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

Unaudited Interim

Consolidated Financial Statements

As at and for the three and six months ended

January 31, 2016 and 2015

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of Toachi Mining Inc. (formerly Ferrum Americas Mining Inc.) (the "Company") have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three and six months ended January 31, 2016 and 2015 have not been reviewed by the Company's auditors.

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements (the “Financial Statements”) of the Company are the responsibility of the management and its Board of Directors (the “Board”).

The Financial Statements have been prepared by management, on behalf of the Board, in accordance with the accounting policies disclosed in the notes to the Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were not complete at the statement of financial position date. In the opinion of management, the Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board is responsible for reviewing and approving the Financial Statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the Financial Statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the Financial Statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Nick Tintor”	*“Stephen Gledhill”*
………………………………………	………………………………………
Nick Tintor	Stephen Gledhill
Chief Executive Officer	Chief Financial Officer
Toronto, Ontario	Toronto, Ontario
March 29, 2016	March 29, 2016

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

Unaudited Interim Consolidated Statements of Financial Position
(Canadian dollars)

As at	**January 31, 2016**	**July 31, 2015**
	$	$
Assets		
Current assets		
Cash	**1,174**	3,823
Amounts receivable and prepaid expenses *(note 8)*	**18,786**	4,935
Funds held in trust *(notes 12 and 14)*	**375,000**	-
Total current assets	**394,960**	8,758
Total assets	**394,960**	8,758
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 9)*	**461,640**	307,805
Due to related parties *(note 10)*	**19,539**	-
Promissory note *(notes 10 & 11)*	**25,935**	-
Total current liabilities	**507,114**	307,805
Total liabilities	**507,114**	307,805
Shareholders' deficit		
Share capital *(note 12)*	**7,190,437**	7,094,437
Subscription receipts *(notes 12 & 14)*	**375,000**	-
Reserve for share-based payments *(note 12)*	**165,642**	165,642
Reserve for warrants *(note 12)*	**432,981**	432,981
Accumulated deficit	**(8,276,214)**	(7,992,107)
Total shareholders' deficit	**(112,154)**	(299,047)
Total liabilities and shareholders' deficit	**394,960**	8,758

Going concern *(note 2)*
Subsequent events *(note 14)*

Approved on behalf of the Board on March 29, 2016:

"Laurence Curtis" — *"Nick Tintor"*

Laurence Curtis
Director

Nick Tintor
Director

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

Unaudited Interim Consolidated Statements of Loss and Comprehensive Net Loss
(Canadian dollars)

	3 months ended		6 months ended	
	January 31, 2016	January 31, 2015	**January 31, 2016**	January 31, 2015
	$	$	**$**	$
Operating expenses				
Consulting and professional fees	**112,391**	11,103	**114,216**	15,743
Exploration and evaluation expenditures *(note 7)*	**134,644**	67,684	**156,344**	95,974
General and administrative	**12,004**	18,134	**14,042**	36,071
Management fees *(note 10)*	**-**	33,000	**-**	66,000
Share-based payments *(note 12)*	**-**	1,437	**-**	38,424
Total operating expenses	**259,039**	131,358	**284,602**	252,212
Net loss before other items	**(259,039)**	(131,358)	**(284,602)**	(252,212)
Other items				
Interest accretion	**-**	(4,308)	**-**	(16,317)
Deferred income tax recoveries	**-**	25,019	**-**	28,021
Foreign exchange gain (loss)	**500**	(6,379)	**495**	(10,340)
Total other items	**500**	14,332	**495**	1,364
Loss and comprehensive loss	**(258,539)**	(117,026)	**(284,107)**	(250,848)
Basic and fully diluted net loss per share	**(0.01)**	(0.00)	**(0.01)**	(0.01)
Weighted average number of shares	**47,149,684**	47,149,684	**47,149,684**	45,899,684

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

Unaudited Interim Consolidated Statement of Changes in Equity
(Canadian dollars)

