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

Annual Management's Discussion and Analysis

of the Financial Condition and Results of Operations

For the year ended July 31, 2016

November 16, 2016

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This annual management discussion and analysis ("MD&A") has been prepared based on information available to Toachi Mining Inc. (formerly Ferrum Americas Mining Inc.) ("Toachi" or the "Company") as at November 16, 2016. The MD&A of the operating results and financial condition of the Company for the year ended July 31, 2016, should be read in conjunction with the Company's audited annual consolidated financial statements and the related notes as at and for the years ended July 31, 2016 and 2015 (the "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this MD&A has also been prepared by management and is consistent with the data contained in the Consolidated Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.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 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 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. The reader is directed to disclosure of the inherent limitations of ICFR for small to mid-size companies under the ***Risks and uncertainties*** section of this MD&A with regards to **segregation of duties**.

CAUTIONARY NOTE

This document contains or refers 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. See the section entitled ***Risks and uncertainties***.

Corporate

Toachi Mining Inc. (formerly Ferrum Americas Mining Inc. ("Ferrum")) is a minerals exploration company with focus on its high-grade gold-copper-silver-zinc volcanogenic massive sulphide ("VMS") project, La Plata in Ecuador. 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 continues to finalize negotiations with the optionor of its Cerro Rojo project that would return Toachi's 51% ownership to the optionor in exchange for the amounts outstanding by the Company to the optionor totalling $367,513 and the Company's 100% interest in Yacuses (the "Disposition").

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 (the "Consolidation"). On March 14, 2016, the Company announced the name-change, 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 of the Consolidated Financial Statements) gold, copper, zinc and silver volcanogenic-massive-sulphide ("VMS") project in Ecuador.

On April 7, 2016, Toachi announced that Mr. Jonathan Goodman had joined the Board of Directors and had been appointed Chairman of the Company. On August 24, 2016, the Company announced further independent directors Peter Nixon and Carolina Vargas, had been appointed to its Board of Directors.

On September 9, 2016, the Company issued 800,000 stock options to participants of its stock option plan. The options vest immediately, have an exercise price of $0.40 and expire on September 9, 2021.
The Consolidated Financial Statements were approved for issuance by the Company's Board of Directors (the "Board") on November 16, 2016.

Financings

Between November 2015 and February 2016, the Company completed a non-brokered private placement of 47.1 million common shares, raising gross proceeds of $471,000.

On June 15, 2016, the Company completed a brokered private placement (the "Brokered Financing"), issuing 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. 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. Each Unit issued is comprised of one common share of the Company and one-half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share at a price per common share of $0.30, until June 15, 2018.

On October 12, 2016, 2,625,000 warrants with an exercise price of $0.30 each and an expiry date of June 15, 2018, were exercised, raising gross proceeds of $787,500.

On November 2, 2016, the Company announced it had entered into a $4 million "bought-deal" offering (the "Bought-deal Offering") with a syndicate of underwriters (the "Underwriters") to issue 10,000,000 common shares at a price of $0.40 per common share. The Company also granted the Underwriters an option to sell up to an additional 1,500,000 common shares for additional proceeds of up to $600,000.

On November 3, 2016, the Company announced an increase to the Bought-deal Offering, bringing the total to $5.3 million. In addition the Underwriters option was increased to 1,750,000 common shares for up to an additional $700,000.

Going concern

The Consolidated Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the 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 Consolidated Financial Statements.

The reader is also directed to review the following sections of this MD&A***:*** ***Liquidity and capital resources*** and ***Financial instruments – Fair value - liquidity risk***.

The Company currently doesn't generate revenue and in order to meet its work commitments and planned exploration expenditures for its projects as well as further working capital requirements over the next 12 months, it will be required to complete additional financings (debt and/or equity). These conditions are material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Management continues to work toward completing additional financings, as required.

