TOACHI MINING INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JANUARY 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed consolidated interim financial statements of Toachi Mining Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Toachi Mining Inc.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

		As at January 31, 2019		As at July 31, 2018
Assets				
Current assets				
Cash and cash equivalents (note 5(c))	**$**	**922,144**	$	1,728,610
Amounts receivable and prepaid expenses (note 8)		**119,579**		194,606
Total current assets		**1,041,723**		1,923,216
Non-current assets				
Equipment		**18,652**		15,325
Investment in CMLP (note 7)		**1**		1
Total non-current assets		**18,653**		15,326
Total assets	**$**	**1,060,376**	$	1,938,542
Liabilities and Shareholders' Equity				
Current liabilities				
Trade payables and accrued liabilities (note 9)	**$**	**262,386**	$	367,579
Due to related parties (note 11)		**36,334**		60,878
Convertible debentures (note 10)		**2,394,483**		-
Total liabilities		**2,693,203**		428,457
Shareholders' equity (deficiency)				
Share capital (note 12)		**20,302,167**		20,302,167
Reserve for share-based payments (note 12)		**1,591,275**		1,632,438
Reserve for warrants (note 12)		**433,831**		617,524
Equity portion of convertible debentures (note 10)		**168,899**		-
Accumulated deficit		**(24,128,999)**		(21,042,044)
Total shareholders' equity (deficiency)		**(1,632,827)**		**1,510,085**
Total liabilities and shareholders' equity	**$**	**1,060,376**	$	1,938,542

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Going Concern (note 2)
Commitments and Contingencies (note 7)
Subsequent Event (note 14)

Toachi Mining Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Operating expenses				
Exploration and evaluation expenditures (note 7)	**$ 1,762,689**	$ 1,223,289	**$ 2,244,642**	$ 2,915,506
General and administrative (note 11)	**296,598**	82,207	**688,420**	307,563
Management fees (note 11)	**86,076**	274,250	**171,655**	349,250
Consulting and professional fees	**97,283**	97,033	**174,324**	125,316
Share-based compensation (notes 11 and 12)	**25,853**	77,550	**50,187**	716,550
Depreciation	**853**	30	**1,986**	30
Investor relations	**10,260**	125,965	**12,736**	145,143
Total operating expenses	**2,279,612**	1,880,324	**3,343,950**	4,559,358
Net loss before other items	**(2,279,612)**	(1,880,324)	**(3,343,950)**	(4,559,358)
Other items				
Foreign exchange (loss) gain	**(8,869)**	5,926	**(9,197)**	13,632
Interest accretion (note 10)	**(8,851)**	-	**(8,851)**	-
Total other items	**(17,720)**	5,926	**(18,048)**	13,632
Net loss and comprehensive loss for the period	**$ (2,297,332)**	$ (1,874,398)	**$ (3,361,998)**	$ (4,545,726)
Net loss and comprehensive loss per share - basic and diluted	**$ (0.04)**	$ (0.03)	**$ (0.04)**	$ (0.07)
Weighted average number of shares outstanding - basic and diluted	**64,968,682**	60,966,435	**81,166,435**	60,966,435

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Toachi Mining Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Operating activities		
Net loss and comprehensive for the period	**$ (3,361,998)**	$ (4,545,726)
Adjustments for:		
Share-based compensation (note 12)	**50,187**	716,550
Depreciation	**1,986**	30
Shares to be issued	**-**	46,000
Interest accretion	**8,851**	-
Changes in non-cash working capital items:		
Amounts receivable and prepaid expenses	**75,027**	(12,974)
Trade payables and accrued liabilities	**(105,193)**	(21,504)
Due to related parties	**(24,544)**	119,129
Net cash used in operating activities	**(3,355,684)**	(3,698,495)
Investing activities		
Equipment purchased	**(5,313)**	(4,880)
Net cash used in investing activities	**(5,313)**	(4,880)
Financing activities		
Issuance of convertible debentures, net of issuance costs	**2,554,531**	-
Net cash provided by financing activities	**2,554,531**	-
Net change in cash and cash equivalents	**(806,466)**	(3,703,375)
Cash and cash equivalents, beginning of period	**1,728,610**	4,859,334
Cash and cash equivalents, end of period	**$ 922,144**	$ 1,155,959