	Share Capital			Reserves		Equity		
	Number of Shares	Amount	Subscription receipts	Share-based payments	Warrants	component of convertible debentures	Deficit	Total
		$	$	$	$	$	$	$
Balance at July 31, 2014	44,649,684	6,557,104	-	134,207	432,981	108,082	(7,595,875)	(363,501)
Issued on conversion of debentures *(note 11)*	2,500,000	537,333	-	-	-	(108,082)	-	429,251
Share-based payments	-	-	-	38,324	-	-	-	38,324
Loss and comprehensive net loss	-	-	-	-	-	-	(250,848)	(250,848)
Balance at January 31, 2015	47,149,684	7,094,437	-	172,531	432,981	-	(7,846,723)	(146,774)
Share-based payments *(note 12)*	-	-	-	(6,889)	-	-	-	(6,889)
Loss and comprehensive net loss	-	-	-	-	-	-	(145,384)	(145,384)
Balance at July 31, 2015	47,149,684	7,094,437	-	165,642	432,981	-	(7,992,107)	(299,047)
Issued for cash ***(note 12)***	**9,600,000**	**96,000**	**-**	**-**	**-**	**-**	**-**	**96,000**
Subscription receipts issued ***(note 12)***	**-**	**-**	**375,000**	**-**	**-**	**-**	**-**	**375,000**
Loss and comprehensive net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(284,107)**	**(284,107)**
Balance at January 31, 2016	**56,749,684**	**7,190,437**	**375,000**	**165,642**	**432,981**	**-**	**(8,276,214)**	**(112,154)**

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TOACHI MINING INC.
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Unaudited Interim Consolidated Statements of Cash Flow
(Canadian dollars)

Six months ended	January 31, 2016	January 31, 2015
	$	$
Operations activities		
Loss	**(284,107)**	(250,848)
Non-cash items:		
Share-based payments	**-**	38,424
Interest accretion	**-**	16,317
Deferred income tax recoveries	**-**	(28,021)
Net change in non-cash working capital items:		
Amounts receivable and prepaid expenses	**(13,851)**	13,825
Trade payables and accrued liabilities	**153,835**	54,292
Cash used for operations	**(144,123)**	(156,009)
Financing activities		
Issuance of common shares (net of issuance costs)	**96,000**	-
Advanced from the issuance of Promissory Note *(note 11)*	**25,935**	-
Advanced from related parties *(note 10)*	**19,539**	-
Cash provided from financing activities	**141,474**	-
Increase (decrease) in cash	**(2,649)**	(156,010
Cash at beginning of year	**3,823**	230,285
Cash at end of period	**1,174**	74,276
Supplemental cash flow information:		
Interest paid	**-**	-
Income taxes paid	**-**	-

1. NATURE OF OPERATIONS

Toachi Mining Inc. (formerly Ferrum Americas Mining Inc. ("Ferrum")) is a minerals exploration company and the Financial Statements include the financial statements of the Company and its wholly-owned and integrated subsidiary, Empresa Minera Yacuses S.A. ("Yacuses"), incorporated in Bolivia on February 3, 2011.

The Company was incorporated under the *Canada Business Corporations Act* on October 14, 2010 under the name of 7674279 Canada Inc. On November 26, 2010, the Company changed its name to Ferrum International Mining Inc. and further changed its name on January 28, 2011, to Ferrum Americas Mining Inc. At a Special Meeting of Shareholders held on January 28, 2016, Ferrum received approval from its shareholders to change its name to Toachi Mining Inc. and to a 1-for-5 share consolidation and on March 14, 2016, announced the name-change, share consolidation and change of TSX Venture Exchange ("TSXV") ticker symbol to "TIM".

The Company's main and registered office is located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, Canada, M5H 1T1. The principal business activity of the Company is the development of its 60%-owned interest in the La Plata (see note 7) gold, copper, zinc and silver volcanogenic-massive-sulphide ("VMS") project in Ecuador.

2. GOING CONCERN

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. Accordingly, the Financial Statements do not give effect to adjustments, if any 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 in other than the normal course of business and at amounts that may differ from those shown in the Financial Statements.