Projects update

La Plata project

La Plata is a gold-rich volcanogenic massive sulphide ("VMS") deposit which was the subject of small-scale mining from both an open pit and underground workings from 1975-1981. From 1996 to 2000, Cambior Inc., a Canadian mining company, completed 8,628 metres of drilling and a preliminary resource estimate totaling 840,000 tonnes grading 4.8 grams gold per tonne, 4.1% copper, 54.4 grams silver per tonne and 0.7% lead and 4.2% zinc per tonne in 1999, according to a report completed by AMEC Foster Wheeler, a mining consulting firm, in March 2015.

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

The resource estimates described above are historical estimates as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects S.2.4* ("NI 43-101"). Toachi has not completed the work required to independently analyze and verify the results of the previous operators nor has a qualified person completed sufficient work to classify the estimates as current mineral resources or mineral reserves. With respect to the Cambior estimate, the Company is also not aware of what categories were used in the estimate. As a result, Toachi is not treating these estimates as current mineral resources or mineral reserves.

The Company believes these historic results provide an indication of the potential of the property and are relevant from an on-going exploration perspective.

On February 11, 2016, Toachi entered into an option agreement (see Option Agreement, below) with a private Ecuadorean company to earn between a 60% to 75% interest in the La Plata, located 85 km south of Quito, Ecuador.

On March 17, 2016, the Company filed a National Instrument 43-101 ("NI 43-101") report on SEDAR. The NI 43-101 report, titled "La Plata VMS Project, Cotopaxi Province, Ecuador", provides a comprehensive project description and summary of historic resource estimates completed by pervious project operators. A copy of the NI 43-101 report can be found under Toachi's profile on www.SEDAR.com.

On August 15, 2016, the Company announced it has commenced a first-phase 4,000 metre drill program and review of historic exploration data, the details of which are contained in the Company's press release dated August 15, 2016.

Results from the first two holes from the above-noted drill program yielded intersections of 6.7m grading 6.42 g/t gold, 40.1 g/t silver, 2.08% copper; 8.96% zinc and 1.54% lead in hole CMLP-16-01 and 2.01 m grading 3.35 g/t gold, 17.3 g/t silver, 6.96% copper, 5.23% zinc and 0.27% lead in hole CMLP-16-02. Full details of the results of the first two drill holes is disclosed in the Company's press release dated September 19, 2016. Phil Fox, MAIG, a Qualified Person as defined by NI 43-101, has reviewed and approved the contents of the press release.

Option Agreement

On February 10, 2016, the Company was granted the option (the "Option") to acquire a minimum 60% and a maximum 75% interest in Compania Minera La Plata, S.A. ("CMLP"), a related company to Sultana, to secure the Option (the "Option Agreement"). CMLP is in the process of legalizing the transfer of 2 concessions, collectively referred to as the La Plata project located approximately 85 kilometres southwest of Quito, Ecuador. The concessions cover approximately 2,235 hectares. On February 10, 2016, the Company completed the definitive agreements and entered into an 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 made to the optionor over a four-year period, as follows:
   i) US$75,000 upon execution of the letter of intent (paid, November 6, 2015);
   ii) a further US$125,000 on or before the February 10, 2016 (paid);
   iii) a further US$200,00 on or before November 6, 2016;

iv) a further US$250,000 on or before November 6, 2017;
v) a further US$250,000 on or before November 6, 2018; and
vi) a further US$1,000,000 on or before November 6, 2019.

D. US$4.0 million of project expenditures made to the optionor over the same four-year period.

Completion of the above-noted payments, earns the Company a 60% ownership interest in CMLP (the "First Interest"). Within 90 days of earning the First Interest, the Company has the right to give notice it will finance the cost of a feasibility study over an additional two-year period and acquire an additional 5% interest. If the Company earns the First Interest and they further arrange 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.

During the Option Period, Toachi (the optionee) shall act as the operator (the "Operator") of the La Plata project. The Operator earns a fee equal to 5% of all exploration expenditures (as such is defined in the Option Agreement), which exclude payments made to the optionor (the "Operator's Fee"). For the year ended July 31, 2016, there have been no exploration expenditures made that qualify for the Operator's Fee.