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Toachi Mining Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
Unaudited

	Share capital			Reserves				
	Number of shares	Amount	Shares to be issued	Share-based payments	Warrants	Equity portion of convertible debentures	Deficit	Total
Balance, July 31, 2017	**60,966,435**	**$ 17,857,103**	**$ -**	**$ 796,372**	**$ 1,144,534**	**$ -**	**$ (15,352,509)**	**$ 4,445,500**
Shares to be issued	-	-	46,000	-	-	-	-	46,000
Share-based compensation	-	-	-	716,550	-	-	-	716,550
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(4,545,726)	(4,545,726)
Balance, January 31, 2018	**60,966,435**	**$ 17,857,103**	**$ 46,000**	**$ 1,512,922**	**$ 1,144,534**	**$ -**	**$ (19,898,235)**	**$ 662,324**
Balance, July 31, 2018	**81,166,435**	**$ 20,302,167**	**$ -**	**$ 1,632,438**	**$ 617,524**	**$ -**	**$ (21,042,044)**	**$ 1,510,085**
Convertible debentures	-	-	-	-	-	168,899	-	168,899
Share-based compensation	-	-	-	50,187	-	-	-	50,187
Cancelled options	-	-	-	(67,350)	-	-	67,350	-
Expired options and warrants	-	-	-	(24,000)	(183,693)	-	207,693	-
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(3,361,998)	(3,361,998)
Balance, January 31, 2019	**81,166,435**	**$ 20,302,167**	**$ -**	**$ 1,591,275**	**$ 433,831**	**$ 168,899**	**$ (24,128,999)**	**$ (1,632,827)**

The accompanying notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

1. Nature of Operations

Toachi Mining Inc. (the “Company” or "Toachi") is a minerals exploration company that 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. (“Ferrum”). 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”. On February 20, 2018, the Company's common shares began trading on the OTCQB Venture Market in the United States under the symbol "TIMGF".

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

2. Going Concern

These unaudited condensed consolidated interim 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, these unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements.

The Company currently doesn’t generate revenue. However, management believes that there is sufficient working capital to support planned operations for the next 12 months. Management continues to work toward completing additional financings, as required.

3. Basis of Preparation

3.1 Statement of Compliance

The unaudited condensed consolidated interim 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, 2018 and 2017.

The unaudited condensed consolidated interim financial statements were approved for issuance by the Board of Directors ("Board") on March 22, 2019.

3.2 Basis of Measurement

The unaudited condensed consolidated interim financial statements have been prepared on the historic cost basis except for certain financial instruments, that are measured at fair value. Under International Financial Reporting Standards ("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”.

3. Basis of Preparation (Continued)

3.3 Basis of Consolidation

The unaudited condensed consolidated interim financial statements include the financial statements of the Company and its wholly-owned subsidiary, Toachiec Exploraciones Mineras S.A. 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.

3.4 New and revised IFRS adopted by the Company

IFRS 9 - Financial Instruments ("IFRS 9")

Effective August 1, 2018, the Company adopted IFRS 9. In July 2014, the International Accounting Standards Board (“IASB”) issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss ("FVTPL"). The new hedge accounting guidance had no impact on the Company's unaudited condensed consolidated interim financial statements.

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at August 1, 2018 as a result of adopting IFRS 9, along with comparison to IAS 39.

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Investment in CMLP	Available for sale	FVTPL
Trade payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Due to related parties	Other financial liabilities (amortized cost)	Amortized cost

4. New and Revised Standards and Interpretations

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods commencing on or after August 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

5. Financial Instruments

Fair value

The Company has classified its cash and cash equivalents as FVTPL, which is measured at Level 1 in the fair-value hierarchy. Trade payables and accrued liabilities, due to related parties, and convertible debentures 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. As at January 31, 2019, the Company has no significant credit risk.

Cash and cash equivalents is held with major Canadian and Ecuadorian banks 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 by raising funds through asset sales or completing debt and/or equity financings. Management monitors its working capital and seeks financing as necessary. As at January 31, 2019, the Company had a cash and cash equivalents balance of $922,144 (July 31, 2018 - $1,728,610) and working capital deficit of $1,651,480 (July 31, 2018 - working capital surplus of $1,494,759). The Company notes that $2,394,483 of the total current liabilities of $2,693,483 (89%) pertain to recently issued convertible debentures which mature 1 year from issuance (January 2020). Any convertible debentures which are converted into common equity prior to maturity are not repayable. The Company's trade payables and accrued liabilities balances totaling $262,386 (July 31, 2018 - $367,579), are subject to normal trade terms.

