INTERNATIONAL PBX VENTURES LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED

SEPTEMBER 30, 2013 AND 2012

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

INTERNATIONAL PBX VENTURES LTD.
As at September 30, 2013

Table of Contents

NOTICE TO READER
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Management has prepared the condensed consolidated statements of financial position of International PBX Ventures Ltd. as at September 30, 2013 and December 31, 2012 and the condensed consolidated statements of operations and comprehensive loss, change in equity and cash flows for the nine-month period ended September 30, 2013 and 2012. In accordance with National Instruments 51-102 released by the Canadian Securities Administrator, the Company discloses that they have not been audited or reviewed. Readers are cautioned that these statements may not be appropriate for their purposes.

Toronto, ON

November 29, 2013

INTERNATIONAL PBX VENTURES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars - Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	$	$	$	$
EXPENSES				
Administration fees [Note 10(a)]	56,468	100,316	204,603	326,320
Amortization [Note 4]	23,494	35,608	79,192	106,139
Bank and interest charges [Note 6]	45,938	6,653	103,239	21,716
Foreign exchange loss (gain)	(1,395)	6,153	18,003	13,906
Investor relations (recovery)	(7,567)	14,851	18,684	25,936
Office and miscellaneous	40,181	80,846	173,817	204,811
Generative exploration expense (recovery)	(6,484)	(27,504)	33,192	111,412
Professional fees [Note 10(b)]	50,200	67,888	287,437	321,648
Share based payments [Note 8]	-	-	-	177,874
Transfer agent and regulatory	9,468	10,310	17,153	43,742
Issuance Costs	3,225	-	23,225	-
Travel, promotion and mining shows	9,858	37,395	52,551	136,507
Realized loss on disposal of marketable security	31,307	-	31,307	-
Additional Financing Cost [Note 6(a)]	934,380	-	934,380	-
	1,189,073	332,516	1,976,783	1,490,011
Net operating loss before other items	(1,189,073)	(332,516)	(1,976,783)	(1,490,011)
OTHER ITEMS				
Recovery of written-off receivables	-	(300)	-	(420)
NET LOSS FOR THE PERIOD	(1,189,073)	(332,216)	(1,976,783)	(1,489,591)
Unrealized loss (gain) on marketable securities	-	(235)	-	588
COMPREHENSIVE LOSS FOR THE PERIOD	(1,189,073)	(331,981)	(1,976,783)	(1,490,179)
Net Loss Per Share – Basic and Diluted	(0.01)	(0.00)	(0.01)	(0.01)
Weighted Average Number of Common Shares Outstanding	160,786,573	142,900,952	158,784,043	132,939,465

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

(Expressed in Canadian Dollars - Unaudited)

	September 30, 2013 $	December 31, 2012 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	24,800	122,392
Marketable securities	-	941
Amounts receivable	2,322	90,758
Advances, prepaid expenses and deposits [Note 10(a)]	32,386	47,330
	59,508	261,421
DEFERRED SHARE ISSUANCE COSTS	-	20,536
EQUIPMENT [Note 4]	237,510	316,702
MINERAL PROPERTIES [Note 5]	24,963,760	24,845,976
	25,260,778	25,444,635
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities[Note 10(c) and (g)]	890,040	976,397
Loans due to a related party [Note 6(c)]	200,000	200,000
Convertible Debenture [Note 6(a) and 7]	1,868,760	-
	2,958,800	1,176,397
SHAREHOLDERS' EQUITY		
ISSUED CAPITAL [Note 7]	47,436,603	46,809,389
SHARE SUBSCRIPTIONS	-	647,750
CONTRIBUTED SURPLUS	3,190,781	3,190,781
ACCUMULATED OTHER COMPREHENSIVE LOSS	-	(31,059)
DEFICIT	(28,325,406)	(26,348,623)
	22,301,978	24,268,238
	25,260,778	25,444,635

Subsequent Events [Note 16]

Approved and authorized for issue on behalf of the Board on November 29, 2013:

"Terry Lynch"
Terry Lynch, Director

"Peter Kent"
Peter Kent, Director

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars - Unaudited)

