 14)	**$ 683,981**	$ 2,247,356
Convertible note (note 9(b))	**-**	1,949,963
Promissory notes (note 8)	**166,034**	2,081,746
Gold stream facility (note 9(a))	**838,093**	7,401,706
Environmental rehabilitation provision (note 11)	**254,440**	254,721
Total current liabilities	**1,942,548**	13,935,492
Non-current liabilities		
Amounts payable and accrued liabilities (note 7)	**66,200**	-
Convertible debenture (note 10)	**5,146,583**	-
Environmental rehabilitation provision (note 11)	**421,367**	421,831
Total liabilities	**7,576,698**	14,357,323
Shareholders' equity (deficiency)		
Share capital (note 12)	**65,483,665**	62,280,625
Shares to be issued (note 7)	**171,930**	-
Equity portion of convertible debentures	**905,576**	-
Reserves (note 12)	**8,051,591**	7,466,854
Deficit	**(69,559,823)**	(72,343,467)
Total shareholders' equity (deficiency)	**5,052,939**	(2,595,988)
Total liabilities and shareholders' equity (deficiency)	**$ 12,629,637**	$ 11,761,335

Nature of operations and going concern (note 1)
Commitments and contingencies (note 16)

Approved on behalf of the Board:

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

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

PPX Mining Corp.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Operating expenses				
Communication and regulatory	**$ 42,908**	$ 109,709	**$ 111,126**	$ 192,445
Consulting fees, salaries and benefits (note 14)	**122,241**	81,620	**387,763**	589,618
Depreciation (note 6)	**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 (note 14)	**201,902**	54,947	**440,508**	236,290
Share based payments (note 14)	**-**	-	**403,286**	-
Travel and promotion	**19,363**	44,335	**40,424**	101,419
Loss from operations	**(634,427)**	(299,385)	**(1,885,711)**	(1,231,608)
Finance and other items				
Finance expense and other (note 4)	**(154,573)**	(325,434)	**(328,795)**	(792,481)
Foreign exchange loss	**(367,301)**	(14,123)	**(1,138,565)**	(45,977)
Gain on debt settlement (notes 7, 8 & 9)	**355,476**	-	**754,027**	-
Gold streaming expense (note 9(a))	**(286,759)**	-	**(1,747,534)**	-
Net profit interest income (note 6)	**147,213**	-	**7,130,222**	-
Net income (loss)	**$ (940,371)**	$ (638,942)	**$ 2,783,644**	$ (2,070,066)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	**(33,159)**	160,908	**181,451**	85,803
Total comprehensive income (loss)	**$ (973,530)**	$ (478,034)	**$ 2,965,095**	$ (1,984,263)
Basic and diluted income (loss) per share	**$ (0.00)**	$ (0.00)	**$ 0.01**	$ (0.00)
Weighted average number of common shares outstanding (basic and diluted)	**629,780,028**	**512,452,541**	**562,136,937**	510,384,412

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

PPX Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Operating activities		
Net income (loss) for the period	**$ 2,783,644**	$ (2,070,066)
Adjustments for:		
Accretion expense	**112,061**	-
Depreciation	**4,225**	147
Foreign exchange loss	**1,138,565**	45,977
Finance expense	**-**	792,481
Gain on debt settlement	**(754,027)**	-
Gold streaming expense	**1,747,534**	-
Interest expense	**210,956**	-
Net profit interest income	**(7,130,222)**	-
Share based payments	**403,286**	-
	(1,483,978)	(1,231,461)
Changes in non-cash operating working capital:		
Increase in receivables	**(512,174)**	(379,684)
Increase in prepaids	**(26,344)**	(4,626)
Decrease in accounts payable and accrued liabilities	**(1,671,180)**	(102,116)
Net cash flow used in operating activities	**(3,693,676)**	(1,717,887)
Financing activities		
Subscriptions received, net of financing costs	**-**	43,268
Gold stream facility payments	**(1,028,240)**	-
Convertible debenture principal payments	**(1,348,518)**	-
Net cash flow (used in) from financing activities	**(2,376,758)**	43,268
Investing activities		
Additions to exploration and evaluation assets, including changes in working capital	**(680,474)**	(589,500)
Additions to property, plant and equipment	**(6,751)**	-
Disposal of property, plant and equipment	**41,577**	-
Net profit interest received	**7,396,170**	6,540,577
Net cash flow from investing activities	**6,750,522**	5,951,077
Impact of foreign exchange on cash balances	**(1,238,258)**	(171,243)
Net change in cash	**(558,170)**	4,105,215
Cash, beginning of period	**2,090,703**	336,242
Cash, end of period	**$ 1,532,533**	**$ 4,441,457**
Non-cash investing and financing activities		
Shares issued for settlement of payables	**$ 3,203,040**	$ -
Shares to be issued for debt settlement	**171,930**	-
Convertible debenture issued	**7,282,907**	-
	$ 10,657,877	**$ -**