The reader is also directed to review note 5 (b) - ***Financial instruments – Liquidity risk***.

At January 31, 2016, the Company had working capital deficit of $112,154 (July 31, 2015 – $299,047), a cash position of $1,174 (July 31, 2015 – $3,823) and an accumulated deficit of $8,276,214 (July 31, 2015 – $7,992,107). These conditions are material uncertainties which cast significant doubt about the Company's ability to continue as a going concern. In order to meet its work commitments and planned exploration expenditures for its project as well as further working capital requirements, it will be required to complete a financing (debt or equity) and management continues to work toward completing additional financings, as required (see notes 12 and 14 regarding a financings completed during the 6 months ended January 31, 2016 and subsequent to the date of these consolidated financial statements).

3. STATEMENT OF COMPLIANCE

The Financial Statements, including comparatives, have been prepared in accordance with IAS 34 *'Interim Financial Reporting'*. Interim financial statements would not normally include all the information required for audited annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company as at and for the years ended July 31, 2015 and 2014.

The Financial Statements were approved for issuance by the Board on March 29, 2016.

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS

At the date of authorization of the Financial Statements, the IASB and IFRS Interpretations Committee ("IFRIC") have issued the following revised Standards which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these Standards or amendments will have on the consolidated financial statements of the Company.

- Pronouncements effective for annual periods beginning on or after January 1, 2016

  IAS 1 *'Presentation of Financial Statements'* – Amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

  IFRS 9 *'Financial Instruments: Classification and Measurement'* – as issued in 2010, reflects the first phase of the IASB's work on the replacement of International Accounting Standard 39, Financial Instruments: Recognition and Measurement ("IAS 39") and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB is addressing impairment of financial assets. In November 2013, IFRS 9 was amended to include new requirements for hedge accounting. The effective date is for annual periods beginning or after January 1, 2018. Entities may still choose to apply IFRS 9 immediately, but are not required to do so.

5. FINANCIAL INSTRUMENTS

FAIR VALUE

The Company has classified its cash as FVTPL, which is measured at Level 1 in the fair-value hierarchy. Amounts receivable, excluding HST recoverable, are classified for accounting purposes as loans and receivables, which are measured at amortized cost, which approximates fair value due to their short-term nature. Trade payables and accrued liabilities, and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also approximates fair value.

As at January 31, 2016 and July 31, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

Cash is held with major Canadian bank and therefore the risk of loss is minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due *(note 2).* Management monitors its working capital and seeks financing as necessary *(notes 11, 12 & 14)*. As at January 31, 2016, the Company had a cash and cash equivalent balance of $1,174 (July 31, 2015 - $3,823) and working capital deficit of $112,154 (July 31, 2015 – $299,047). The Company's trade payables and accrued liabilities balance of 461,640, include $132,512, which are subject to normal trade terms and $329,128, which are due pursuant to the option agreements on the Cerro Rojo Project (see note 7). Negotiations are currently underway with Camilla, Rolando and Surumi (as those entities are defined in note 7) to return the Company's 50%-owned stake in the Cerro Rojo Project together with its wholly-owned subsidiary, Empresa Minera Yacuses S.A., in exchange for this outstanding amount.

The Company manages the liquidity risk through raising capital and/or selling its assets in whole or in part, as necessary.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of interest rate risk, currency risk and other price risk. The market risks to which the Company is exposed are as follows:

(i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash consists of cash held in bank accounts. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their cash flow or estimated fair values. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's financial assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk with respect to cash balances and transactions during the period as a portion of these amounts are denominated in US dollars and Bolivianos. The Company has not entered into any foreign currency contracts or hedges to mitigate this risk.

