TOACHI MINING INC.
(formerly Ferrum Americas Mining Inc.)

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended October 31, 2016

December 21, 2016

Toachi Mining Inc.
(Formerly Ferrum Americas Mining Inc.)

Interim MD&A - Quarterly Highlights Three months ended October 31, 2016

This interim management discussion and analysis - quarterly highlights ("Interim MD&A") has been prepared based on information available to Toachi Mining Inc. (formerly Ferrum Americas Mining Inc.) ("Toachi" or the "Company") as at December 21, 2016. This Interim MD&A updates disclosure previously provided in the Company's Annual MD&A up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three months ended October 31, 2016 and 2015 (the "Interim Consolidated Financial Statements"), the Company's audited consolidated financial statements for the years ended July 31, 2016 and 2015 (the "Annual Consolidated Financial Statements"), and the Company's Annual MD&A for the year ended July 31, 2016. Both the Interim Consolidated Financial Statements and the Annual Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com or on its website at www.toachimining.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE

This document may contain or may refer to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

Financial condition and performance

Financial condition

During the quarter ended October 31, 2016, the Company's net assets decreased by $129,186, the result of a decrease in assets of $65,622 together with an increase in liabilities of $63,564.

Asset balances changed as follows: Cash decreased by $27,317, the result cash used for operating activities of $817,830 and used for investment activities of $1 (the diminimous investment made in CMLP to formalize the operating structure of the La Plata project of $1, offset by cash provided from the exercise of 2,625,000 warrants (see the *Exercised warrants* section, below), raising $787,500 plus advances from related parties of $3,014 (see *Related-party Transactions and Balances*, below). HST recoverable over the period decreased by $36,638 and prepaid insurance decreased with the consumption and expensing of the current quarter's premium.

The increase in liabilities of $63,564 resulted from increases in trade payables of $74,562, in part due to the increased expenditures of $486,899 for the Company's La Plata project offset by $367,513, being amounts forgiven by the Company's joint venture partner on the Cerro Rojo project (see the *Projects update* section, below). Accrued liabilities decreased by $14,012, offset by the above-mentioned net advances by related parties of $3,014.

Projects update

La Plata project

The Company entered into a binding option agreement with a private Ecuadorean company, on February 10, 2016, granting Toachi the right to earn between 60%-75% in the La Plata gold-rich copper-zinc-silver-lead volcanogenic massive sulphide project located approximately 100 km southwest of Quito, Ecuador.

From 1996 to 2000, Cambior Inc., a Canadian mining company, completed 8,628 metres of drilling and a preliminary resource estimate totaling 840,000 tonnes grading 4.8 grams gold per tonne, 4.1% copper, 54.4 grams silver per tonne and 0.7% lead and 4.2% zinc per tonne in 1999, according to a report completed by AMEC Foster Wheeler, a mining consulting firm, in March 2015.

Following a drill program by Cornerstone Capital Resources Inc., which included 5,933 metres of drilling from 2006-2007, a revised mineral resource estimate totaling 913,977 tonnes grading 8.01 grams gold per tonne, 88.3 grams silver per tonne, 5.01% copper, 6.71% zinc and 0.78% lead per tonne in the inferred category was completed.

The resource estimates described above are historical estimates as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects S.2.4* ("NI 43-101"). Toachi has not completed the work required to independently analyze and verify the results of the previous

operators nor has a qualified person completed sufficient work to classify the estimates as current mineral resources or mineral reserves. With respect to the Cambior estimate, the Company is also not aware of what categories were used in the estimate. As a result, Toachi is not treating these estimates as current mineral resources or mineral reserves.
The Company believes these historic results provide an indication of the potential of the property and are relevant from an on-going exploration perspective.

A first phase exploration program began in August 2015 and as at the date of this Interim MD&A, approximately 3,610 m of drilling has been completed.

Program Highlights

- Hole CMLP-16-3 intersected 3.7 metres of massive sulphide mineralization grading 10.22 grams per tonne (g/t) gold, 146.38 g/t silver, 1.81% copper, 2.07% lead and 29.43% zinc from 253.3 metres.
- Hole CMLP-16-4 intersected disseminated sulphide mineralization, , over widths of 8.4 m grading 4.16 g Au, 29.25 g Ag, 2.7% Cu, 5.81% Zn and 0.38% Pb from a shallow depth of 44.6 metres.
- Interpretive work completed on Micromine suggests this near surface mineralization is outside of the historic polygonal resource estimate.
- This mineralization is near surface and is a target for a potential open pit development.
- A second drill rig has been delivered to the project site and will focus on testing the more than 14 priority exploration targets on the La Plata concession.
- Proposals have been received for a property-wide gravity geophysical survey planned to begin in the first quarter of next year.

Phil Fox, MAIG, a Qualified Person as defined by NI 43-101, has reviewed and approved the contents of this Interim MD&A.