	Common shares		Share	Contributed	Accumulated Other Comprehensive	Deficit	Shareholders'
	Shares	Amount	Subscription	Surplus	Income		Equity
		$	$	$	$	$	$
Balance, January 1, 2012	**124,659,815**	**44,687,839**	**–**	**2,957,822**	**(29,883)**	**(23,856,782)**	**23,758,996**
Private placements	21,443,500	2,048,820		–	–	–	2,048,820
Exercise of options	700,000	70,000	–	(10,080)	–	–	59,920
Option grants	–	–	–	177,874	–	–	177,874
Share issuance cost	–	(27,350)	–	–	–	–	(27,350)
Fair value of options exercised	–	10,080	–	–	–	–	10,080
Comprehensive loss	–	–	–	–	(588)	(1,489,591)	(1,490,179)
Balance, September 30, 2012	**146,803,315**	**46,789,389**		**3,125,616**	**(30,471)**	**(25,346,374)**	**24,538,160**
Balance, January 1, 2013	**146,903,315**	**46,809,389**	**647,750**	**3,190,781**	**(31,059)**	**(26,348,623)**	**24,268,238**
Private placements	13,410,432	647,750	(647,750)	–	–	–	–
Exercise of Options	–	–	–	–	–	–	–
Option Grants	–	–	–	–	–	–	–
Share issuance cost	–	(20,536)	–	–	–	–	(20,536)
Fair value of options exercised	–	–	–	–	–	–	–
Comprehensive loss	–	–	–	–	–	(1,976,783)	(1,976,783)
Sale of Marketable Security	–	–	–	–	31,059	–	31,059
Balance, September 30, 2013	**160,313,747**	**47,436,603**	**–**	**3,190,781**	**–**	**(28,325,406)**	**22,301,978**

(See accompanying notes to these consolidated financial statements)

INTERNATIONAL PBX VENTURES LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND 2012

(Expressed in Canadian Dollars - Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	$	$	$	$
OPERATING ACTIVITIES				
Net loss for the period	(1,189,073)	(332,216)	(1,976,783)	(1,489,591)
Less items not affecting cash				
Amortization	23,494	35,608	79,192	106,139
Share based payments	–	–	–	177,874
Loss on sale of marketable security	31,307	–	31,307	–
Additional Financing Cost	934,380	–	934,380	–
	(199,892)	(296,608)	(931,904)	(1,205,578)
Change in non-cash components of working capital				
Amounts receivable	36,033	19,653	88,436	19,126
Advances, prepaid expenses and deposits	44,718	(49,521)	14,944	(13,631)
Accounts payable and accrued liabilities	21,780	(48,504)	(86,357)	(352,213)
NET CASH USED IN OPERATING ACTIVITIES	(97,361)	(374,980)	(914,881)	(1,552,296)
INVESTING ACTIVITIES				
Recovery (acquisition) of and expenditures on mineral properties	(67,594)	59,546	(117,784)	(537,034)
Sale of marketable security	693	–	693	–
NET CASH USED IN INVESTING ACTIVITIES	(66,901)	59,546	(117,091)	(537,034)
FINANCING ACTIVITIES				
Share capital issued	–	664,400	647,750	2,118,820
Subscriptions Received	–	–	(647,750)	–
Share issuance cost	–	(20,000)	(20,536)	(27,350)
Deferred share issuance cost	–	–	20,536	–
Share subscription	–	(200,000)	–	–
Loans	–	–	–	–
Convertible debenture	150,000	–	934,380	–
NET CASH PROVIDED BY FINANCING ACTIVITIES	150,000	444,400	934,380	2,091,470
INCREASE (DECREASE) IN CASH	(14,262)	128,966	(97,592)	2,140
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	39,062	24,592	122,392	151,418
CASH AND CASH EQUIVALENTS – END OF PERIOD	24,800	153,558	24,800	153,558
SUPPLEMENTAL DISCLOSURES				
Interest paid or accrued	45,060	13,333	100,536	19,333

(See accompanying notes to these consolidated financial statements)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

The Company is an exploration stage company and is in the business of acquiring and exploring mineral properties in Chile. There has been no determination whether properties held contain ore reserves, which are economically recoverable.

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange. The head office and principal address of the Company are located at Suite 205 - 490 Adelaide Street West, Toronto, Ontario, Canada, M5V 1T2. The Company's registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

The recoverability of carrying amounts for mineral properties and options is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development and achieve profitable production or alternatively, dispose of the properties. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written-off.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. As at September 30, 2013, the Company has incurred significant losses since inception totalling $28,325,406. The Company has a working capital deficiency of $2,899,292; the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

2. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements for the nine months ending September 30, 2013 including comparatives have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting.' The condensed consolidated interim financial statements may not include all information and note disclosures required by IFRS for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements for the nine-month period ended September 30, 2013 (including comparatives) were approved and authorized for issue by the Company's Board of Directors on November 29, 2013.