(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 and cash equivalents consists of cash held in bank accounts of $189,951 (July 31, 2018 - $1,728,610) and funds held in trust of $732,193 (July 31, 2018 - $nil).

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.

5. Financial Instruments (Continued)

(c) Market Risk (continued)

(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. 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:

	As at January 31, 2019	**As at July 31, 2018**
US dollar cash	**$ 327,244**	$ 308,243
US dollar accounts receivable	**12,930**	62,729
US dollar accounts payable	**(185,127)**	(184,134)
Net exposure	**$ 155,047**	$ 186,838

Based on the above, assuming all other variables remain constant, a 10% weakening or strengthening of the Canadian dollar against the US dollar would result in a greater or lessening, as applicable, loss for the period of approximately $15,500 (July 31, 2018 - $18,700) to the Company.

6. Capital Management

The Company considers its capital to be its shareholders' equity, which is comprised of share capital, reserve for share-based payments, reserve for warrants, equity portion of convertible debt and accumulated deficit, which as at January 31, 2019, totaled $1,632,827 of deficiency (July 31, 2018 - $1,510,085 of surplus). 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 evaluation 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. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options and warrants, the sale of equity capital of the Company or the sale by the Company of an interest in its current or future properties, in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

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

There were no changes in the Company's approach to capital management during the period ended January 31, 2019.

6. Capital Management (Continued)

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

As of January 31, 2019, the Company believes it is compliant with the policies of the TSXV.

7. Resource Property Interests

(a) La Plata Project

The La Plata project is past-producing VMS gold, copper, silver, lead and zinc mine. After its closure in the 1980's due to low metal prices, the project currently repreesnts an advanced stage explroation project. On October 28, 2015, the Company announced that it had signed a 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 Compania Minera La Plata, S.A. (“CMLP”). CMLP holds a 100% interest in the La Plata project comprised of 2 concessions located approximately 85 kilometres southwest of Quito, Ecuador. On February 10, 2016, the Company completed the definitive agreements and entered into an option agreement with CMLP, a related company to Sultana, to secure the Option (the “Option Agreement”). The Company has taken a de minimus equity stake in CMLP totaling $1.

The Option Agreement

Payment obligations pursuant to the Option Agreement are to be made over the following period (the “Option Period”):

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. In addition to A and B, above, further cash payments totaling US$1.8 million made to the optionor, as follows:

i) US$200,00 on or before November 6, 2016 (paid);
ii) US$250,000 on or before November 6, 2017 (paid);
iii) US$350,000 on or before November 6, 2018 (paid); and
iv) US$1,000,000 on or before November 6, 2019.

D. US$4.0 million of project expenditures over the same 4-year period (see below for adjustment to this amount).

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.

7. Resource Property Interests (Continued)

(a) La Plata Project (continued)

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”) (see below).

On April 25, 2017, the Company and CMLP amended the Option Agreement such that the project expenditures required to be incurred by the Company (7(a)(D) above) was reduced to US$3.8 million and the Operator’s Fee was eliminated.

As at January 31, 2019, total cumulative expenditures pursuant to the Option Agreement total approximately Cdn$10.8 million.

(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.

(Expressed in Canadian Dollars)

7. Resource Property Interests (Continued)

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

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018	Cumulative to date
La Plata Project					
Acquisition cost	**$ 458,080**	$ 320,513	**$ 458,080**	$ 320,513	$ 1,373,947
Administrative	**785,207**	116,464	**857,863**	265,744	2,064,136
Assays	**137,537**	-	**166,812**	6,218	291,033
Camp costs	**55,496**	84,679	**124,810**	229,434	925,311
Community costs	**260,944**	121,223	**406,580**	248,087	794,864
Consulting	**32,450**	20,828	**35,356**	94,991	299,186
Drilling	**(470)**	238,257	**(14)**	1,121,772	4,199,389
Engineering	**(6,122)**	-	**(6,122)**	9,328	29,669
Environmental	**-**	19,602	**-**	50,544	247,268
General	**22,577**	25,698	**50,537**	40,720	153,392
Geology and geophysics	**(3,628)**	253,603	**52,599**	494,085	1,504,239
Legal and governmental	**-**	22,422	**32,215**	29,609	532,807
Travel	**20,618**	-	**65,926**	4,461	161,104
	$ 1,762,689	$ 1,223,289	**$ 2,244,642**	$ 2,915,506	$ 12,576,345