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

PPX Mining Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital				Reserves					
	Number of shares	Amount	Shares to be issued	Equity portion of convertible debenture	Warrants	Share based payments	Other	Accumulated other comprehensive (loss)	Deficit	Total Equity (Deficiency)
Balance, September 30, 2021	**508,869,541**	**$ 62,082,843**	**$ 154,514**	**$ -**	**$ 1,010,461**	**$ 7,105,173**	**$ 47,071**	**$ (1,211,362)**	**$ (72,642,951)**	**$ (3,454,251)**
Private placement shares issued, net of share issuance costs	3,583,000	197,782	(154,514)	-	-	-	-	-	-	43,268
Net loss	-	-	-	-	-	-	-	-	(2,070,066)	(2,070,066)
Other comprehensive income	-	-	-	-	-	-	-	85,803	-	85,803
Balance, June 30, 2022	**512,452,541**	**$ 62,280,625**	**$ -**	**$ -**	**$ 1,010,461**	**$ 7,105,173**	**$ 47,071**	**$ (1,125,559)**	**$ (74,713,017)**	**$ (5,395,246)**
Balance, September 30, 2022	**512,452,541**	**$ 62,280,625**	**$ -**	**$ -**	**$ 1,010,461**	**$ 7,512,908**	**$ 47,071**	**$ (1,103,586)**	**$ (72,343,467)**	**$ (2,595,988)**
Shares to be issued	-	-	171,930	-	-	-	-	-	-	171,930
Shares issued for settlement of payables	117,327,487	3,203,040	-	-	-	-	-	-	-	3,203,040
Share based payments	-	-	-	-	-	403,286	-	-	-	403,286
Equity component of convertible debenture	-	-	-	905,576	-	-	-	-	-	905,576
Net income	-	-	-	-	-	-	-	-	2,783,644	2,783,644
Other comprehensive income	-	-	-	-	-	-	-	181,451	-	181,451
Balance, June 30, 2023	**629,780,028**	**$ 65,483,665**	**$ 171,930**	**$ 905,576**	**$ 1,010,461**	**$ 7,916,194**	**$ 47,071**	**$ (922,135)**	**$ (69,559,823)**	**$ 5,052,939**

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

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

PPX Mining Corp. ("PPX Mining" or the "Company") is a publicly listed company incorporated under the Alberta Business Corporations Act on July 28, 1987; the Company's shares are traded on the Toronto Venture Exchange (the "TSX Venture Exchange"), and the Lima Stock Exchange (Bolsa De Valores De Lima). Following a number of name changes the Company became Peruvian Precious Metals Corp. on July 2, 2013 and then PPX Mining Corp. on August 4, 2016. The head office, principal address and records office of the Company are located at 82 Richmond Street East, Toronto, ON, Canada, M5C 1P1.

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

To maintain positive cash flow, the Company must rely on debt or equity financings, as well as proceeds from net profit interest received from the assignment of the Igor 4 concession to fund its operations. To date the Company's main source of funding has been the issuance of equity securities and debt, through private placements within sophisticated investors and through public offerings to institutional investors.

The unaudited 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 and has accumulated a deficit of $69,559,823 as at June 30, 2023. 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 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 do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the consolidated financial statements.