These condensed interim consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below.

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned Chilean subsidiary, Minera IPBX Ltda., and its wholly-owned Canadian subsidiaries, Tierra de Oro Resources Ltd. and Chilean Metals Exploration Ltd. These consolidated financial statements include the indirectly 100% owned subsidiaries of SPN Metals Exploration Ltd., TDO Metals Exploration Ltd., Pintada Minerals Inc., Pintada Holdings Inc., Palo Negro Mining Inc., Palo Negro Holdings Inc., Verna Explorations Ltd., and Verna Holdings Ltd. The Company also has a 100% indirect interest in three Chilean subsidiaries: Minera Tierra de Oro Ltda., Minera Palo Negro Ltda. and Minera Sierra Pintada Ltda. All material inter-company balances and transactions have been eliminated on consolidation.

[b] Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

[c] Marketable securities

The Company has classified its marketable securities as available-for-sale and therefore carries them at fair market value with the unrealized gain or loss recorded in accumulated other comprehensive income. Fair values were determined by reference to published price quotations in an active market as at September 30, 2013. When marketable securities are disposed of any unrealized gain or loss in the accumulated other comprehensive income will become realized and the corresponding gain or loss will be recognized in the net operating income or loss from operations.

[d] Equipment

Equipment is recorded at cost less accumulated amortization less impairment losses. Amortization method, useful life and residual values are assessed annually and currently is recognized on the declining balance basis at the following rates per annum:

Office equipment	30%
Field equipment	30%
Camp	30%

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Mineral properties

Exploration and evaluation costs, including the acquisition, exploration and development of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately. Upon commencement of commercial production, the related accumulated costs are amortized to income using the units of production method over estimated recoverable ore reserves. Management periodically assesses the carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values. The costs incurred include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

[f] Impairment

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[g] Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at September 30, 2013 and December 31, 2012, the Company had not incurred any decommissioning liabilities related to the exploration and development of its mineral properties.

[h] Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

[i] Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of the Company, its Canadian and Chilean subsidiaries is the Canadian dollar.

Items included in the financial statements of each of the Company's Chilean subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the income statement.

Management determines the functional currency by examining the primary economic environment of each mineral property. The Company considers the following factors in determining its functional currency:

- The currency that mainly influence labor, material and other costs of providing goods;
- The currency in which funds from financing activities are generated;
- The currency in which receipts from operating activities are usually retained; and
- Whether the activities are carried out as an extension of the Company rather than being carried out with a significant degree of autonomy.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[j] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are not recognized if it is probable that the asset will not be realized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

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

[k] Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or financial assets at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company’s amounts receivable is classified as loans and receivables. The Company has classified marketable securities as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company’s accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[k] Financial instruments (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

[l] Share based payments

The Company has a stock option plan, which is described in Note 8. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Options granted under the Company's stock option plan vest as determined by the directors at the time of grant. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of share based payments.

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

[m] Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses. The Company's comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of change of equity.

[n] Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the periods ended September 30, 2013 and 2012, the existence of warrants and options causes the calculation of fully diluted loss per share to be antidilutive. Accordingly, fully diluted loss per share information has not been shown.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[o] Critical accounting estimates and judgements

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year are:

(i) Impairment of mineral properties and equipment;

(ii) Share based payments; and

(iii) Deferred income taxes.

Critical accounting judgements made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year are:

(i) Going concern; and

(ii) Determination of functional currency.

[p] Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9 – Financial Instruments

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. Management has yet to assess the impact of this new standard to the Company.

IAS 32 – Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement

The Amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively. Management does not believe the IAS 32 accounting standard will materially affect the Company.