8. Amounts Receivable and Prepaid Expenses

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

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

	As at January 31, 2019	As at July 31, 2018
Prepaid expenses	**$ 59,914**	$ 89,810
Sales taxes recoverable	**46,735**	42,067
La Plata trade receivables (note 7(a))	**12,930**	62,729
Total amounts receivable and prepaid expenses	**$ 119,579**	$ 194,606

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

The Company holds no collateral for any receivable amounts outstanding as at January 31, 2019 or July 31, 2018.

The La Plata trade receivables consist of amounts advanced to CMLP for future expenditures on the La Plata project.

(Expressed in Canadian Dollars)

9. Trade Payables and Accrued Liabilities

Trade payables and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities as well as amounts payable for operating and financing activities. The usual credit period for trade purchases is between 30 to 90 days.

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

	As at January 31, 2019	As at July 31, 2018
General and administrative	**$ 232,466**	$ 278,398
Consulting and professional fees	**29,920**	89,181
Total trade payables and accrued liabilities	**$ 262,386**	$ 367,579

10. Convertible Debentures

(i) On January 4, 2019, the Company completed a non-brokered convertible debenture financing raising gross proceeds of $1,150,000. The debenture bears interest at an annual rate of 10.85%, calculated daily and compounded monthly on the last day of each month, and matures on January 4, 2020. The debenture is convertible into 9,583,332 common shares of the Company at a conversion price of $0.12 per share at any time prior to maturity.

The convertible debenture contained a liability component and an equity component, which have been separately presented in the statements of financial position. The Company split the proceeds of the convertible debenture between the two components. Management calculated the fair value of the debt component as $1,073,958, using a discount rate of 18%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of $76,042 being the fair value of equity component. Accretion charges attributable to the debentures for the six months ended January 31, 2019 was $6,524 (six months ended January 31, 2018 - $nil). These amounts were added to the liability component on the statements of financial position and is included in accretion and interest on convertible debentures expense on the statements of loss and comprehensive loss.

(ii) On January 23, 2019, the Company completed a non-brokered convertible debenture financing raising gross proceeds of $1,500,000. The debenture bears interest at an annual rate of 10.85%, calculated daily and compounded monthly on the last day of each month, and matures on January 23, 2020. The debenture is convertible into 12,500,000 common shares of the Company at a conversion price of $0.12 per share at any time prior to maturity.

The convertible debenture contained a liability component and an equity component, which have been separately presented in the statements of financial position. The Company split the proceeds of the convertible debenture between the two components. Management calculated the fair value of the debt component as $1,400,830, using a discount rate of 18%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of $99,170 being the fair value of equity component. Accretion charges attributable to the debentures for the six months ended January 31, 2019 was $2,327 (six months ended January 31, 2018 - $nil). These amounts were added to the liability component on the statements of financial position and is included in accretion and interest on convertible debentures expense on the statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

11. Related Party Transactions and Balances

The unaudited condensed consolidated interim financial statements include the following balances and transactions with directors and/or officers of the Company and/or entities related to or controlled by them:

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Management fees charged by an entity controlled by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (i)	**$ 86,076**	$ 128,250	**$ 171,655**	$ 203,250
Severance payment to past president and CEO	**-**	100,000	**-**	100,000
Directors' fees	**15,000**	12,000	**30,000**	27,000
Share-based compensation for the Company's directors,CEO and CFO	**19,925**	77,550	**39,850**	413,550
Office rent	**3,600**	7,168	**7,200**	26,998
Shares issued to past president and CEO (note 12(b))	**-**	46,000	**-**	46,000
Total for period	**$ 124,601**	$ 370,968	**$ 248,705**	$ 816,798

(i) As at January 31, 2019, the balance of $36,334 (July 31, 2018 - $48,554) is due to entities controlled by the Company's CEO and CFO for management fees and reimbursable travel expenses and the balance of $nil (July 31, 2018 - $12,324) is due to directors of the Company for their directors' fees and reimbursable travel expenses. The associated expenses have been reflected in the table above while any balances due have been reflected in Trade Payables and Accrued Liabilities (note 9).