2. BASIS OF PRESENTATION

Statement of Compliance

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, 2022, 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 2022 annual consolidated financial statements and the notes thereto. The Interim Financial Statements were approved by the Board of Directors of the Company on August 25, 2023.

2. BASIS OF PRESENTATION (continued)

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 2022 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, 2022.

3. CHANGES IN ACCOUNTING POLICIES AND 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 income (loss) and comprehensive income (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.

(Expressed in Canadian Dollars)

4. FINANCE EXPENSE AND OTHER

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 2022
Gold stream facility interest expense (note 9(a))	**$ -**	$ 230,378	**$ -**	$ 568,922
Convertible note interest expense and accretion (note 9(b))	**-**	31,920	**30,627**	95,083
Convertible debenture interest expense and accretion (note 10)	**142,518**	-	**214,231**	-
Promissory note interest expense (note 8)	**3,355**	44,514	**55,399**	81,202
Unwinding of the discount - environmental closure provision (note 11)	**7,626**	12,887	**22,760**	37,382
Bank charges and other	**1,074**	5,735	**5,778**	9,892
Finance expenses and other	**$ 154,573**	$ 325,434	**$ 328,795**	$ 792,481

5. AMOUNTS RECEIVABLE

	As at June 30, 2023	As at September 30, 2022
Accounts receivable	**$ -**	$ 236,888
Advance of tax installments	**1,063,204**	315,255
Sales tax and government receivables	**39,214**	32,618
Loan receivable	**-**	5,483
	$ 1,102,418	$ 590,244

Accounts receivable represents the receivable portion of the net profit interest from *Proyectos Le Patagonia S.A.C.* ("Patagonia"). The fair value of receivables approximates their carrying value. None of the amounts included in receivables at June 30, 2023 are past due.

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

Period ended June 30, 2023	**Exploration and evaluation asset**	**Property, plant and equipment**
Cost		
At September 30, 2022	**$ 7,696,580**	**$ 1,537,133**
Additions	**693,630**	**6,751**
Disposal	**-**	**(41,577)**
Net profit interest received, net of NSR accrual	**100,733**	**-**
Change in environmental rehabilitation provision	**(13,156)**	**-**
Foreign exchange	**189,829**	**(49,114)**
Cost at June 30, 2023	**$ 8,667,616**	**$ 1,453,193**
Accumulated depreciation		
At September 30, 2022	**$ -**	**$ 158,656**
Depreciation	**-**	**4,225**
Foreign exchange	**-**	**(5,083)**
Accumulated depreciation at June 30, 2023	**$ -**	**$ 157,798**
Carrying value at June 30, 2023	**$ 8,667,616**	**$ 1,295,395**

(Expressed in Canadian Dollars)

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

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

Exploration and Evaluation Assets

The Company, through its subsidiary Sienna Minerals S.A.C., has a 100% interest in the Igor Project, located in Northern Peru. The Igor Project totals approximately 1,300 hectares on four concessions. The production from the Igor 4 concessions is subject to the requirements of a gold streaming facility as disclosed in note 9(a).

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

During the year ended September 30, 2020, the Peruvian Ministry of Energy and Mines issued a notice that the Company's environmental license at the Igor 1 and 3 exploration projects had expired. During the year ended September 30, 2019, the Company's water use permit had expired. During the year ended September 30, 2021, the exploration license at the Igor 4 exploration project expired. As of June 30, 2023, the exploitation license remains in good standing as the Company has obtained an extension. Management is in the process of having these expired licenses and permits reinstated.

The Company's spending in the Igor concession for the three and nine months ended June 30, 2023 and 2022 is as follows:

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

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

The Company earned net profit interest income of $4,800,299 and $7,396,170, respectively (three and nine months ended June 30, 2022 – $5,271,157 and $6,540,577, respectively) on the Igor 4 concession during the three and nine months ended June 30, 2023. $4,809,932 and $7,130,222, respectively (three and nine months ended June 30, 2022 – $nil) of the net profit interest from PLP was recorded as net profit interest income in the statement of income (loss) during the three and nine months ended June 30, 2023.

a) Agreement with Patagonia

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

During the three and nine months ended June 30, 2023, the Company has recorded a portion of the net profit interest from the Igor 4 operation. This portion corresponds to all the net profit interest that is collected or considered collectible with reasonable certainty during the current fiscal year. The remaining balance has not been accrued given the lack of information to quantify such amount and the uncertainties with its collectability.