4. EQUIPMENT

COSTS	Field equipment $	Furniture and office equipment $	Camp $	**Total $**
As at January 1, 2012	83,278	123,676	453,662	660,616
Additions during the period	-	-	-	-
As at December 31, 2012	83,278	123,676	453,662	660,616
Additions during the period	-	-	-	-
As at September 30, 2013	**83,278**	**123,676**	**453,662**	**660,616**

ACCUMULATED AMORTIZATION	Field equipment	Furniture and office equipment	Camp	**Total**
As at January 1, 2012	34,396	89,735	68,150	192,281
Amortization for the year	24,665	10,490	116,478	151,633
As at December 31, 2012	59,061	100,225	184,628	343,914
Amortization for the period	7,489	9,333	62,370	79,192
As at September 30, 2013	**66,550**	**109,558**	**246,998**	**423,106**

NET BOOK VALUE	Field equipment	Furniture and office equipment	Camp	**Total**
As at December 31, 2012	24,217	23,451	269,034	316,702
As at September 30, 2013	**16,728**	**14,118**	**206,664**	**237,510**

5. MINERAL PROPERTIES

	Copaquire $	Sierra Pintada $	Tierra de Oro $	Other $	Total $
Balance January 1, 2012	19,115,739	908,439	4,307,371	–	24,331,549
Acquisition and staking	230,602	58,762	49,832	–	339,196
Exploration					
Drilling	–	–	–	–	–
Field costs	498,945	–	–	–	498,945
Project management	9,520	416	7,477	–	17,413
Other	39,066	–	–	–	39,066
Exploration and acquisition costs 2012	778,133	59,178	57,309	–	894,620
Sales of drilling supplies	(24,933)	–	–	–	(24,933)
Camp cost recovery	(60,435)	–	–	–	(60,435)
Option payments received	(294,825)	–	–	–	(294,825)
Balance December 31, 2012	19,513,679	967,617	4,364,680	–	24,845,976
Acquisition and staking	78,369	3,661	–	34,195	116,225
Exploration					
Field costs	1,559	–	–	–	1,559
Exploration and acquisition costs 2013	79,928	3,661	–	34,195	117,784
Balance September 30, 2013	19,593,607	971,278	4,364,680	34,195	24,963,760

[a] Copaquire Property, Chile

On October 11, 2013 the Company, through its wholly owned Chilean subsidiary, Minera IPBX Ltda. ("IPBX"), entered into an agreement to sell 100% of its interest in the Copaquire Property ("Copaquire" or "the Property"), to Teck Resources Chile Ltda. ("Teck"), a subsidiary of Teck Resources Limited for US$3,033,556 cash plus a 3% net smelter royalty (NSR) payable to IPBX. Additionally, Teck will have the option to buy back 1% of the NSR for US$3 million at any time. The sale is expected to close in December, 2013. Upon closing of the sale the Company expects to recognize a loss on the disposition of the Property for an amount approximately of $16,560,051 (total capitalized cost of the Property at closing less the sales price) which will be recognized in net loss from operations. As part of the agreement Teck will assume all associated rights, permits and obligations (including future option payments).

In 2004, the Company entered into an Option Purchase Agreement with Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile to acquire the Copaquire copper-molybdenum porphyry, Region II in Chile. The Company fulfilled its commitment under the agreement during 2008 and owns 100% (1,473 hectares) of the claims, subject to a 2% Net Smelter Royalty (NSR). The total cost of the property was US$2,100,000 in cash and a US$2,000,000 in work commitments. According to the Option Purchase Agreement, the NSR can be bought out at any time for an additional amount of US$2,000,000. Teck assumes and future NSR payable to Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile as part of the agreement discussed in the above paragraph.

In May 2011, the Company entered into a further Option Purchase Agreement with Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile to acquire 111 mining claims (555 hectares). In 2012, the Company extended its Options Agreement by one further

5. MINERAL PROPERTIES (continued)

claim of 5 hectares adjacent to the north and west of the Company's Copaquire claims for a total purchase price of US$784,000 payable over a period of four years (included in the acquisition and staking section in the table above) as follows:

a) US$196,000 upon settlement – May 5, 2011 (paid);
b) US$201,333 on or before May 5, 2012 (paid);
c) US$67,111 on or before September 5, 2013 (see Note 16(c));
d) US$67,111 on or before January 5, 2014 (assumed by Teck per agreement);
e) US$67,111 on or before May 5, 2014 (assumed by Teck per agreement) and;
f) US$201,334 on or before May 5, 2014 (assumed by Teck per agreement).

During the period ended September 30, 2013 the Company expensed $39,870 (2012 - $Nil) in maintenance costs for the Copaquire Property. As at June 30, 2013, the Company owned 100% of the claims.

[b] Sierra Pintada, Chile

The Company owns a 100% interest in exploitation concessions covering 4,970 hectares in Region III, Chile. During the period ended September 30, 2013 the Company expensed other exploration costs of $1,084 (2012 - $Nil).