Cerro Rojo Project

During the last year, the Company, in an effort to preserve capital and lower costs, put its Cerro Rojo iron-ore project in Bolivia on care and maintenance. This initiative included closing Ferrum's office in Santa Cruz, laying off support staff and reducing overall costs. As noted above, the Company continues to finalize the Disposition.

The Company has come to initial terms of settlement of the obligations related to this project (such amount equal to $367,513, as at July 31, 2016). The Optionor has acknowledged that the Company has no further obligations and the Company is working on the terms to facilitate the return of any interests to the Optionor. As a result, the Company will be recording the effect in the first quarter of 2017 as a reduction in accounts payable and a gain on the extinguishment of debt.

Private Placements

On November 6, 2015, the Company 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. Each Subscription Receipt issued by the Company entitled the holder thereof to receive one common share of the Company. 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". On November 6, 2015, the Tranche 1 Subscription Receipts were automatically exchanged into 9,600,000 pre-Consolidation common shares and the Company received proceeds of $96,000.

On February 18, 2016, the Company converted the Tranche 2 Subscription Receipts into 37,500,000 common shares and contemporaneously received proceeds of $375,000.

On March 29, 2016, the Company closed on a financing (the "March Financing") totaling $471,000. Approximately $360,000 of the proceeds from the Financing were used to secure the Option and for other project-related costs. The remainder of approximately $111,000, was used to bolster the Company's working capital position and to repay loans and promissory notes advanced to the Company prior to the closing of the March Financing.

On June 15, 2016, the Company completed a brokered private placement (the "Brokered Financing"), issuing an aggregate of 17,150,000 post-Consolidated (as such is defined below) units (the "Units") at an issue price of $0.20 per Unit for aggregate gross proceeds of $3,430,000.

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.

Each Unit issued is comprised of one common share of the Company and one-half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share at a price per common share of $0.30, until June 15, 2018.

On closing of the Financings, the Company paid cash brokers fees equal to 7% of the gross proceeds raised through the Brokered Financing ($240,100) and issued to the broker compensation options (the "Broker's Options") equal to 7% of the Units issued pursuant Brokered Financing. Each Broker'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 brokers a corporate finance fee of $31,500, reimbursement of transaction costs of $41,878 and issued 157,500 Broker's Warrants valued at $42,524. In addition, further financing costs totalling $241,832, were incurred. The total financing costs of $597,834, have been allocated between share capital ($362,345) and reserve for warrants ($235,489) based on the relative fair value of the issued warrants, as calculated using the Black-Scholes option pricing model with the following variables: Risk-free interest rate of 0.48%, expected volatility of 219.94%, expected life of 2 years, expected dividends of $nil and share price of $0.30

Name Change and Share Consolidation

On March 14, 2016, the Company changed its name from Ferrum Americas Mining Inc. to Toachi Mining Inc. and on March 29, 2016, started trading on the TSX Venture Exchange under its new symbol, "TIM".

Contemporaneously, the Company completed a 1-for-5 share consolidation (the "Consolidation"). After the Consolidation, Toachi had 18,849,935 issued and outstanding common shares. The Consolidation also had the effect of adjusting the Company's outstanding options and warrants together with the associated exercise prices.

The tables below reflect the changes to the options and warrants outstanding together with the amended exercise prices:

Options

Expiry Date	Amended Number exercisable	Amended Number outstanding	Amended Weighted average exercise price	Weighted average years remaining
			$	
27-Oct-19	252,000	252,000	0.250	3.24
6-Jan-19	240,000	240,000	0.500	2.44

28-Jun-21	950,000	950,000	0.380	4.91
	1,442,000	1,442,000	0.377	4.21

Warrants

Date of Expiry	Type	Amended Number	Amended Exercise Price
			$
November 29, 2016	Warrant	1,546,570	1.000
June 15, 2018	Warrant	9,750,000	0.300
June 15, 2018	Agent's Warrants	157,500	0.200
		11,454,070	

Significant accounting policies

(a) Basis of measurement

The Consolidated Financial Statements have been prepared on the historic cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies. Under IFRS, fair value is, "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

(b) Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and its wholly- owned subsidiary, Yacuses. Subsidiaries are all entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with subsidiaries are eliminated. The financial statements of the subsidiaries are prepared using consistent accounting policies and the reporting date of the Company.

