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

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended January 31, 2017

March 21, 2017

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

Interim MD&A -
Quarterly Highlights
Three months ended January 31, 2017

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 March 21, 2017. This Interim MD&A updates disclosure previously provided in the Company's Annual MD&A together with previously-file Interim MD&A's, 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 and six months ended January 31, 2017 and 2016 (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 January 31, 2017, the Company's net assets decreased by $1,795,663, the result of an increase in assets of $1,485,033 together with a decrease in liabilities of $310,630.

Asset balances changed as follows: Cash increased by $1,503,823, the result cash used for operating activities of $2,218,798, offset by cash provided from the issuance of 10,000,000 common shares, raising gross proceeds of $4,000,000 less costs the issuance of $287,024 plus advances from related parties of $9,645 (see *Related-party Transactions and Balances*, below). Other working capital items accounted for an increase of $291,840, mainly the result of decreased accounts payable at the Company's La Plata project.

Projects update

La Plata project

The Company has binding option agreement with a private Ecuadorean company 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.

The Company believes historical results (as reported in its previous MD&A's) 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, the Company has completed 8,158.9 metres of drilling. This is part of a 14,000 metre drill program scheduled for completion in 2017 and leading to a maiden 43-101 resource estimate in the Company's first fiscal quarter of 2018 (August to October 2017).

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/t Au, 29.25 g/t Ag, 2.7% Cu, 5.81% Zn and 0.38% Pb from a shallow depth of 44.6 metres.
- Hole CMLP-16-14 intersected 15.89 metres grading 7.63 g/t gold, 49.74 g/t silver, 2.4% copper, 11.82% zinc and 0.97% lead.
- A metallurgical optimization program was initiated at SGS Lakefield Research Ltd. in Canada, under the supervision of Dr. Simon Meik.
- A Community Social Relations program was initiated during the period.

- Proposals have been received for a property-wide gravity geophysical survey and down hole electromagnetic surveying, planned to begin in the second quarter of this 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 January 31, 2017, the Company incurred $1,560,180 in exploration expenditures for the project. Details of the expenditures are as follows:

	$
Acquisition	269,099
Administrative	41,672
Assays	480
Camp	191,142
Community	11,626
Consulting	10,271
Drilling	774,513
Environmental	43,997
General	26,440
Geologists	147,342
Legal & governmental	10,348
Travel	33,250
Total	**1,560,180**

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.

Capital structure

Options issued

During the 3 months ended January 31, 2017, 800,000 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 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. Cash commissions totaled $237,024. 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. Total Underwriters' Options issued was 592,560. Each Underwriters' Option is exercisable into one common share of the Company at a price of $0.40 until November 22, 2018.

The Company is using the proceeds of the Financing to advance its La Plata project and for general working capital purposes.

Warrants expired and exercised

During the 3 months ended January 31, 2017, 1,546,569 warrants with an exercise price of $1.00, expired unexercised.

On February 14, 2017 (subsequent to the quarter-end), 679,000 broker options were exercised (the "Exercise"), raising proceeds of $135,800.

Outstanding securities

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

Security	Number
Common shares	51,653,935
Options	2,242,000
Warrants	7,804,000
Compensation warrants	592,560
Total	**62,292,495**

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 $1,917,313, the result of exploration expenditures totalling $1,560,180, as noted above, together with general and administrative expenditures totalling $54,581, comprising mainly of investor relations costs of $15,944, as the Company attended the Mines and Money and Precious Metals Summit and 2017 PDAC conference; travel costs of $15,186, as several project visits were made during the period; management fees of $112,500 and consulting and professional fees of $71,236, comprising legal fees of approximately $42,000 (mainly for corporate-related matters during the 6 months ended January 31, 2017 together with project legal fees regarding the return of the Cerro Rojo project (as noted above)) and approximately $27,000 for regulatory expenses. These costs were increased by foreign exchange losses of $118,817.

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 January 31, 2017, the Company had a cash balance of $4,565,126 (July 31, 2016 - $3,088,620) and a working capital of $4,366,262 (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	
	January 31, 2017	January 31, 2016
	$	$
Management fees charged by an entity controlled by the Company's CEO and CFO	**112,500**	-
Directors' fees	**12,000**	-
Share-based compensation for the Company's Directors, CEO and CFO	**-**	-

Total for period	**124,500**	**-**

During the 3 months ended January 31, 2017, a director and officer of the Company provided interest-free, demand loans totalling $nil (2016 - $15,077), for the on-going operations of the Company.

During the 3 months ended January 31, 2017, the Company incurred $nil (2016 - $4,461) of consulting and professional, and general and administrative expenses for which RG Mining Investment Inc. ("RGMI"), the Company's operations manager, paid. The amounts due to RGMI are interest-free with no fixed terms of repayment and are due on demand.

During the 3 months ended January 31, 2017, $nil (2016 - $13,935), the Company issued promissory notes (cumulatively, the "Promissory Note") to a director and officer of the Company. The Promissory note was repaid in full prior to July 31, 2016.