[c] Tierra de Oro, Chile

The Company owns a 100% interest in exploitation concessions covering 5,758 hectares in Region III, Chile. During the period ended September 30, 2013 the Company expensed other exploration costs of $Nil (2012 - $Nil).

[d] Other properties

During the period ended September 30, 2013 the Company expensed (recovered) a total of ($7,762) (2012 - $151,163) in other exploration expenses and spent $34,195 (2012 - $Nil) in application for acquisition of additional exploration concessions.

[i] Hornitos Property, Chile

The Company owns eleven claims, covering 3,009 hectares located 35 kilometres south of Copiapo, Chile. Currently, the Company is not conducting active exploration on the property, but maintains it in good standing.

During the period ended September 30, 2013, the Company expensed (recovered) maintenance costs of ($4,423) (2012 - $21,371) which have been expensed in these consolidated financial statements.

[ii] Palo Negro Property, Chile

The Company owns mining concessions covering 6,028 hectares in Chile. Currently, the Company is not conducting active exploration on the property, but maintains it in good standing.

During the period ended September 30, 2013, the Company expensed (recovered) maintenance costs of ($4,423) (2012 - $56,814).

[iii] Zulema aka. Chicharra Property, Chile

The Company has acquired 100% of the rights to an exploitation concession and has staked an area of 871 hectares in Chile.

5. MINERAL PROPERTIES (continued)

During the period ended September 30, 2013, the Company expensed maintenance costs of $Nil (2012 - $6,229) which have been expensed in these consolidated financial statements.

[iv] Tabaco, Chile

The Company owns mining concessions covering 700 hectares in Chile. Currently, the Company is not conducting active exploration on the property, but maintains it in good standing.

During the period ended September 30, 2013, the Company expensed maintenance costs of $1,084 (2012 - $11,772) which have been expensed in these consolidated financial statements.

6. CONVERTIBLE DEBENTURE AND LOANS

[a] During the period ended September 30, 2013 the Company issued $934,380 of convertible debentures ("Debentures"), $784,380 closed during the period ended June 30, 2013 and an additional $150,000 closed during the period ended September 30, 2013. The Debentures bear interest at a rate of 14% per annum and mature on the earlier of June 1, 2014, the sale of PBX's 100% owned Copaquire property or in the event of the sale (change of control) of the Company. The Debentures are convertible at $0.06 per share after December 1, 2013 at the holder's option if the Company does not repay the principal plus an additional amount equal to the principal including accrued interest (referred to as the "100% bonus") on or before December 1, 2013. In the event of the sale of Copaquire or the Company at any time up until June 1, 2014 the Debenture is due in full immediately including accrued interest and the 100% bonus. In addition, each holder will receive an amount equal to 10% of the principal of the Debenture in Shares of the Company at a price of $0.03 per Share upon purchase of the Debenture (see note 7). The total interest accrued on the Debentures as of September 30, 2013 on the Debentures is $44,666 which is included in the accounts payable and accrued liabilities financial statement line item.

Upon closing of the sale of Copaquire the Company is required to repay the principal amount plus accrued interest and the 100% bonus per the terms of the Convertible Debenture Agreement. As such the 100% bonus has been recorded as an additional financing cost in the statement of operations and comprehensive loss and as a payable in the convertible debenture financial statement line item in the statement of financial position.

[b] During the period ended September 30, 2013 the Company obtained a loan facility for an aggregate amount of $300,000 of which $273,000 was drawn during the period. The Company repaid the drawn balance on the loan facility plus accrued interest totalling $289,380 during the period. As at September 30, 2013 the loan facility outstanding balance is $Nil (2012 - $Nil).

[c] The Company obtained two loans for a total amount of $200,000 from the former Chairman of the Board, who resigned on March 28, 2012. Both loans are interest bearing at 1% per month, payable monthly and are unsecured. The loans are due on demand. The Company paid or accrued $18,000 (2012 - $18,000) towards interest owing on the loan.