During the 3 months ended October 31, 2016, the Company incurred $1,257,526 in exploration expenditures for the project. Details of the expenditures are as follows:

	$
Acquisition costs	-
Administrative	91,129
Assays	-
Camp Costs	280,078
Consulting	-
Drilling	662,033
Engineering	13,042
Environmental	26,753
Geologists	153,180
Legal & governmental	25,806

Travel	5,505
Total	1,257,526

Cerro Rojo project

During the quarter, the Company continued to finalize the return of the project and the sale of its wholly-owned subsidiary, Empressa Minera Yacuses S.A. ("Yacuses") to its joint venture partner. Final documents have been prepared and are currently being reviewed by the joint venture partner.

As a separate item, the Company did receive relief for amounts owed regarding various fees and option payments on this project. The total amount of $367,513 that had been accrued at year end has been reversed and the Company has recorded a gain on the forgiveness of this debt (see the *Performance* section, below).

Capital structure

Options issued

During the 3 months ended October 31, 2016, xxx options (the "Options") were issued to participants of the Company's stock option plan. The Options vested immediately, had a grant-date fair value of $0.39 each (as calculated using the Black-Scholes option pricing model, with assumptions detailed in note 11 (c) of the Interim Consolidated Financial Statements) and a term of 5 years.

Private placement

On November 22, 2016, the Company closed on a bought-deal private placement (the "Financing") with an underwriter acting on its own behalf and on behalf of a syndicate of underwriters (collectively, the "Underwriters"), whereby the Underwriters purchased 10,000,000 common shares of the Company on a bought deal basis at a price of $0.40 per common share, for aggregate gross proceeds to the Company of $4,000,000.

The Company paid to the Underwriters a cash commission equal to 6% of the gross proceeds raised under the Financing, other than in relation to any common shares issued to certain "president's list" investors, in respect of which the Underwriters received a cash commission equal to 3% of the gross proceeds raised under the Financing. The Company also issued to the Underwriters compensation options (the "Underwriters' Options") equal to 6% of the Shares issued pursuant to the Financing, other than in relation to Shares issued to certain "president's list" investors, in respect of which the Underwriters were issued Underwriters' Options equal to 3% of such Shares issued. Each Underwriters' Option is exercisable into one common share of the Company at a price of $0.40 until November 22, 2018.

Warrants exercised

During the 3 months ended October 31, 2016, 2,625,000 warrants (the "Warrants") with an exercise price of $0.30 and an expiry date of June 15, 2018, were exercised, raising proceeds of $787,500.

Outstanding securities

As at the date of this Interim MD&A (subsequent to the Financing and the exercise of the Warrants), the Company's capital structure is as follows:

Security	Number
Common shares	50,974,935
Options	2,242000
Warrants	8,671,569
Compensation warrants	1,950,560
Total	**63,839,064**

Performance

The Company's operations are not generally subject to seasonal variations. The timing of exploration activities is influenced primarily by the availability of funds and the identification of suitable exploration targets, however, due to either their location or nature the exploration of some properties may be restricted during certain times of the year due to climatic conditions.

Loss for the quarter totalled $1,228,687, the result of exploration expenditures totalling $1,257,526, as noted above, together with general and administrative expenditures totalling $74,634, comprising mainly of investor relations costs as the Company attended the Mines and Money and Precious Metals Summit; management fees of $75,000 and consulting and professional fees of $22,569, which was comprised mainly of legal fees regarding the return of the Cerro Rojo project (as noted above). Non-cash stock-based compensation amounted to $312,000. These costs were offset by a gain of $367,513 on the extinguishment of debt associated with the accrued option payments on the Cerro Rojo project together with foreign exchange gains of $145,529.

Commitments, liquidity and capital resources

The Company does not currently have any space-rental commitments. Its head office and administration is provided by RG Mining Investments Inc. ("RGMI") as disclosed in its Annual MD&A (see "Related-party transaction and balances" section of this Interim MD&A). The Company does have exploration work commitments and option payments to be made over the next 4 years, as detailed in note 7 of the Interim Consolidated Financial Statements.

As at October 31, 2016, the Company had a cash balance of $3,061,303 (July 31, 2016 - $3,088,620) and a working capital of $2,570,599 (July 31, 2016 - $2,699,786).

Related-party transactions and balances

The Interim Consolidated Financial Statements include the following balances and transactions with directors and/or officers of the Company and/or entities related to or controlled by them:

	Three months ended	
	October 31, 2016	October 31, 2016
	$	$
Management fees charged by an entity controlled by the Company's CEO and CFO	**75,000**	33,000
Directors' fees	**10,500**	-
Share-based compensation for the Company's Directors, CEO and CFO	**312,000**	-
Total for period	**397,500**	33,000