



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

**Unaudited Interim
Consolidated Financial Statements
As at and for the three and nine months ended
April 30, 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 nine months ended April 30, 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 "Consolidated Financial Statements") of the Company are the responsibility of the management and its Board of Directors (the "Board").

The Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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 Consolidated 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"

.....
Nick Tintor
Chief Executive Officer

Toronto, Ontario
June 24, 2016

"Stephen Gledhill"

.....
Stephen Gledhill
Chief Financial Officer

Toronto, Ontario
June 24, 2016

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

Unaudited Interim Consolidated Statements of Financial Position
(Canadian dollars)

<i>As at</i>	April 30, 2016	July 31, 2015
	\$	\$
Assets		
Current assets		
Cash	1,880	3,823
Amounts receivable and prepaid expenses (note 8)	21,739	4,935
Total current assets	23,619	8,758
Total assets	23,619	8,758
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 9)	508,108	307,805
Total current liabilities	508,108	307,805
Total liabilities	508,108	307,805
Shareholders' deficit		
Share capital (note 11)	7,565,437	7,094,437
Reserve for share-based payments (note 11)	165,642	165,642
Reserve for warrants (note 11)	432,981	432,981
Accumulated deficit	(8,648,549)	(7,992,107)
Total shareholders' deficit	(484,489)	(299,047)
Total liabilities and shareholders' deficit	23,619	8,758

Going concern (note 2)

Subsequent event (note 13)

Approved for issuance on behalf of the Board on June 24, 2016:

"Laurence Curtis"

Laurence Curtis
Director

"Nick Tintor"

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		9 months ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
	\$	\$	\$	\$
Operating expenses				
Consulting and professional fees	105,171	12,788	219,387	28,531
Exploration and evaluation expenditures (note 7)	261,279	15,535	417,623	111,509
General and administrative	9,854	21,621	23,896	57,692
Management fees (note 10)	9,000	22,000	9,000	88,000
Share-based payments (note 11)	-	1,389	-	39,813
Total operating expenses	385,304	73,333	284,602	325,545
Net loss before other items	(385,304)	(73,333)	(284,602)	(325,545)
Other items				
Interest accretion	-	4,308	-	(12,009)
Deferred income tax recoveries	-	(25,019)	-	3,002
Foreign exchange gain (loss)	12,969	(213)	13,464	(10,553)
Total other items	12,969	(20,924)	13,464	(19,560)
Loss and comprehensive loss	(372,335)	(94,257)	(656,442)	(345,105)
Basic and fully diluted net loss per share	(0.04)	(0.04)	(0.05)	(0.04)
Weighted average number of shares (note 12(b))	18,849,937	9,429,937	13,196,141	9,261,439

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

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

	Share Capital			Reserves			Equity component of convertible debentures	Deficit	Total
	Number of Shares	Amount	Subscription receipts	Share-based payments	Warrants				
		\$	\$	\$	\$	\$	\$	\$	
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	-	-	-	39,813	-	-	-	39,813	
Loss and comprehensive net loss	-	-	-	-	-	-	(345,105)	(345,105)	
Balance at April 30, 2015	47,149,684	7,094,437	-	174,020	432,981	-	(7,940,980)	(239,542)	
Share-based payments (note 11)	-	-	-	(8,378)	-	-	-	(8,378)	
Loss and comprehensive net loss	-	-	-	-	-	-	(51,127)	(51,127)	
Balance at July 31, 2015	47,149,684	7,094,437	-	165,642	432,981	-	(7,992,107)	(299,047)	
Issued for cash (note 11)	9,600,000	96,000	-	-	-	-	-	96,000	
Subscription receipts issued (note 11)	-	-	375,000	-	-	-	-	375,000	
Subscription receipts converted in shares (note 11)	37,500,000	375,000	(375,000)	-	-	-	-	-	
Share consolidation (note 11(b))	(75,399,749)	-	-	-	-	-	-	-	
Loss and comprehensive net loss	-	-	-	-	-	-	(656,442)	(656,442)	
Balance at April 30, 2016	18,849,935	7,565,437	-	165,642	432,981	-	(8,648,549)	(484,489)	

See notes to the unaudited interim consolidated financial statements

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

Unaudited Interim Consolidated Statements of Cash Flow
(Canadian dollars)

Nine months ended	April 30, 2016	April 30, 2015
	\$	\$
Operations activities		
Loss	(656,442)	(345,105)
Non-cash items:		
Share-based payments	-	39,813
Interest accretion	-	12,009
Deferred income tax recoveries	-	(3,002)
Net change in non-cash working capital items:		
Amounts receivable and prepaid expenses	(16,804)	17,934
Trade payables and accrued liabilities	200,303	64,172
Cash used for operations	(472,943)	(214,179)
Financing activities		
Issuance of common shares (net of issuance costs)	471,000	-
Advances of related-party loans (note 10)	19,539	-
Repayment of related-party loans (note 10)	(19,539)	-
Advances of related-party promissory note (note 10)	25,935	-
Repayment of related-party promissory note (note 10)	(25,935)	-
Cash provided from financing activities	141,474	-
Increase (decrease) in cash	(1,943)	(214,179)
Cash at beginning of year	3,823	230,285
Cash at end of period	1,880	16,106
Supplemental cash flow information:		
Interest paid	-	-
Income taxes paid	-	-

See notes to the unaudited interim consolidated financial statements.