7. ISSUED CAPITAL

[a] Authorized: Unlimited number of common shares without par value

[b] Issued and outstanding

	Number of Common Shares	Total $
Issued as at January 31, 2012	124,659,815	44,687,839
Issued for cash pursuant to:		
Private placements	21,443,500	2,048,820
Options exercised	800,000	80,000
Fair value of stock options exercised	-	20,080
Share issuance costs	-	(27,350)
Issued as at December 31, 2012	146,903,315	46,809,389
Issued for cash pursuant to:		
Private placements	10,795,833	647,750
Share issuance costs	-	(20,536)
Issued shares pursuant to:		
Convertible Debenture Private placement	3,114,599	-
Issued as at September 30, 2013	160,813,747	47,436,603

During the period ended September 30, 2013, the Company issued 3,114,599 bonus shares with a nil cost base as part of the Convertible Debenture Private Placement (“Debenture”) announced May 29, 2013 (refer to Note 6(a)). There were 2,614,600 shares issued as part of the $784,380 which was closed prior to June 30, 2013 and an additional 499,999 shares were issued subsequent to June 30, 2013 as the remaining $150,000 was raised.

During the year ended December 31, 2012, the Company issued 800,000 shares upon the exercise of options at $0.10 per common share. The fair value allocated from contributed surplus to share capital was $20,080. The Company had also completed four private placements as follows:

On February 8, 2012, the Company closed a private placement issuing 4,762,000 units for $0.15 per unit. Each unit is comprised of one common share and one half of a purchase Warrant. The Company issued 2,381,000 warrants. Each whole Warrant entitles the holder, on exercise, to purchase one common share at a share price of $0.25 for a period of 24 months, provided that, if the common shares of the Company are traded on the exchange at a price of $0.35 or more for 10 consecutive trading days (the “Acceleration Event”), then the Warrants will expire on the earlier of the expiry date and on the date which is 30 calendar days after the Company provides notice to the holder of the Warrants that the Acceleration Event has occurred.

On April 27, 2012, the Company closed a private placement issuing 8,376,500 units for $0.08 per unit. Each unit is comprised of one common share and one half of a purchase Warrant. The Company issued 4,188,250 warrants. Each whole Warrant entitles the holder, on exercise, to purchase one common share at a share price of $0.12 for a period of 24 months, provided that, if the common shares of the Company are traded on the exchange at a price of $0.20 or more for 10 consecutive trading days (the “Acceleration Event”), then the Warrants will expire on the earlier of the expiry date and on the date which is 30 calendar days after the Company provides notice to the holder of the Warrants that the Acceleration Event has occurred.

7. ISSUED CAPITAL (continued)

[b] Issued and outstanding (continued)

On July 27, 2012, the Company closed a private placement issuing 8,305,000 units for $0.08 per unit. Each unit is comprised of one common share and one half of a purchase Warrant. The Company issued 4,152,500 warrants. Each whole Warrant entitles the holder, on exercise, to purchase one common share at a share price of $0.12 for a period of 24 months, provided that, if the common shares of the Company are traded on the exchange at a price of $0.20 or more for 10 consecutive trading days (the "Acceleration Event"), then the Warrants will expire on the earlier of the expiry date and on the date which is 30 calendar days after the Company provides notice to the holder of the Warrants that the Acceleration Event has occurred.

On December 31, 2012, the Company received share subscriptions of $647,750 for a private placement of 10,795,833 units for $0.06 per unit. Each unit is comprised of one common share and one purchase Warrant. The common shares were issued on January 13, 2013. The Company issued 10,795,833 warrants. Each Warrant entitles the holder, on exercise, to purchase one common share at a share price of $0.07 for a period of 12 months.

No Acceleration Events have occurred by September 30, 2013 for any of the four private placements completed in 2012. None of these private placement proceeds were allocated to the attached warrants as they had no intrinsic value at the time the units were issued.

8. STOCK OPTIONS

The Company has implemented a stock option plan ("the Plan") to be administered by the Board of Directors. Pursuant to the Plan the Board of Director's has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest immediately upon granting, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

The continuity of options is as follows:

	Number of shares	Weighted average exercise price $
Outstanding, December 31, 2011	5,950,000	0.32
Exercised	(800,000)	0.10
Expired	(400,000)	0.44
Granted	3,900,000	0.12
Outstanding, December 31, 2012	8,650,000	0.25
Expired	(5,600,000)	0.28
Outstanding, September 30, 2013	3,050,000	0.19

8. STOCK OPTIONS (continued)

On April 3, 2013, the Company re-priced the exercise price of 5,400,000 stock options it previously granted on December 5, 2012 from $0.08 to $0.10 per common share subject to regulatory approval. The Company granted an additional 800,000 stock options on May 21, 2013 at an exercise price of $0.10 with an expiry date of May 21, 2018 subject to regulatory approval. The sum of these options granted are not presented in the continuity schedule above or the outstanding and exercisable schedule below as regulatory approval has not been sought.