(c) Exploration and evaluation expenditures

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into Property, Plant and Equipment.

On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

(d) Share-based payments

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be reliably measured, the transactions are measured at fair value of the share-based payment.

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity using the Black-Scholes option pricing model, at the date on which they are granted. The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payment reserve.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The fair value of options and/or warrants that are unexercised upon expiry is removed from the appropriate reserve account and transferred to retained earnings/accumulated deficit.

The dilutive effect of outstanding options, warrants and conversion features is reflected as additional dilution in the computation of earnings per share.

In situations where the Company issued units, the value of warrants is included as a separate reserve of the Company's equity.

(e) Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(f) Significant accounting judgments and estimates

The preparation of the consolidated financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates, when applicable, relate to valuation of deferred income tax amounts and the calculation of share-based payments and warrants. The most significant judgements, relate to functional currency and recognition of deferred tax assets and liabilities. The Company also applies judgement in assessing its ability to continue as a going concern for at least twelve months.

(g) Adoption of new and revised standards and interpretations

IFRS 9 *Financial Instruments*

Issued by IASB July 2014; effective for the Company's annual period beginning July 1, 2018.

IFRS 9 will replace IAS 39 Financial *Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- **Classification and measurement of financial assets.** Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- **Classification and measurement of financial liabilities.** When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- **Impairment of financial assets.** An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- **Hedge accounting:** Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively

only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The Company is currently assessing the implications IFRS 9 will have on the Financial Statements.

IFRS 15 *Revenue from Contracts with Customers*

Issued by IASB May 2014; effective for the Company's annual period beginning August 1, 2018.

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:
1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and,
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Company is currently assessing the implications IFRS 15 will have on the Financial Statements.

Annual Improvements 2012-2014 Cycle

Issued by IASB September 2014; effective for the Company's annual period beginning August 1, 2016.

The following standards have been revised to incorporate amendments issued by the IASB:
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – Clarifies the application of guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meets the criteria for held for distribution.
- IFRS 7 *Financial Instruments: Disclosures* – Clarifies guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities to interim financial statements.
- IAS 19 *Employee Benefits* – Clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds.
- IAS 34 *Interim Financial Reporting* – Clarifies the meaning of disclosure of information "elsewhere in the interim financial report".

The Company does not expect these amendments will have a significant impact on the Financial Statements.

IFRS 16 Leases

Issued by IASB January 2016; effective for the Company's annual period beginning August 1, 2019.

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers.*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.
- The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Company is currently assessing the implications IFRS 16 will have on the Financial Statements.

Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

Issued by IASB January 2016; effective for the Company's annual period beginning August 1, 2017.

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Company is currently assessing the implications Amendments to IAS 7 will have on the Financial Statements.

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 receivable 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.

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. The Company has no accounts receivable.

Cash is held with a 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 of the Consolidated Financial Statements). Management monitors its working capital and seeks financing as necessary. As at July 31, 2016, the Company had a cash balance of $3,088,620 (2015 - $3,823) and working capital of $2,699,786 (2015 – working capital deficit of $299,047). The Company's trade payables and accrued liabilities balance of $451,814, include $84,301 of trade payables, which are subject to normal trade terms and $367,513, which are due pursuant to the option agreements on the Cerro Rojo Project (see note 7 of the Consolidated Financial Statements). Negotiations are currently underway with Camilla, Rolando and Surumi (as those entities are defined in note 7) to return the Company's 51%-owned stake in the Cerro Rojo Project together with its wholly-owned subsidiary, Empresa Minera Yacuses S.A., in exchange for this outstanding amount (see notes 7 and 15 of the Consolidated Financial Statements).

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 primarily consists of interest rate risk and currency 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. Cash equivalents include investment grade deposits with Canadian banks. 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 year as a portion of these amounts are denominated in US dollars and Bolivianos. The Company has not entered into any foreign currency contracts to mitigate this risk.

