



TOACHI
MINING

The La Plata Gold-Rich Copper-Zinc-Silver VMS Project

High Grade-Advanced Stage | The Right Time in Ecuador


April 2017

This document contains forward-looking statements under Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the development potential and timetable of the Rosita project; the timing and amount of estimated future development and exploration; costs of future activities; capital and operating expenditures; success of exploration activities; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: timing and availability of external financing on acceptable terms; unexpected events and delays during construction, expansion and start-up; variations in ore grade and recovery rates; receipt and revocation of government approvals; actual results of exploration and mining activities; changes in project parameters as plans continue to be refined; future prices of metals; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements except in accordance with applicable securities laws.

The technical and scientific information included herein has been reviewed and approved by Laurence Curtis, P.hD, P. Geo., a director of the Company and a qualified person under National Instrument 43-101 of the Canadian Securities Administrators.

- ✓ High grade and high margin deposit in a resurgent Ecuador
- ✓ Significant exploration profile with multiple advanced targets
- ✓ Excellent infrastructure in place with a government that is committed to mining investment
- ✓ Veteran management team made up of geologists, engineers and financiers
- ✓ Defined permit process and strong community support

Capital Structure & Major Shareholders

	<u>Shares (M)</u>		
Shares Issued and Outstanding	51.7	Share Price (21-Mar-17)	0.47
Options	2.2 ⁽¹⁾	Basic Shares Outstanding	51.7
Warrants	8.4 ⁽²⁾	Market Cap.	24.3
<u>Fully Diluted Shares Outstanding</u>	<u>62.3</u>	Cash	4.0
Major Shareholders		Debt	0.0
 METAFORM INVESTMENTS	19.0%	Enterprise Value	20.3
Management	5.9%	52 week high/low (C\$)	\$0.62 / \$0.225
<u>Total</u>	<u>24.9%</u>		

(1) Options exercise between \$0.25 and \$0.38 to 2018-2021
 (2) Warrants exercise between \$0.20-\$0.40 from June 21 and November 22, 2018

Veteran Team

Disciplined and Committed to Succeed



Jonathan Goodman
Chairman

- Metaform Investment's founder and majority shareholder of Toachi Mining
- Founded and built Dundee Precious Metals into a leading intermediate producer
- One of Canada's leading mining and resources investors

Laurence Curtis
Founder & Director

- Renowned economic geologist and highly regarded analyst
- Geologist, Entrepreneur, Mine Builder
- Founded and built Intrepid Mines to +\$1 billion market capitalization

Nick Tintor
President & CEO

- Public company and exploration project management for more than 25 years
- Part of Moto Goldmines Canadian team from listing to sale for \$578 m in 2009

Peter Nixon
Director

- More than 30 years in the Canadian investment industry including Dundee Securities
- Deep relationships in the resources sector including directorship at Dundee Precious Metals Inc.

Carolina Vargas
Director

- Career in the Canadian investment banking industry
- Leading analyst in Brendan Wood International rankings from 2009-2011

Julian Barnes
Advisor

- Founder of RSG Global, one of the world's most respected mining consultancies
- Key team member at Dundee Precious Metals from inception
- Founding principal at Metaform Investments

Toachi Mining – New Company | Veteran Team

La Plata – Gold-Copper-Silver-Zinc VMS Project



Location

- Located 98 km south of Quito. 85 km on paved highway. Low elevation 1,600 m
- Hydro line to site. Access to hydro power



Exploration History

- La Mina open pit mine 1975-1981. Power line, water at site of former mine
- Cambior 1996-1999. Drilled 8,628 m in 28 holes and completed preliminary resource estimate (non-43-101)
- Cornerstone 2006-2009. Drilled 5,932 m in 17 holes.
- AMEC Scoping Study, 2015



Partnership with Minera Cachabi and Principal Allen Brown – Established in Ecuador

Deal Terms

Term	4-6 years
Payments	US\$2 million
Expenditure	US\$4 million
Earn-in	60-75%

Key Transaction Elements

- Toachi Mining is the project operator
- After 4-year earn in period, option to fund feasibility over a two-year extension period to earn additional 5%
- If project financing of less than \$60 million or more than \$60 million is arranged, Toachi earns additional 5% and 10% respectively

Project Earn-in Update

- US\$4 million expenditure will be exceeded by August, 2017
- US\$1.35 million in option payments remaining in 2017 to earn first 60% interest
- Three years remain in option earn in term

Non 43-101 Inferred Resource Estimate

Tonnes	Au	Ag	Cu	Zn	Pb
914,000	8.01 g	88.29 g	5.01%	6.71%	0.78%

Historic resource estimate. Updated by vendor from Cambior estimate using 50-m polygonal methodology and 2.5 g/t Au equivalent cut off grade. Historic resources have not been verified and as a result cannot be relied upon. Historic resources provide an indication of potential at the project. Based on 14,568 m of drilling by Cambior and Cornerstone.