The Company's net exposure to foreign currency risk on its financial instruments is as follows:

	January 31, 2016	July 31, 2015
	$	$
US dollar cash	**30**	22
Boliviano trade and other payables	**(3,559)**	(3,559)
$US Option payments (note 7)	**(329,128)**	(288,678)
Net exposure	**(332,657)**	(292,214)

Based on the above, assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the US dollar and the Bolivian boliviano would result in a greater or lessening, as applicable, loss for the period (2015 – year) of approximately $33,000 (July 31, 2015 – $29,000) to the Company.

6. CAPITAL MANAGEMENT

The Company considers its capital to be its shareholders' deficit, which is comprised of share capital, subscription receipts, reserve for share-based payments, reserve for warrants and accumulated deficit, which as at January 31, 2016, totalled a deficit of $112,154 (July 31, 2015 – $299,047). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's projects are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise more funds to complete its La Plata project in Ecuador and to sell its Cerro Rojo project in Bolivia. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options and warrants, the sale of equity capital of the Company or the sale by the Company of an interest in its current or future properties, in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

Management reviews is capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable

There were no changes in the Company's approach to capital management during the six months ended January 31, 2016. The Company is not subject to externally imposed capital restrictions.

7. RESOURCE PROPERTY INTERESTS

(a) La Plata Project

The La Plata project is gold-rich, copper, silver zinc VMS deposit that was the subject of small-scale mining from both an open pit and underground workings from 1975 – 1981.

On October 28, 2015, the Company announced that it had signed a letter of intent (the "Letter of Intent") with Sultana Del Condor Minera S.A. ("Sultana") pursuant to which the Company will be granted the option (the "Option") to acquire a minimum 60% and a maximum 75% interest in the La Plata project located approximately 85 kilometres southwest of Quito, Ecuador. On February 11, 2016 (see note 14), the Company entered into an option agreement to secure the Option (the "Option Agreement").

The Option Agreement

The Option Agreement between the Company and the shareholders of Compania Minera La Plata S.A. ("CMLP"), grants the Company an option to acquire a minimum 60% interest and a maximum 75% interest in CMLP, the owner of the La Plata project.

Payment obligations pursuant to the Option Agreement, are as follows:

A. US$75,000 non-refundable payment (made on November 6, 2015), which granted the Company exclusivity rights over a period that terminated on February 10, 2016.
B. US$125,000 payment when the Company confirmed its continuation with the Option (payment made on February 18, 2016).
C. Cash payments totalling US$2.0 million (including amounts in A. and B., above) made to CMLP over a four-year period and incur project expenditures of US$4.0 million over the same period.

   Completion of the above-noted payments, earns the Company a 60% interest in the La Plata project (the "First Interest"). If the Company earns the First Interest, it has the right to finance the cost of a feasibility study over an additional two-year period and acquire an additional 5% interest. If the Company further arranges capital-expenditure financing of less than US$60 million to build a mine at the project, it will earn an additional 5% interest for a total of 70% interest and if capital-expenditure financing exceeds US$60 million, it will earn an additional 10% interest for a total of 75% interest in the project.

(b) Cerro Rojo Project

The Company is currently in negotiations to return its 50%-owned portion of the Cerro Rojo project together with its wholly-owned subsidiary, Empresa Minera Yacuses S.A., to the optionors in exchange for currently outstanding option payments (note 5 and below).

The Cerro Rojo project consists of 4 mining concessions and 53 claims (or squares) with each square having an area of 500 metres by 500 metres, or 25 hectares. The concessions consist of Damasias Fatima (14 squares), Cerro Chico (3 squares), Cerro Lejos (15 squares) and part of Fatima ("Fatima 21") (21 squares), all totalling 1,325 hectares (the "Mining Concessions").