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

	July 31, 2016	July 31, 2015
	$	$
US dollar cash	**392,336**	22
Boliviano trade and other payables	**(3,559)**	(3,559)
Option payments	**(367,513)**	(288,678)
Net exposure	**21,264**	(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 of approximately $2,126 (2015 - $29,221) to the Company.

Results of operations

The Company has not generated any operating revenue and therefore losses have been incurred throughout the year ended July 31, 2016, as well as the comparative year.

During the year ended July 31, 2016, the Company incurred loss and comprehensive net loss and comprehensive net loss of $1,169,996 (2015 - $396,232). The increased loss over the comparative period reflects increased exploration activity and corresponding operating expenses resulting from the Option.

Year ended July 31, 2016 versus July 31, 2015

Consulting and professional fees of $172,445 (2015 – $29,657)

Audit fees increased by $5,463, legal by $108,152 and regulatory by $29,172. The increased fees are a direct result of the Option and the required work plan for the La Plata project.

Exploration and evaluation expenditures of $496,147 (2015 - $119,066)

Details on the type of exploration expenditures are disclosed in the chart below.

Current period expenditures mainly reflect the acquisition costs of obtaining the Option for the La Plata project, approximately $417,000 of the total current-year expenditures.

All of the comparative expenditures were made on the Company's Cerro Rojo project. For the current year, the reduction of costs expended on Cerro Rojo reflect Company's reduced expenditures that reflect maintaining the properties in good standing.

General and administrative of $73,047 (2015 - $61,695)

Increases to transfer agent fees (the result of completion of the financings throughout the year) of $16,113, investor relations costs of $20,965 and board of director fees for independent directors of $6,000 was offset by lower travel expenses of $33,410, as the Company had implemented an austerity program reducing travel costs to its Cerro Rojo project.

Foreign exchange losses of $53,064 (2015 – gain of $5,782).

The increased foreign exchanges losses are the result of increased US dollar expenditures, mainly resulting from increased exploration expenditures made to its La Plata project.

Management fees of $81,000 (2015 – $88,000).

Current year management fees reflect the reinstatement of fees paid to RG Management Services Inc. ("RGMI") (see Transactions with Related Parties section of this MD&A) starting in March 2016, for $3,000 per month and increasing in May 2016, to $25,000 per month. The comparative period contained payments to RGMI for the period from August 2014 to March 2015 at a rate of $11,000 per month.

Share-based compensation of $353,139 (2015 - $31,435).

Expenses in this category reflect the vesting of options issued during the final fiscal quarter of the current year (950,000 options).

Interest accretion $nil (2015 - $16,317)

Non-cash interest accretion resulted from the Company's convertible debenture, which was converted on December 2, 2014.

The Company's exploration and evaluation expenditures for its resource properties are detailed below:

	Year ended July 31, 2016	Year ended July 31, 2015	Cumulative to date
	$	$	$
La Plata project			
Acquisition costs	**326,256**	-	326,256
Assays	**1,320**	-	1,320
Consulting	**35,542**	-	35,542
Engineering	**25,649**	-	25,649
Travel	**28,545**	-	28,545
	417,312	-	417,312
Cerro Rojo project			
Acquisition costs	**78,835**	72,191	2,940,754
Assays	**-**	-	22,503
Consulting	**-**	-	506,505
Drilling	**-**	20,266	507,840
General	**-**	-	1,602,490
Geologists	**-**	5,497	94,636
Geophysics	**-**	-	2,800
GIS	**-**	-	5,200
Permits and licensing	**-**	-	28,082
Travel	**-**	21,112	115,245
	78,835	119,066	5,826,045
Total	**496,147**	119,066	6,243,357

Selected annual information

	As at and for the year ended July 31, 2015	**As at and for the year ended July 31, 2015**	**As at and for the year ended July 31, 2014**
	$	**$**	**$**
Total revenues	-	-	-
Net loss and comprehensive net loss	(1,169,996)	(396,232)	(536,582)
Net loss and comprehensive net loss per share[1]	(0.07)	(0.04)[2]	(0.05)[2]