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

The Company can terminate the assignment agreement at any time subject to payments to Patagonia as follows:

- if terminated after November 1, 2019, US$3,000,000 less US$5 multiplied by the tons of ore extracted;
- if terminated before November 1, 2019, US$4,000,000 less US$5 multiplied by the tons of ore extracted;

The assignment agreement represents a joint operation as defined in IFRS 11, Joint Arrangements, and as such the Company recognizes its assets, liabilities, and its share of revenues and expenses from the operation. As the Company's Igor 4 project remains in exploration stage and has not reached commercial production based on criterias established in the 2018 pre-feasibility study, the net profit interest income received during the six months ended June 30, 2023 had been recorded as net profit interest income of $7,130,222.

b) Community Agreements

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

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

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

(Expressed in Canadian Dollars)

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

Property, Plant and Equipment

Property, plant and equipment at June 30, 2023 includes $941,565 (September 30, 2022 - $972,603) for construction expenses related to the heap leach facility previously planned to be built by the Company on the Igor 4 concession including spending for permits, design and engineering work. In August 2018, the Company contracted the services of Big Rock Consulting Inc. ("BRC"), a Canadian entity, for the manufacturing of certain equipment for the Company's heap leach plant at Mina Callanquitas for a total of US$1,913,250. Advances for assets under construction included payments advanced to BRC toward the price of the equipment. The full contracted amount was considered to be paid in various instalments with the final payments due once the equipment is delivered. An impairment charge of $629,190 (US$467,572) was recorded for the year ended September 30, 2020, as certain equipment paid for in advance are no longer available to the Company. During the year ended September 30, 2021, the remaining advance of $343,532 (US$271,739) was also written off. As at June 30, 2023, the Company will no longer proceed with BRC on the construction of the heap leach facility.

Property, plant and equipment at June 30, 2023 include $344,462 for land where $47,071 is for land donated by a third party being used as the site for the Company's future processing plant.

7. AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at June 30, 2023	As at September 30, 2022
Trade payables	**$ 258,688**	$ 980,117
Due to related parties	**347,113**	383,796
Acquisition of surface rights	**-**	192,870
RIVI NSR accrual	**144,380**	690,573
	$ 750,181	$ 2,247,356

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

During the period ended June 30, 2023, the Company entered into debt settlement agreements with certain vendors to settle US$138,000 ($188,495) of outstanding trade payables by paying US$20,000 in cash (paid) and issuing 5,900,000 common shares of the Company at a deemed issue price of US$0.02 ($0.0273) per common share. 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 (note 12).

During the period ended June 30, 2023, the Company entered into a debt settlement agreement with a former officer of the Company to settle US$280,000 ($383,796) of outstanding trade payables by paying US$26,948 in cash and issuing 6,297,800 common shares of the Company at a deemed issue price of $0.02 ($0.0273) per common share (note 17). As at June 30, 2023, the debt settlement is subject to the approval of the TSX Venture Exchange and the Company recorded shares to be issued in the amount of $171,930 for the debt settlement.

During the three and nine months ended June 30, 2023, the Company recorded a gain on debt settlement of $167,780 and $388,605, respectively (three and nine months ended June 30, 2022 – $nil).