As at September 30, 2013, the following options were outstanding and exercisable:

Options outstanding					Options exercisable		
Exercise Price $	Fair Value $	Units of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Units of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $
0.10	0.03	100,000	0.68	0.10	100,000	0.68	0.10
0.12	0.06	2,100,000	1.73	0.12	2,100,000	1.73	0.12
0.38	0.27	800,000	0.76	0.38	800,000	0.76	0.38
0.50	0.34	50,000	0.34	0.50	50,000	0.34	0.50
		3,050,000	1.42	0.19	3,050,000	1.42	0.19

Stock options outstanding as at September 30, 2013 expire between January 31, 2014 and June 25, 2015.

9. WARRANTS

The continuity of warrants is as follows:

	Number of shares	Weighted Average Exercise Price $
Balance, January 1, 2012	2,640,000	0.30
Issued	10,721,750	0.15
Balance, December 31, 2012	13,361,750	0.18
Issued	10,795,833	0.07
Balance, September 30, 2013	24,157,583	0.13

Warrants outstanding at September 30, 2013 expire between October 27, 2013 and July 27, 2014.

10. RELATED PARTY TRANSACTIONS/BALANCES

During the period ended September 30, 2013 and 2012, the Company had the following related party transactions:

[a] The Company incurred administration expenses from former officers or former directors or companies controlled by officers or directors or former officers or directors of $108,000 (2012 - $158,761). Included in the advances, prepaid expenses and deposits is $24,000 (2012 - $Nil) covering periods subsequent to September 30, 2013

[b] The Company incurred accounting expenses from officers or former officers or companies controlled by officers or former officers of $124,115 (2012 - $132,779).

[c] Included in accounts payable and accrued liabilities is $101,747 allegedly owing to a company controlled by former a director and officer for alleged past services provided. On February 27, 2013 a company controlled by a former officer and director of the Company, commenced action and filed a claim against the Company in the Supreme Court of British Columbia, Canada. The claim was for $101,747 with respect to alleged past services provided. The claim also included interest and other related costs.

[d] On March 20, 2013, the Company filed a counterclaim about alleged management fees payable of $101,747 dispute part of Note 10[c], with its former Chief Executive Officer and with a company controlled by him. The counterclaim is in the amount of $181,600. The Company intends and continues to vigorously defend itself against the claim and to pursue its counterclaim.

[e] The Company incurred consulting expenses from directors, former directors or companies controlled by directors and former directors of $Nil (2012 - $58,000). Included in advances, prepaid expenses and deposits is $Nil (2012 - $24,000) covering periods subsequent to the applicable September 30, 2013 period.

[f] The Company incurred share base payments expenses of $Nil (2012 – $126,989) from options granted to directors and officers.

[g] Included in accounts payable and accrued liabilities is $12,794 (2012 - $99,464) owing to officers, companies controlled by officers, former directors or officers or companies controlled by former directors or officers. Included in the amount of $99,464 from 2012 is $67,800 allegedly owing to its former Chief Executive Officer and with a company controlled by him for alleged past services provided. Refer to Note 10 [c] and [d] for additional information.

All of the above transactions have been in the in the normal course of operations, and in management's opinion, undertaken with the same terms and conditions as transactions with related parties.

11. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence over are as follows:

Compensation	Fees charged $	Share-based benefits $	Period ended September 30, 2013 $	Fees charged $	Share-based benefits $	Period ended September 30, 2012 $
Chairman of the Board	-	-	-	10,000	20,320	30,320
President	-	-	-	48,000	40,714	88,714
Chief Executive Officer (former)	-	-	-	120,000	20,320	140,320
Chief Executive Officer & President	108,000	-	108,000	-	-	-
Chief Financial Officer (former)	63,000	-	63,000	99,000	10,160	109,160
Chief Financial Officer	34,581	-	34,581	-	-	-
Total	205,581	-	205,581	277,000	91,514	368,514

12. SEGMENTED INFORMATION

The Company operates in one industry segment, namely exploration of mineral resources in one geographic region, Chile.