(Expressed in Canadian Dollars)

12. Share Capital

(a) Authorized share capital

Unlimited number of common shares without par value.

(b) Common shares issued and outstanding

(i) On November 24, 2017, the Company approved the issuance of 200,000 common shares with a value of $0.23 per share based on quoted share price at the time of approval, or $46,000 to the past president of the Company. On February 6, 2018, the Company issued the approved 200,000 common shares.

(ii) On April 13, 2018, the Company completed a strategic private placement and issued 20,000,000 units of the Company at a price of $0.15 per unit for aggregate gross proceeds of $3,000,000. Each unit is comprised of one common share in the capital of the Company and one-half common share purchase warrant, each whole warrant entitling the holder thereof to purchase one common share of the Company at an exercise price of $0.17 per share for 24 months following the closing date. Insiders of the Company subscribed for an aggregate of 8,916,669 units as follows:

- Metaform Investings Mining LP, a company whose President and CEO is also the Chairman of the Board, subscribed for 3,333,334 units;
- Mr. Alain Bureau, President and CEO of the Company, subscribed for 1,333,334 units;
- Mr. Laurence Curtis, Director of the Company, subscribed for 500,000 units;
- Mr. Eberhard Scherkus, Director of the Company, subscribed for 3,333,334 units;
- Mr. Peter Nixon, Director of the Company, subscribed for 166,667 units; and
- Mr. Joseph Fazzini, CFO of the Company, subscribed for 250,000 units

The grant date fair value of $554,000 for the warrants was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 1.86%; expected volatility of 87%; expected life of 2 years; expected dividends of $nil and common share price of $0.135.

(c) Share-based payments

The Company has a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. The plan allows for the issuance of up to 10% of the issued and outstanding common shares. As at January 31, 2019, the Company had 2,279,644 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Number of Options	Weighted Average Exercise Price
Balance at July 31, 2017	**2,412,000**	**$ 0.38**
Granted	1,975,000	0.33
Balance at January 31, 2018	**4,387,000**	**$ 0.39**
Balance at July 31, 2018	**5,837,000**	**$ 0.37**
Forfeit	(250,000)	0.32
Expired	(160,000)	0.50
Balance at January 31, 2019	**5,427,000**	**$ 0.37**

(Expressed in Canadian Dollars)

12. Share Capital (Continued)

(c) Share-based payments (continued)

The following table provides further information on the outstanding options as at January 31, 2019:

Expiry Date	Number Exercisable	Number Outstanding	Weighted Average Exercise Price ($)	Weighted Average Years Remaining	Fair Value ($)
October 27, 2019	252,000	**252,000** (i)	0.25	0.74	18,872
June 28, 2021	950,000	**950,000** (ii)	0.38	2.41	351,500 (x)
September 9, 2021	800,000	**800,000** (iii)	0.40	2.61	312,000 (xi)
May 17, 2022	250,000	**250,000** (iv)	0.38	3.29	90,000 (xii)
August 9, 2022	1,150,000	**1,150,000** (v)	0.44	3.52	483,000 (xiii)
October 5, 2022	300,000	**300,000** (vi)	0.33	3.68	93,000 (xiv)
December 5, 2022	125,000	**375,000** (vii)	0.22	3.85	77,550 (xv)
January 31, 2023	350,000	**1,050,000** (viii)	0.22	4.01	166,005 (xvi)
May 7, 2023	100,000	**300,000** (ix)	0.14	4.27	39,150 (xvii)
	4,277,000	**5,427,000**	$ 0.37	3.15	$ 1,631,077