8. PROMISSORY NOTES

On April 24, 2019, the Company entered into unsecured promissory note agreements with one director and one former director of the Company for proceeds of US$100,000 ($132,373). The promissory notes bear interest at 12% per annum payable semi-annually, starting on December 31, 2019, and matured on June 30, 2020. On February 16, 2023, the Company entered into a debt settlement agreement with a former director of the Company to settle US$77,032 of outstanding promissory note. The principal amount of US$50,000 will be settled in staged cash payments and the interest accrued in the amount of US$27,032 will be settled by the Company issuing 1,320,220 common shares of the Company at a deemed issue price of $0.0273 (US$0.02) per common share. On March 8, 2023, the Company issued 1,320,220 common shares at a price of $0.0273 (US$0.02) per common share and paid the first stage cash payment of US$25,000 to settle the outstanding promissory note (note 12).

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

On July 22, 2019, the Company entered into an unsecured promissory note agreement for proceeds of US$400,000 ($525,680). The promissory note bears interest at 12% per annum and matured on September 30, 2019. On December 22, 2022, the Company entered into a debt settlement agreement to settle US$1,967,551 ($2,685,707) of outstanding debt, in respect of an outstanding convertible unsecured note issued by the Company on September 25, 2018 in the principal amount of US$1,000,000 (note 9(b)) together with accrued interest in the amount of US$410,137, and an outstanding promissory note issued by the Company on July 22, 2019 for a loan in the principal amount of US$400,000 together with accrued interest in the amount of US$157,414, by issuing 98,377,534 common shares of the Company at a deemed issue price of $0.0273 (US$0.02) per common share. On March 8, 2023, the Company issued 98,377,534 common shares at a price of $0.0273 (US$0.02) per common share to settle the outstanding debt (note 12).

On January 9, 2020 and January 16, 2020, the Company entered into unsecured promissory note agreements with another director of the Company for total proceeds of US$16,754 ($21,912). The promissory notes bear interest at 12% per annum payable semi-annually and matured on January 31, 2021. On December 22, 2022, the Company entered into a debt settlement agreement to settle US$88,466 ($120,756) of outstanding debt, in respect of the outstanding promissory notes issued by the Company on April 24, 2019, January 9, 2020 and January 16, 2020 for a total loan in the principal amount of US$66,754 together with accrued interest in the amount of US$21,712, by issuing 4,423,308 common shares of the Company at a deemed issue price of $0.0273 (US$0.02) per common share. On March 8, 2023, the Company issued 4,423,308 common shares at a price of $0.0273 (US$0.02) per common share to settle the outstanding promissory notes (note 12).

On March 31, 2022, the Company entered into unsecured promissory note agreement to repay amounts owing to the former employee of the Company for total of $776,162 (US$621,129). The promissory notes bear interest at 10% per annum. On January 16, 2023, the Company entered into a debt settlement agreement with a former employee of the Company to settle US$621,129 of outstanding promissory notes and forgive the accrued interest in its entirety, by issuing an aggregate of 7,306,425 common shares of the Company at a deemed issue price of $0.0273 (US$0.02) per common share and paying US$475,000 in staged cash payments. On February 17, 2023, the Company issued 7,306,425 common shares at a price of $0.0273 (US$0.02) per common share and paid the first stage cash payment of US$125,000 to settle the outstanding promissory note (note 12).

During the three and nine months ended June 30, 2023, the Company recorded a gain on debt settlement of $nil and $129,902, respectively (three and nine months ended June 30, 2022 – $nil).

(Expressed in Canadian Dollars)

8. PROMISSORY NOTES (continued)

	Nine Months Ended June 30, 2023	Year Ended September 30, 2022
Balance, beginning of period/year	**$ 2,081,746**	$ 1,018,586
Transferred (to) from accounts payable	**(716,625)**	776,162
Accrued interest	**55,399**	136,560
Foreign exchange	**(7,451)**	150,438
Gain on debt settlement	**(129,902)**	-
Shares issued for debt settlement	**(1,117,133)**	-
Balance, end of period/year	**$ 166,034**	$ 2,081,746