13. INCOME TAXES

Reconciliation to statutory rates - The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 25% (2011: 26.5%):

	2012	2011
Expected income tax benefit computed at statutory rates	$ 622,960	$ 884,100
Effect of:		
Permanent differences	(58,777)	(281,089)
Non-capital loss expired	-	(134,847)
Lower statutory tax rate of foreign subsidiaries	(46,736)	(317,233)
Change in enacted rates and other	147,553	(127,931)
Deferred tax assets not recognized	(665,000)	(23,000)
	$ –	$ –

Non-capital losses - The Company has non-capital losses of $9,602,000 available to offset future taxable income, expiring from 2014 to 2032. The Company also has $2,018,000 of capital losses that carry forward indefinitely. The non-capital losses expire as follows:

2014	$ 596,000
2015	712,000
2026	974,000
2027	1,192,000
2028	882,000
2029	725,000
2030	1,265,000
2031	1,648,000
2032	1,608,000
	$ 9,602,000

Deferred tax assets -The tax effects of temporary differences that give rise to significant portions of the future tax assets at December 31, 2012 and 2011 are presented below:

	2012	2011
Combined statutory tax rate	25.00%	25.00%
Future income tax assets		
Non-capital loss carry forwards	$ 2,948,000	$ 2,372,000
Capital loss carry forwards	39,000	39,000
Loan receivable	30,000	30,000
Marketable securities	4,000	4,000
Property and equipment	26,000	21,000
Resource pools	1,258,000	1,176,000
Share issuance costs	36,000	34,000
Valuation allowance	(4,341,000)	(3,676,000)
Net deferred income tax asset (liability)	$ –	$ –

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion of the tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares and alternative financing activities dependent on market conditions.

The Company includes the components of shareholders' equity in its management of capital.

As at September 30, 2013, the Company had capital resources consisting of cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, obtain loans or issue convertible debenture securities to raise cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

15. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at September 30, 2013, the Company's financial instruments consist of cash, marketable securities, accounts payable, convertible debentures and loans due to a related party.

The Company classifies its cash as fair value through profit and loss, its marketable securities as available-for-sale and its accounts payable, loans due to a related party and convertible debenture as other financial

15. FINANCIAL INSTRUMENTS AND RISK (continued)

liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

The Company's financial instruments at September 30, 2013 and 2012 classified as "Level One – Quoted prices in active markets" are cash and marketable securities.

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, marketable securities and amounts receivable. To minimize the credit risk the Company places these instruments with financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. The Company does not have investments in any asset backed deposits. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company's accounts payable and accrued liabilities aged concentration is as follows:

	Current	31-60 days	61+ days	Carrying Value
Trade accounts payable	$143,740	$4,302	$741,998	$890,040

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the company's operations are located in Chile. A significant change in the currency exchange rates between the Canadian dollar relative to the Chilean peso could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the Chilean peso resulting from a 1% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $2,581.

Interest Rate Risk

At September 30, 2013, the Company is not exposed to reductions in interest rates, which could impact expected returns from the Company's investment of corporate funds.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of molybdenum, gold and copper. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

16. SUBSEQUENT EVENTS

[a] On October 11, 2013 the Company announced that, through its wholly owned Chilean subsidiary, Minera IPBX Ltda.("IPBX"), has entered into an agreement to sell 100% of its interest in the Copaquire Property ("Copaquire" or "the Property"), located in the Andean Cordillera of Region I, northern Chile, to Teck Resources Chile Ltda. ("Teck"), a subsidiary of Teck Resources Limited for US$3,033,556 cash plus a 3% net smelter royalty (NSR) payable to IPBX. Additionally, Teck will have the option to buy back 1% of the NSR for US$3 million at any time. The sale is subject to legal and title due diligence and PBX shareholder approval and is expected to close in December, 2013. Please refer to Note 5[a] for further discussion.

[b] Prior to September 5, 2013, the Company came to an agreement with Compania Minera Huatacondo S.C.M. and Sociedad Legal Minera Macate Primera de Huatacondo of Chile to extend theSeptember 5, 2013 Option payment until October 15, 2013. The USD $67,111 option payment is included in the accounts payable and accrued liabilities financial statement line item at September 30, 2013. The Option Payment was made prior to October 15, 2013 and the Option Agreement is in good standing.

[c] On October 16, 2013 the Company entered into a six month bridge loan agreement with a shareholder to borrow $115,000. The loan is due on the earlier of: a.) 30 days after closing the Copaquire transaction or b.) April 30, 2013. The loan bears interest at 18% and a 10% upfront financing fee was due upon receipt of funds.