Total assets		8,758	255,155
Total long-term debt	-	-	415,935
Dividends declared per common share	-	-	-

[1.] Basic and fully-diluted
[2.] Adjusted for the Consolidation

Summary of quarterly results

	Quarter ended July 31, 2016	Quarter ended April 30, 2016	Quarter ended January 31, 2016	Quarter ended October 31, 2015
	$	$	$	$
Total revenues	-	-	-	-
Loss	(513,554)	(372,335)	(262,847)	(25,568)
Basic and diluted net loss per share	(0.01)	(0.04)	(0.02)[1]	(0.00)[1]
Total assets	3,151,600	23,619	394,960	7,496
Long-term debt	-	-	-	-
Shareholders' deficit	(8,914,027)	(8,648,549)	(8,276,214)	(8,017,675)
Cash dividends declared per share	-	-	-	-

	Quarter ended July 31, 2015	Quarter ended April 30, 2015	Quarter ended January 31, 2015	Quarter ended October 31, 2014
	$	$	$	$
Total revenues	-	-	-	-
Loss	(46,819)	(94,257)	(117,026)	(133,822)
Basic and diluted net loss per share[1]	0.00	0.00	0.00	0.00
Total assets	8,758	23,043	85,321	181,192
Long-term debt	-	-	-	424,942
Shareholders' deficit	(299,047)	(243,850)	(171,693)	(460,336)
Cash dividends declared per share	-	-	-	-

[1] Adjusted for the Consolidation

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 parts of the projects may be restricted during certain times of the period due to climatic conditions.

Liquidity and capital resources

As at July 31, 2016 the Company had cash of $3,088,620 and a working capital deficit of $2,699,786, compared to cash of $3,823 and a working capital deficit of $299,047, at July 31, 2015. The increase of cash of $3,084,797 during the year ended July 31, 2016, is attributed to cash raised through financing activities of $3,820,202 less cash used for operations of 735,405.

In order to meet its mid to long-term work commitments and planned exploration expenditures for La Plata, as well as further working capital requirements, the Company will be required to complete further financings (debt and/or equity).

Transactions with related parties

The 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:

	Year ended	
	July 31, 2016	July 31, 2015
	$	$
Management fees charged by an entity controlled by the Company's CEO and CFO	**81,000**	88,000
Directors' fees	**6,000**	-
Share-based compensation for the Company's Directors, CEO and CFO.	**334,639**	31,435
Total for the year	**431,639**	119,435

As at July 31, 2016 and July 31, 2015, the accounts payable and accrued liabilities balance did not include any amounts due to related parties.

During the year, the Company's CEO provided loans to the Company in the amount of $69,884 (2015 - $nil) of which $65,372 (2015 - $nil) has been repaid.

Critical accounting estimates

The preparation of Consolidated Financial Statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates, when applicable, relate to asset retirement obligations; recoverability of amounts receivable, valuation of deferred income tax amounts, functional currency and the calculation of share-based payments and warrants. The most significant judgements, relate to functional currency and recognition of deferred tax assets and liabilities. The Company also applies judgement in assessing its ability to continue as a going concern for at least twelve months.

Risks and uncertainties

Operational

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and development of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

Exploration and development risk

Exploration and development of mineral deposits involves a high degree of risk which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing properties. Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: deposit size, grade, unusual or unexpected geological formations and metallurgy; proximity to infrastructure; metal prices which are highly cyclical; environmental factors; unforeseen technical difficulties; work interruptions; and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long term profitability of the Resulting Issuer's operations will be in part directly related to the cost and success of its exploration and mine development programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis. Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour.

Operations in which the Company will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Financing risk

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms

Segregation of duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its consolidated financial statements in order to ensure the consolidated financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Outstanding Share Data

As at November 16, 2016, the Company had 38,349,935 common shares outstanding, 2,242,000 options outstanding, 8,671,569 warrants outstanding and 1,358,000 broker compensation options outstanding.

General

The Company also discloses information related to its activities on SEDAR at www.sedar.com and on its website www.toachimiing.com.