9. LONG TERM DEBT

	As at June 30, 2023	As at September 30, 2022
Gold stream facility (a)	**$ -**	$ 5,885,103
Convertible note (b)	**-**	1,949,963
	-	7,835,066
Current portion (a)(b)	**-**	(7,835,066)
Long term debt	**$ -**	$ -

a) Gold Stream Facility

	Nine Months Ended June 30, 2023	Year Ended September 30, 2022
Balance, beginning of period/year	**$ 5,885,103**	$ 5,967,391
Convertible debenture issued for settlement of principal	**(5,810,000)**	-
Principal repayments	**-**	(509,329)
Foreign exchange	**(75,103)**	427,041
Balance, end of period/year	**-**	5,885,103
Accrued principal repayments	**-**	(5,885,103)
Gold stream facility (long term)	**$ -**	$ -

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

9. LONG TERM DEBT (continued)

a) Gold Stream Facility (continued)

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

During the three and nine months ended June 30, 2023, the Company paid to RIVI in cash $nil of interest related to the Facility (three and nine months ended June 30, 2022 – $nil). During the year ended September 30, 2021, the accrued interest was reduced by $637,000 (US$500,000) as a result of the NSR agreement with RIVI.

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

The first tranche payment was subject to interest of 10% per annum, payable quarterly in US$ and accruing on daily balances until the end of the third month after certain production milestones were met. The amended agreement signed on November 21, 2017 (the “Amended Agreement”) provides for interest at 12%, payable quarterly in US$ and accruing daily on the full amount of the investment of US$5 million, until a contractual production threshold at Igor 4 has been meet. Such threshold was met during fiscal 2022.

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

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

The principal balance of US$5 million is reduced as the GEOs are delivered to RIVI. The amount of reduction for each period is determined based on the GEOs from the Igor 4 pre-production, multiplied by the difference between the market price of gold and the lesser of US$400 or 80% the market price of gold. The face value of the gold stream facility at June 30, 2023 and September 30, 2022 was $nil and US$4,293,502, respectively. Upon expiry of the term which is the earlier of 40 years and depletion of the mine, any balance remaining unpaid shall be refunded to RIVI.

During the three and nine months ended June 30, 2023, the Company paid to RIVI $892,814 and $1,028,240, respectively (three and nine months ended June 30, 2022 – $nil) related to GEOs produced. Short term portion of the stream facility at June 30, 2023 and September 30, 2022 of $nil (US$nil) and $5,885,103 (US$4,293,502), respectively, relates to amounts due to RIVI for GEOs produced and not yet paid until that respective date.

During the period ended June 30, 2023, the Company accrued an additional amount of $1,845,115 (US$1,393,591) related to GEOs produced on top of its principal portion of the stream facility, which resulted in a gold streaming expense of $1,747,534 (US$1,393,591). Gold stream facility as at June 30, 2023 include GEOs produced on top of its principal portion of the stream facility of $838,093 (September 30, 2022 - $1,516,603).

Seventy-two months after the Monthly Production Milestone has been met, or when 20,000 GEOs have been delivered under the Gold Stream Agreement (whichever occurs first), the Company has the option to reduce RIVI’s entitlement to 5% of the GEOs produced on the Igor 4 concession by making a one-time payment of US$5 million to RIVI, subject to the price of gold being greater than US$1,200 per ounce. These conditions have not yet been met as at June 30, 2023.

9. LONG TERM DEBT (continued)

a) Gold Stream Facility (continued)

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 agrees 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.

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:

- <u>Convertible Debenture</u>
  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).

- <u>Removal of Default NSR Royalty Provisions</u>
  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 were 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).

(Expressed in Canadian Dollars)

9. LONG TERM DEBT (continued)

a) Gold Stream Facility (continued)

- 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 Proyectos La Patagonia S.A.C. ("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.

During the three and nine months ended June 30, 2023, the Company recorded a gain on debt settlement of $187,696 (three and nine months ended June 30, 2022 – $nil).

b) Convertible note

	Nine Months Ended June 30, 2023	Year Ended September 30, 2022
Balance, beginning of period/year	**$ 1,949,963**	$ 1,685,130
Accrued interest	**30,627**	127,723
Foreign exchange	**(7,929)**	137,110
Gain on debt settlement	**(47,824)**	-
Shares to be issued for debt settlement	**(1,924,837)**	-
Balance, end of period/year	**$ -**	$ 1,949,963

On August 9, 2018 the Company signed a subscription agreement with an investor for a US$1.0 million non-secured convertible note (the "note"). The note bears annual interest at 10% payable at maturity, matures 18 months from issuance and is convertible into common shares of the Company, at the option of the holder, at a price of US$0.11 per common share. The Company received the note proceeds of $1,303,600 (US$1,000,000) on August 24, 2018 and incurred transaction costs of $6,837. The convertible note is classified as current liability as at September 30, 2022, as the note matured in February 2020. On December 22, 2022, the Company entered into a debt settlement agreement to settle the outstanding convertible note (note 8).