(1) The Camila Agreement

Pursuant to an agreement dated December 6, 2010, between the Company and Camila Mines S.A. ("Camila"), (the "Camila Agreement"), further amended on May 2, 2013 (the "Amended Camila Agreement"), a joint venture under the name of Amanecer RC was established. Under the joint venture, Camila has agreed to contribute the Fatima 21 concessions to the joint venture. In addition to making 100% of the exploration expenditures, the Company has agreed to make the following payments to Camila in order to acquire a 98% interest in the joint venture:

A. Cash payments pursuant to the Camila Agreement:

(i) US$200,000 on December 17, 2010 (paid);
(ii) US$85,000 upon closing of the Transaction (paid);

B. Cash payments pursuant to the Amended Camila Agreement

(i) US$30,000 on or about June 30, 2013 (unpaid but accrued pursuant to discussions with optionor);
(ii) US$100,000 within 30 days of the commercial operations commencement date of the mine.
(iii) US $2,165,000 plus US$1,251,959 or a total of US$3,413,459 (the "Camila Royalty Value"), to be paid through royalties calculated at a rate of US$2.00 per ton for the first 100,000 tons and US$1.00 per ton for all the production over the first 100,000 tons of ore produced from the concessions, for each year of production, up to the amount of the Camila Royalty Value. Payments to be made on a quarterly basis with 30 days of the end of the quarter following the quarter due.

C. Share payments pursuant to the Camila Agreement:

US$1,000,000 in shares of the Company once such shares have been listed on the Toronto Stock Exchange ("TSX") with such shares being valued at the same price per share as the initial public offering price of the Company's shares (issued); and

D. Share payments pursuant to the Amended Camila Agreement:

US$1,500,000 payable in Ferrum shares by June 30, 2013, such shares issued with a deemed value of US$0.15 each, subject to limiting the number of shares issued such that Camila's cumulative shareholdings in the Company remain at less than 10% of the outstanding issued common shares of the Company (or other limit as imposed by the TSXV). In May 2013, the Company issued 1,666,667 shares to Camila in fulfillment of this requirement. The effect of the Amended Camila Agreement was to reduce the dilution of the share payment contemplated in the original Camila Agreement of US$1,500,000 to US$250,000, with the remaining cash amount of US$1,250,000 postponed to payment at the time of production by including it in the Camila Royalty Value.

(2) The Rolando Agreement

Pursuant to an agreement dated December 6, 2010, between the Company and Empresa Minera Rolando ("Rolando") and Empresa Minera Surumi S.R.L. ("Surumi") (the "Rolando Agreement"), further amended on May 2, 2013 (the "Amended Rolando Agreement"), a joint venture under the name of Cerro Rojo was established. Rolando and Surumi have agreed to contribute Damasias Fatima, Cerro Chico and Cerro Lejos concessions to the joint venture. In addition to making 100% of the exploration expenditures, the Company has agreed to make the following payments to Rolando and Surumi in order to acquire a 98% interest in the joint venture:

A. Cash payments pursuant to the Rolando Agreement:

(i) US$500,000 on December 17, 2010 (paid);
(ii) US$200,000 upon closing of the Transaction (paid);
(iii) US$50,000 due 6 months after (November 17, 2012) receipt of all necessary operating and drill permits required for the exploration of the concessions (paid).

B. Cash payments pursuant to the Amended Rolando Agreement:

(i) US$120,000 on or about June 30, 2013 (unpaid but accrued pursuant to discussions with optionor);
(ii) US$5,000 per month starting May 17, 2014 until the commencement of mining operations. As of May 17, 2014, the Company commenced accruing a monthly amount of US$5,000 payable to Rolando and Surumi;
(iii) US$400,000 within 30 days of the commercial operations commencement date of the mine.
(iv) US$7,005,000 to be paid through royalties (the "Rolando Royalty Value") calculated at a rate of US$2.00 per ton for the first 100,000 tons and US$1.00 per ton for all production over the first one hundred thousand tons of ore produced from the concessions, for each year of production, up to the amount of the Rolando Royalty Value. Payments to be made quarterly with 30 days of the end of the quarter following the quarter due

Rolando and Surumi are entitled to receive a bonus (the "Bonus") if the following conditions are met: i) a payment of US$0.02 for each ton of resources exceeding the first 150 million tons of resources from the Mining Concessions; ii) a payment of US$0.03 per ton on all resources exceeding the first 300 million tons of ore from the Mining Concessions; iii) the Bonus shall not exceed US$10 million and will be paid only once a positive feasibility has been issued and a successful agreement for financing the project has been obtained; and iv) the Bonus payment requires that the grade of the mineral shall be equal to or in excess of 50% iron.