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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

1. NATURE OF OPERATIONS

Toachi Mining Inc. (formerly Ferrum Americas Mining Inc. (“Ferrum”)) is a minerals exploration company and the Consolidated 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 the La Plata project’s (see note 7) gold, copper, zinc and silver volcanogenic-massive-sulphide (“VMS”) project in Ecuador.

2. GOING CONCERN

The Consolidated 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 Consolidated 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**.

As at April 30, 2016, the Company had working capital deficit of \$484,489 (July 31, 2015 – \$299,047), a cash position of \$1,880 (July 31, 2015 – \$3,823) and an accumulated deficit of \$8,648,549 (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 further financings (debt or equity) as required (see notes 12 (b) and 14 (i) regarding a completed financing during the 9 months ended April 30, 2016, and subsequent to the date of the Consolidated Financial Statements).

3. STATEMENT OF COMPLIANCE

The Consolidated 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.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

The Consolidated Financial Statements were approved for issuance by the Board on June 24, 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 on 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 April 30, 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.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

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 (see note 2). Management monitors its working capital and seeks financing as necessary (see notes 11, 12 & 14). As at April 30, 2016, the Company had a cash and cash equivalent balance of \$1,880 (July 31, 2015 - \$3,823) and working capital deficit of \$484,489 (July 31, 2015 - \$299,047). The Company's trade payables and accrued liabilities balance of \$508,108, include \$160,157 of trade payables, which are subject to normal trade terms and \$347,951, 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.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

(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:

	April 30, 2016	July 31, 2015
	\$	\$
US dollar cash	16	22
Boliviano trade and other payables	(3,559)	(3,559)
\$US Option payments (note 7)	(347,951)	(288,678)
Net exposure	(351,494)	(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 \$35,000 (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, reserve for share-based payments, reserve for warrants and accumulated deficit, which as at April 30, 2016, totalled a deficit of \$484,489 (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.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

Management reviews its 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 nine months ended April 30, 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 would 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, the Company completed the definitive agreements and entered into an option agreement with Compania Minera La Plata, S.A. ("CMLP"), a related company to Sultana, to secure the Option (the "Option Agreement").

The Option Agreement

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

- A. US\$75,000 non-refundable payment (paid 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 (paid 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 51%-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

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

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

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

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

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

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).

(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:

Remainder of page left blank intentionally.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

	Three months ended		Nine months ended		Cumulative to April 30, 2016
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015	
	\$	\$	\$	\$	\$
Cerro Rojo Project					
Acquisition costs	18,823	8,777	59,274	72,703	2,921,183
Assays	-	-	-	-	22,503
Consulting	-	2,593	-	17,958	506,505
Drilling	-	-	-	-	507,840
General	-	3,132	-	17,823	1,602,490
Geologists	-	-	-	-	94,636
Geophysics	-	-	-	-	2,800
GIS	-	-	-	-	5,200
Permits and licensing	-	-	-	-	28,082
Travel	-	1,033	-	3,025	115,245
	18,823	15,535	59,274	111,509	5,806,484
La Plata Project					
Acquisition costs	226,256	-	326,256	-	326,256
Assays	-	-	1,320	-	1,320
Consulting	16,200	-	16,200	-	16,200
Travel	-	-	14,574	-	14,574
	242,456	-	358,349	-	358,349
Total	261,279	15,535	417,623	111,509	6,164,833

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:

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

	As at,	
	April 30, 2016	July 31, 2015
	\$	\$
HST recoverable	21,271	254
Prepaid expenses	468	4,681
Total amounts receivable and prepaid expenses	21,739	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 April 30, 2016 or July 31, 2015.

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	April 30, 2016	July 31, 2015
	\$	\$
Consulting and professional fees	150,235	13,500
General and administrative	9,922	2,069
Option payments (note 7)	347,951	292,236
Total trade payables and accrued liabilities	508,108	307,805

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

As at	April 30, 2016	July 31, 2015
	\$	\$
1 – 30 days	55,779	41,179
31 – 60 days	46,673	6,250

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

61 – 90 days	46,606	12,128
Over 3 months	345,898	234,748
Total trade payables	494,956	294,305
Accrued liabilities	13,152	13,500
Total	508,108	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:

	Three months ended		Nine months ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
	\$	\$	\$	\$
Management fees charged by an entity controlled by the Company's CEO and CFO	9,000	22,000	9,000	88,000
Share-based compensation for the Company's Directors, CEO and CFO	-	1,389	-	39,813
Total for period	9,000	23,389	9,000	127,813

During 9 months ended April 30, 2016, the Company issued promissory notes (cumulatively, the "Promissory Notes") for \$25,935 (2015 - \$nil), to a director and officer of the Company. As at April 30, 2016, the Promissory Notes have been repaid in full.

During the 3 months and 9 months ended April 30, 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. These loans have been repaid in full as at April 30, 2016.