During the three and nine months ended June 30, 2023, the Company incurred $nil (US$nil) and $30,627 (US$22,554), respectively, of interest expense (three and nine months ended June 30, 2022 – $31,920 (US$25,000) and $95,083 (US$75,000), respectively) and recorded a gain on debt settlement of $nil and $47,824, respectively (three and nine months ended June 30, 2022 – $nil).

10. CONVERTIBLE DEBENTURE

On February 19, 2023, the Company issued a convertible debenture to RIVI in connection to the stream restructuring totaling $7,282,907 (US$5,399,946) (note 9(a)). The fair value of the loan was determined to be $6,377,331 (US$4,728,503) using an effective interest rate of 10% and $905,576 (US$671,443) being allocated to the equity component of convertible debenture. Convertible debenture, net of equity component was accreted using an effective interest rate of 10.21% over their term, such that the carrying amount will equal the total face value at maturity.

During the period ended June 30, 2023, the Company repaid $1,348,518 (US$1,000,000) of the principal balance.

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURE (continued)

Convertible debentures as at June 30, 2023 includes $210,046 (US$158,645) (September 30, 2022 - $nil) of interest and accretion payable.

Convertible debenture	Liability Component	Equity Component	Total
Balance, September 30, 2022	**$ -**	**$ -**	**$ -**
Convertible debenture issued	6,377,331	905,576	7,282,907
Accretion and interest expense	214,231	-	214,231
Foreign exchange	(96,461)	-	(96,461)
Principal payment	(1,348,518)	-	(1,348,518)
Balance, June 30, 2023	**$ 5,146,583**	**$ 905,576**	**$ 6,052,159**

Allocated as:	
Non-current	5,146,583
Balance, June 30, 2023	**$ 5,146,583**

The maturity analysis of the undiscounted contractual balances of the convertible debenture is as follows:

As at June 30, 2023	
Less than one year	$ -
One to three years	5,825,529
Total undiscounted convertible debenture	5,825,529
Amount representing implicit interest	(678,946)
Convertible debenture	**$ 5,146,583**

11. ENVIRONMENTAL REHABILITATION PROVISION

	Nine Months Ended June 30, 2023	Year Ended September 30, 2022
Balance, beginning of period/year	**$ 676,552**	$ 394,771
Accretion	**22,760**	49,668
Change in estimates	**-**	185,004
Foreign exchange	**(23,505)**	47,109
Balance, end of period/year	**675,807**	676,552
Current portion	**254,440**	254,721
Non-current portion	**$ 421,367**	$ 421,831

The environmental rehabilitation provision is calculated using a risk free-rate of 4.5% with the rehabilitation and remediation spending expected to incur starting 2023. The total undiscounted estimated rehabilitation provision at June 30, 2023 is $733,848 (US$554,266) (September 30, 2022 – $759,732 (US$554,266)).

As at June 30, 2023, $254,440 (September 30, 2022 – $254,721) of the environmental rehabilitation provision is classified as current as the exploration permits for the Igor and Igor 3 concessions have expired and have not been renewed.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL

a) Authorized

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

b) Issued

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

See notes 7 and 8 for common shares issued under various debt settlement agreements.

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 period ended June 30, 2023 and the year ended September 30, 2022 are as follows:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, September 30, 2021	**17,086,000**	**0.10**
Granted	15,000,000	0.04
Expired	(16,086,000)	0.10
Balance, September 30, 2022	**16,000,000**	**0.04**
Granted	15,000,000	0.04
Expired	(1,000,000)	0.09
Balance, June 30, 2023	**30,000,000**	**0.04**

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

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

c) Reserves (continued)

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.