(i) The grant-date fair value of the options issued was $0.09 each.
(ii) The grant-date fair value of the options issued was $0.37 each.
(iii) The grant-date fair value of the options issued was $0.39 each.
(iv) The grant-date fair value of the options issued was $0.36 each.
(v) The grant-date fair value of the options issued was $0.42 each.
(vi) The grant-date fair value of the options issued was $0.31 each.
(vii) The grant-date fair value of the options issued was $0.21 each.
(viii) The grant-date fair value of the options issued was $0.16 each.
(ix) The grant-date fair value of the options issued was $0.13 each.
(x) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 0.57%; expected volatility based on historical volatility of the Company's shares, of 199.1%; expected life of 5 years; expected dividends of $nil and common share price of $0.38.
(xi) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 0.71%; expected volatility based on historical volatility of the Company's shares, of 199.1%; expected life of 5 years; expected dividends of $nil and common share price of $0.40.
(xii) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 0.91%; expected volatility based on historical volatility of the Company's shares, of 175.3%; expected life of 5 years; expected dividends of $nil and common share price of $0.38.
(xiii) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 1.52%; expected volatility based on historical volatility of the Company's shares, of 174.2%; expected life of 5 years; expected dividends of $nil and common share price of $0.44.

(Expressed in Canadian Dollars)

12. Share Capital (Continued)

(c) Share-based payments (continued)

(xiv) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 1.75%; expected volatility based on historical volatility of the Company's shares, of 170.2%; expected life of 5 years; expected dividends of $nil and common share price of $0.33.

(xv) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 1.70%; expected volatility based on historical volatility of the Company's shares, of 166.5%; expected life of 5 years; expected dividends of $nil and common share price of $0.22.

(xvi) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 2.13%; expected volatility based on historical volatility of the Company's shares, of 165.0%; expected life of 5 years; expected dividends of $nil and common share price of $0.17.

(xvii) The Black-Scholes option pricing model was used to determine the fair value of the issued options using the following variables: risk-free interest rate of 2.14%; expected volatility based on historical volatility of the Company's shares, of 161.0%; expected life of 5 years; expected dividends of $nil and common share price of $0.14.

(d) Warrants

The outstanding issued warrants balance at January 31, 2019 is comprised of the following items:

Expiry Date	Type	Number	Exercise Price ($)	Grant Date Fair Value ($)
June 14, 2019	Agents' warrants	558,750	0.40	167,625 (i)
April 13, 2020	Warrants	10,000,000	0.17	554,000 (ii)
	Cost of financing allocated to warrants	-	-	(287,794)
		10,558,750	**$ 0.19**	**$ 433,831**

(i) The Black-Scholes option pricing model was used to determine the fair value of the issued agents' warrants using the following variables: risk-free interest rate of 0.88%; expected volatility of 150.1%; expected life of 2 years; expected dividends of $nil and common share price of $0.38.

(ii) The Black-Scholes option pricing model was used to determine the fair value of the warrants using the following variables: risk-free interest rate of 1.86%; expected volatility of 87.1%; expected life of 2 years; expected dividends of $nil and common share price of $0.135.

(Expressed in Canadian Dollars)

13. Segmented Information

Operating segments

At January 31, 2019, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Ecuador. 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 unaudited condensed consolidated interim financial statements also represent operating segment amounts.

Geographic segments

The Company is in the business of mineral exploration in Ecuador. As such, management has organized the Company's reportable segments by geographic area. The Company's operations in Ecuador are responsible for mineral exploration activities while the Canadian segment manages corporate head office activities. Information concerning the Company's reportable segments is as follows:

	As at January 31, 2019	As at July 31, 2018
Non-current assets		
Canada	**$ -**	$ -
Ecuador	**18,652**	15,325

	Three Months Ended January 31, 2019	Three Months Ended January 31, 2018	Six Months Ended January 31, 2019	Six Months Ended January 31, 2018
Loss and comprehensive net loss				
Canada	**$ (268,861)**	$ (412,847)	**$ (527,282)**	$ (1,552,424)
Ecuador	**(2,028,471)**	(1,461,551)	**(2,834,716)**	(2,993,302)
Total	**$ (2,297,332)**	$ (1,874,398)	**$ (3,361,998)**	$ (4,545,726)

14. Subsequent Event

On March 15, 2019, the Company announced that it closed a non-brokered private placement for an aggregate principal amount of $150,000 convertible debentures. Each debenture bears interest at an annual rate of 10.85% and may be converted into a maximum of 1,250,000 common shares of the Company at a conversion price of $0.12 per share at any time prior to maturity. Maturity is 12 months following the closing date.