Pursuant to both agreements, the terms of which are 40 years, the Company has earned a 50% interest in the joint ventures by completing the initial payments of US$200,000 and US$500,000 under the Camila and Rolando agreements, respectively. On May 24, 2012, the Company announced the receipt of the environmental permits for its Cerro Rojo iron ore project (with effective date of May 17, 2012).

(Canadian dollars)

(b) Title to properties

Although the Company has taken steps to verify the title to resource properties in which it has interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(c) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(d) Bolivia's "Law of Mother Earth"

This new law prioritizes the importance of nature to the Bolivian people and could have significant consequences to the country's mining industry. Although the Bolivian government has taken over assets of other operating mining and energy companies, there have been no actions taken against the company. The potential effects on the Company's exploration activities are uncertain at this time.

The Company's exploration and evaluation expenditures on resource property interests are comprised of the following:

	Three months ended		**Six months ended**		Cumulative to
	January 31, 2016	January 31, 2015	**January 31, 2016**	January 31, 2015	January 31, 2016
	$	$	**$**	$	$
Cerro Rojo Project					
Acquisition costs	**18,750**	46,741	**40,450**	63,926	2,902,359
Assays	**-**	-	**-**	-	22,503
Consulting	**-**	11,982	**-**	15,365	506,505

(Canadian dollars)

Drilling	**-**	-	**-**	-	507,840
General	**-**	8,390	**-**	14,691	1,602,490
Geologists	**-**	-	**-**	-	94,636
Geophysics	**-**	-	**-**	-	2,800
GIS	**-**	-	**-**	-	5,200
Permits and licensing	**-**	-	**-**	-	28,082
Travel	**-**	571	**-**	1,992	115,245
	18,750	67,684	**40,450**	95,974	5,817,660
La Plata Project					
Acquisition costs	**100,000**	-	**100,000**	-	100,000
Assays	**1,320**	-	**1,320**	-	1,320
Travel	**14,574**	-	**14,574**	-	14,574
	115,894	-	**115,894**	-	115,894
Total	**134,644**	67,684	**156,344**	95,974	5,933,554

8. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

The Company's amounts receivable consist of harmonized services tax ("HST") recoverable from the Canadian government taxation authorities and prepaid expenses relating to insurance coverage.

Below is an analysis of the Company's amounts receivable and prepaid expenses:

	As at,	
	January 31, 2016	July 31, 2015
	$	$
HST recoverable	**16,914**	254
Prepaid expenses	**1,872**	4,681
Total amounts receivable and prepaid expenses	**18,786**	4,935

The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables and prepaids.

The Company holds no collateral for any receivable amounts outstanding as at January 31, 2016 or July 31, 2015.

(Canadian dollars)

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities as well as amounts payable for operating and financing activities. The usual credit period for trade purchases is between 30 to 90 days. The balance also consists of accrued but unpaid option payments for which the Company is currently in negotiations with the optionor.

The following is an analysis of the trade payable and accrued liabilities:

As at	**January 31, 2016**	July 31, 2015
	$	$
Consulting and professional fees	**115,661**	13,500
General and administrative	**16,851**	5,627
Option payments (note 7)	**329,128**	288,678
Total trade payables and accrued liabilities	**461,640**	307,805

The following is an aged analysis of the trade payables and accrued liabilities:

As at	**January 31, 2016**	July 31, 2015
	$	$
1 – 30 days	**87,183**	41,179
31 – 60 days	**59,868**	6,250
61 – 90 days	**24,700**	12,128
Over 3 months	**289,890**	234,748
Total trade payables	**455,640**	294,305
Accrued liabilities	**6,000**	13,500
Total	**461,640**	307,805

10. RELATED-PARTY TRANSACTIONS AND BALANCES

The 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:

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(Canadian dollars)

	Three months ended		Six months ended	
	January 31, 2016	January 31, 2015	**January 31, 2016**	January 31, 2015
	$	$	**$**	$
Management fees charged by an entity controlled by the Company's CEO and CFO	**-**	33,000	**-**	66,000
Share-based compensation for the Company's Directors, CEO and CFO	**-**	1,437	**-**	38,424
Total for period	**-**	34,437	**-**	104,424

During the 3 months and 6 months ended January 31, 2016, a director and officer of the Company provided interest-free, demand loans totalling $15,078 (2015 - $nil) and $15,078 (2015 - $nil), respectively, for the on-going operations of the Company.

During the 3 months and 6 months ended January 31, 2016, the Company incurred $4,461 (2015 - $nil) and $4,461 (2015 - $nil), respectively, 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 and 6 months ended January 31, 2016, $13,935 (2015 - $nil) and $25,935 (2015 - $nil) respectively, the Company issued promissory notes (cumulatively, the "Promissory Note") to a director and officer of the Company (note 11).

11. PROMISSORY NOTE

The Promissory Note, plus accrued interest is due and payable on demand and bears interest, both before and after demand, at a rate of 6% per annum. Additionally, the first use of proceeds of any private placement that may be completed by Ferrum, will be applied toward repayment of the outstanding principal and accrued interest. See note 14 for additional promissory note issuance.

As at	**January 31, 2016**	July 31, 2015
	$	$
Due to a director of the Company	**25,935**	-

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12. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

(i) On November 6, 2015, the Company announced that it had closed a non-brokered private placement offering of 47.1 million subscription receipts (the "Subscription Receipts") of the Company (the "Offering"), for aggregate gross proceeds of $471,000, representing a price of $0.01 per Subscription Receipt. Gross receipts are held by the Company's escrow agent in trust, until conversion to Common Shares. Each Subscription Receipt issued by the Company will entitle the holder thereof to receive one common share of the Company. The Subscription Receipts are subject to a four-month plus one-day hold period expiring on March 7, 2016. The Subscription Receipts were comprised of two tranches, being $96,000 worth of "Tranche 1 Subscription Receipts" and $375,000 worth of "Tranche 2 Subscription Receipts". The Company currently had 47,149,684 common shares issued and outstanding and will have a total of 94,249,684 common shares issued and outstanding after all of the Subscription Receipts are exercised into common shares.

The Tranche 1 Subscription Receipts were subject to certain conditions (the "Tranche 1 Release Conditions") which were all met upon closing of the Offering on November 6, 2015. Immediately after closing of the Offering, the Tranche 1 Subscription Receipts were automatically exchanged into 9,600,000 common shares and proceeds of $96,000 was transferred to the Company.

The Tranche 2 Subscription Receipts will be exercised into common shares on the satisfaction of certain conditions. See note 14 on the conversion of the Tranche 2 Subscription Receipts and the release of $375,000 of proceeds to the Company.

(ii) On November 29, 2013, the Company completed a 3-year, non-brokered, unsecured, convertible debenture financing (the "Debenture Financing") that consisted of 2,500,000 debenture units (the "Convertible Debentures" or each a "Convertible Debentures") issued at $0.20 each, raising gross proceeds of $500,000. The Convertible Debentures were non-interest bearing, non-transferable and convertible at the discretion of the holder. On December 2, 2014, the Convertible Debentures were converted into 2,500,000 shares of the Company. On conversion, the carrying value of the Convertible Debentures was $404,240 and the equity component of the convertible debt plus the deferred tax liability totalled $133,093. Upon conversion, these amounts were transferred to common shares.