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

During the three and nine months ended June 30, 2023, the Company recorded share-based payments of $nil and $403,286, respectively (three and nine months ended June 30, 2022 – $nil).

The summary of the Company's options outstanding and exercisable as at June 30, 2023 is as below:

Expiry Date	Exercise Price($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
September 22, 2029	0.04	6.24	15,000,000	15,000,000
March 3, 2030	0.04	6.68	15,000,000	15,000,000
	0.04	**6.46**	**30,000,000**	**30,000,000**

13. SEGEMENT INFORMATION

The Company operates in one reportable operating segment, being mineral exploration. Geographic segment information of the Company as at and for the nine months ended June 30, 2023 and year ended September 30, 2022 is as follows:

	As at June 30, 2023			As at September 30, 2022		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Total assets	**$ 556,405**	**$ 12,073,232**	**$ 12,629,637**	$ 673,437	$ 11,087,898	$ 11,761,335
Total non-current assets	**-**	**9,963,011**	**9,963,011**	-	9,075,057	9,075,057
Total liabilities	**$ 6,627,209**	**$ 949,489**	**$ 7,576,698**	$ 13,133,146	$ 1,224,177	$ 14,357,323

	Nine Months Ended June 30, 2023			Nine Months Ended June 30, 2022		
	Canada	**Peru**	**Total Company**	Canada	Peru	Total Company
Net income (loss)	**$ 4,956,654**	**$ (2,173,010)**	**$ 2,783,644**	$ (2,020,755)	$ (49,311)	$ (2,070,066)

14. RELATED PARTY TRANSACTIONS

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.

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS (continued)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Nine Months Ended June 30, 2023	Nine Months Ended June 30, 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**	-
	$ 108,000	$ 112,472	**$ 743,343**	$ 339,947

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.

15. FINANCIAL INSTRUMENTS

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:

	As at June 30, 2023	As at September 30, 2022
Financial Assets		
At fair value through profit or loss		
Cash	**$ 1,532,533**	$ 2,090,703
At amortized cost		
Accounts receivable (note 5)	**-**	236,888
Loan receivable	**-**	5,483
	$ 1,532,533	$ 2,333,074
Financial Liabilities		
At fair value through profit or loss		
Gold stream facility (note 9(a))	**$ 838,093**	$ 7,401,706
At amortized cost		
Accounts payable and accrued liabilities (note 7)	**750,181**	2,247,356
Convertible note (note 9(b))	**-**	1,949,963
Convertible debenture (note 10)	**5,146,583**	-
Promissory notes (note 8)	**166,034**	2,081,746
	$ 6,900,891	$ 13,680,771

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (continued)

Fair values of financial instruments

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

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

	As at June 30, 2023	**As at September 30, 2022**
	Level 1	Level 1
Cash	**$ 1,532,533**	$ 2,090,703
	Level 3	Level 3
Gold stream facility (note 9(a))	**$ 838,093**	$ 7,401,706

16. COMMITMENTS AND CONTINGENCIES

The Company's commitments are disclosed in note 6 and summarized below:

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

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

The Company had 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. Based on new test work performed in Canada, the Company will no longer proceed with BRC on the construction of the heap leach facility. Instead, the Company is pursuing the construction of a CIL processing plant that will allow a material increase in gold recoveries.

In addition, the Company had undiscounted environmental closure obligations (note 11) 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 Patagonia against the Company, for damages as a result of incomplete construction of the processing plant. Management has performed its own analysis and has concluded that no significant damages has occurred as a consequence of the plant not having been built. Therefore, management believes PPX Mining has valid arguments to defend against the claim and as a result no amounts have been recorded for this claim as at June 30, 2023. Patagonia continues to operate the Igor 4 project and the Company is in active discussions and negotiations with Patagonia to clarify certain terms and a possible extension to their operating agreement.

17. 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 the outstanding trade payables with a former officer of the Company.