During the 3 months and 9 months ended April 30, 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. These amounts due have been repaid in full as at April 30, 2016.

Remainder of page left blank intentionally.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

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". Once all subscription receipts have been converted and common shares issued, the Company would have a total of 94,249,684 common shares issued and outstanding.

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.

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

On March 14, 2016, the Company consolidated its common shares on a 1-for-5 basis. Subsequent to the consolidation, the Company had 18,849,935 common shares outstanding. For disclosure purposes, the comparative period weighted-average outstanding common shares has been adjusted to reflect the share consolidation.

(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 April 30, 2016, the Company had 1,392,994 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Number	Weighted average exercise price ¹
Balance at July 31, 2014	2,050,000	0.139
Granted	1,777,500	0.050

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

Balance at July 31, 2015	3,827,500	0.098
1-for-5 consolidation (note 12(b))	(3,062,000)	(0.098)
Forfeit	(273,500)	(0.700)
Balance at April 30, 2016	492,000	0.372
Exercisable at April 30, 2016	492,000	0.372

¹ Weighted average exercise price at April 30, 2016, reflects the 1-for-5 consolidation.

The following table provides further information on the outstanding options as at April 30, 2016:

Expiry Date	Number exercisable ⁴	Number outstanding ⁴	Weighted average exercise price ⁴	Weighted average years remaining	Fair Value
			\$		\$
27-Oct-19	252,000	252,000 ¹	0.250	3.49	32,257
6-Jan-19	240,000	240,000 ¹	0.500	2.69	25,385 ³
	492,000	492,000	0.372	3.10	165,642

¹The grant-date fair value of the options issued was \$0.018 each (pre consolidation).

²The grant-date fair value of the options issued was \$0.24 each (pre-consolidation).

³Vested portion only.

⁴Amounts reflect the 1-for-5 consolidation.

(d) Warrants

The outstanding issued warrants balance at April 30, 2016, is comprised of the following items:

Date of Expiry	Type	Number ¹	Exercise Price ¹	Fair Value
			\$	\$
May 6, 2016	Warrant	353,333	1.00	123,667
November 29, 2016	Warrant	1,546,569	1.00	309,314
		1,899,902	1.00	432,981

¹ Reflects the 1-for-5 consolidation.

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

12. SEGMENTED INFORMATION

Operating segments

At April 30, 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	April 30, 2016	July 31, 2015
	\$	\$
Assets		
Canada	23,619	8,758
Bolivia	-	-
Ecuador	-	-
Total assets	23,619	8,758

	Three months ended		Nine months ended	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
	\$	\$	\$	\$
Loss and comprehensive net loss				
Canada	(55,478)	(78,701)	(182,431)	(233,576)
Bolivia	(18,824)	(15,556)	(60,084)	(204,047)
Ecuador	(298,033)	-	(413,927)	-
Total	(372,335)	(94,257)	(656,442)	(437,362)

Cash used for operations	\$	\$
Canada	(59,966)	(181,943)
Bolivia	-	(32,236)

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

Notes to the Unaudited Interim Consolidated Financial Statements
As at and for the 3 and 9 months ended April 30, 2016 and 2015
(Canadian dollars)

Ecuador	(412,977)	-
	(472,943)	(214,179)

13. SUBSEQUENT EVENT

On June 15, 2016: the Company closed a brokered private placement financing with Beacon Securities Limited, as the lead agent and sole bookrunner, together with a syndicate of agents including Primary Capital Inc. and Dundee Securities Ltd. (collectively, the "Agents") on behalf of the Company (the "Brokered Financing"). Pursuant to the Brokered Financing, the Company issued an aggregate of 17,150,000 Units (the "Units") at an issue price of \$0.20 per Unit for aggregate gross proceeds of \$3,430,000, including the partial exercise of the Agents' option to increase the offering in the amount of \$130,000. Each Unit is comprised of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant is exercisable into one common share at a price per common share of \$0.30 until June 15, 2018.

Additionally, concurrent with closing of the Brokered Financing, the Company closed a non-brokered private placement (the "Non-Brokered Financing" and together with the Brokered Financing, the "Financings") of Units whereby the Company issued an aggregate of 2,350,000 Units at an issue price of \$0.20 for aggregate gross proceeds of \$470,000. Pursuant to the Financings, the Company issued an aggregate of 19,500,000 Units for aggregate gross proceeds of \$3,900,000.

On closing of the Financings, the Company paid to the Agents a cash fee equal to 7% of the gross proceeds raised through the Brokered Financing and issued to the Agents compensation options (the "Agent's Options") equal to 7% of the Units issued pursuant Brokered Financing. Each Agent's Option is exercisable into one Common Share at a price of \$0.20 per common share until June 15, 2018. The Company also paid to the Agents a corporate finance fee of \$31,500 and 157,500 Agent's Options.

All securities issued in connection with the Financings are subject to a four month hold period plus one day in accordance with applicable Canadian securities laws, commencing on the closing date of the Financings. The net proceeds from the Offering are intended to be used to advance the Company's La Plata gold-copper-silver-zinc volcanogenic massive sulphide property in Ecuador and for working capital and general corporate purposes.