(c) Share-based payments

Toachi has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at January

(Canadian dollars)

31, 2016, the Company had 1,847,468 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Number	Weighted average exercise price
Balance at July 31, 2014	2,050,000	0.139
Granted	1,777,500	0.050
Balance at July 31, 2015 and January 31, 2016	**3,827,500**	**0.098**
Exercisable at January 31, 2016	**3,560,834**	**0.097**

The following table provides further information on the outstanding options as at January 31, 2016:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price	Weighted average years remaining	Fair Value
			$		$
27-Oct-19	1,777,500	**1,777,500** [1]	0.050	4.24	32,257
6-Jan-19	1,333,334	**1,600,000** [1]	0.050	3.44	25,385 [3]
4-Apr-17	250,000	**250,000** [2]	0.277	1.68	60,000
29-Mar-17	200,000	**200,000** [2]	0.277	1.66	48,000
	3,560,834	**3,827,500**	0.098	3.35	165,642

[1]The grant-date fair value of the options issued was $0.018 each.
[2]The grant-date fair value of the options issued was $0.24 each.
[3]Vested portion only.

	Options issued in fiscal 2015
Number of options issued	1,777,500
Weighted average information	
Stock price	$0.020
Exercise Price	$0.05
Risk-free interest rate	2.00%
Expected life (years)	5.0
Expected volatility	
(using industry comparables)	166.5%
Vesting	100%
Expected dividends	nil
Fair value	**$31,435**

(Canadian dollars)

(d) Warrants

The outstanding issued warrants balance at January 31, 2016, is comprised of the following items:

Date of Expiry	**Type**	**Number**	**Exercise Price**	**Fair Value**
			$	$
May 6, 2016	Warrant	1,766,667	0.20	123,667
November 29, 2016	Warrant	7,732,849	0.20	309,314
		9,499,516	**0.20**	**432,981**

13. SEGMENTED INFORMATION

Operating segments

At January 31, 2016, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Latin America (inactive) and an Ecuador (active). The Company's corporate division only earns revenues (interest income) that are considered incidental to the activities of the Company. As the operations comprise a single reporting segment, amounts disclosed in these consolidated financial statements also represent operating segment amounts.

Geographic segments

Management has organized the Company's reportable segments by geographic area. The Bolivian (inactive) and Ecuadorian (active) segments are responsible for mineral exploration activities while the Canadian segment manages corporate head office activities. Information concerning Toachi's reportable segments is as follows:

As at	**January 31, 2016**	July 31, 2015
	$	$
Assets		
Canada	**394,960**	8,758
Bolivia	**-**	-
Ecuador	**-**	-
Total assets	**394,960**	8,758

(Canadian dollars)

	Three months ended		Six months ended	
	January 31, 2016	January 31, 2015	**January 31, 2016**	January 31, 2015
	$	$	**$**	$
Loss and comprehensive net loss				
Canada	**(122,329)**	(49,342)	**(126,953)**	(154,874)
Bolivia	**(22,276)**	(67,684)	**(43,220)**	(95,974)
Ecuador	**(113,934)**	-	**(113,934)**	-
Total	**(258,539)**	(117,026)	**(284,107)**	(250,848)

Cash used for operations	**$**	$
Canada	**10,358**	(60,035)
Bolivia	**(40,547)**	(95,974)
Ecuador	**(113,934)**	-
	(144,123)	(156,009)

14. SUBSEQUENT EVENTS

(i) On February 11, 2016, the Company entered into the Option Agreement with the shareholders of CMLP. See note 7 for the details of payment requirements of the Company pursuant to the Option Agreement.

(ii) On February 18, 2016, the Company converted the Tranche 2 Subscription Receipts (note 12) into 37,500,000 common shares and contemporaneously received $375,000 from funds held in trust with the escrow agent.

(iii) On March 14, 2016, the Company changed its name to Toachi Mining Inc. and consolidated its common shares on a 1-for-5 basis. The Company also commenced trading under its new symbol “TIM” on opening of trading on the TSXV on March 14, 2016. Subsequent to the consolidation, the Company had 18,849,935 common shares outstanding.

(iv) In March, 2015, the Company made full repayment of the Promissory Note. At the lenders request, the Promissory Note was amended to reflect an interest rate of zero prior to its repayment in full.

(v) In March 2015, the amounts due to related parties was paid in full.