2017 Program Objectives - Drill Program in Progress

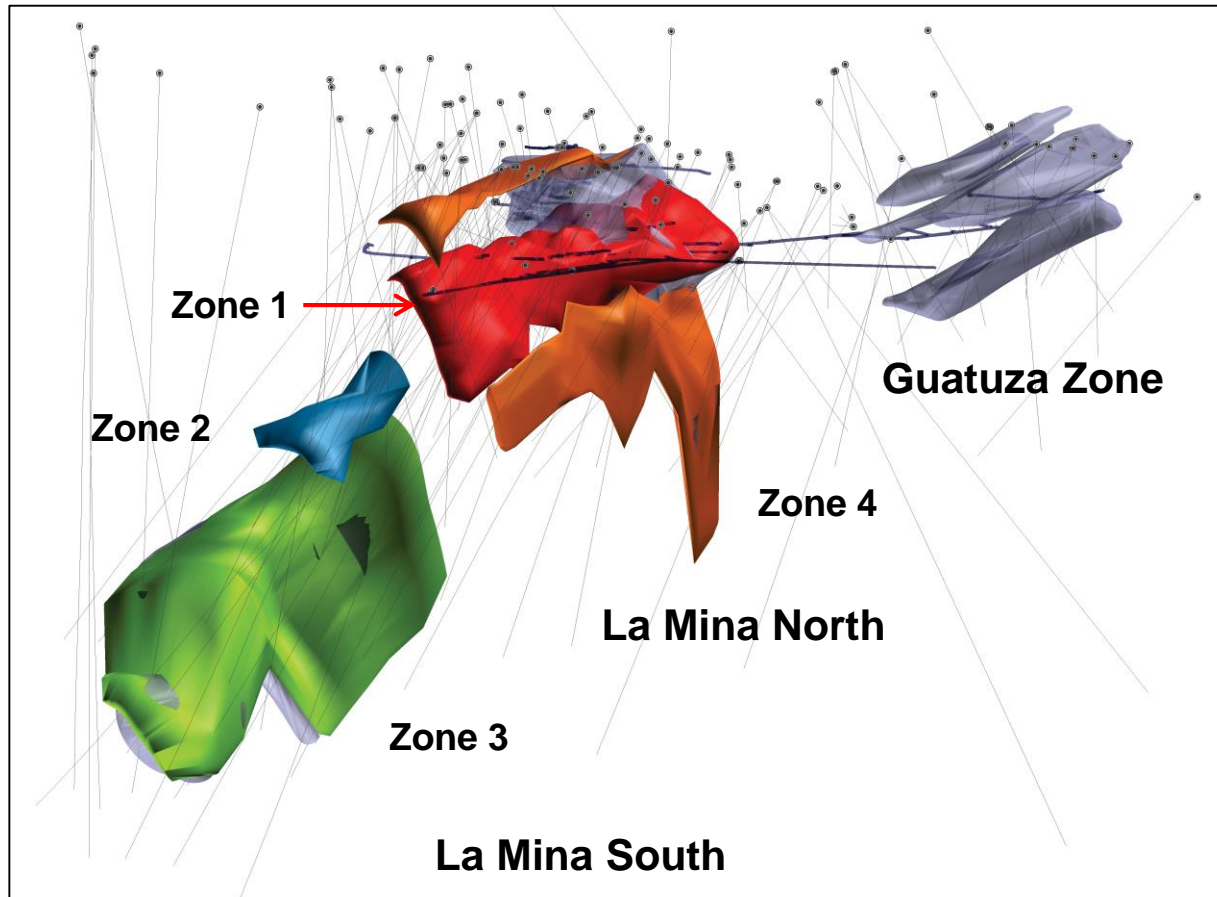
La Mina Deposit Resources

- Verify, infill and confirm the historic drill database
- Test for deposit expansion at depth
- Deliver 43-101 estimate early Q3 2017 – on track
- Deliver PEA study in Q4, 2017 – on track

Exploration Target Drilling

- Drill test prioritized exploration targets
- Complete property wide gravity survey by early Q3
- 14 exploration targets provide significant upside

Drilling Confirming and Expanding High Grade Resources

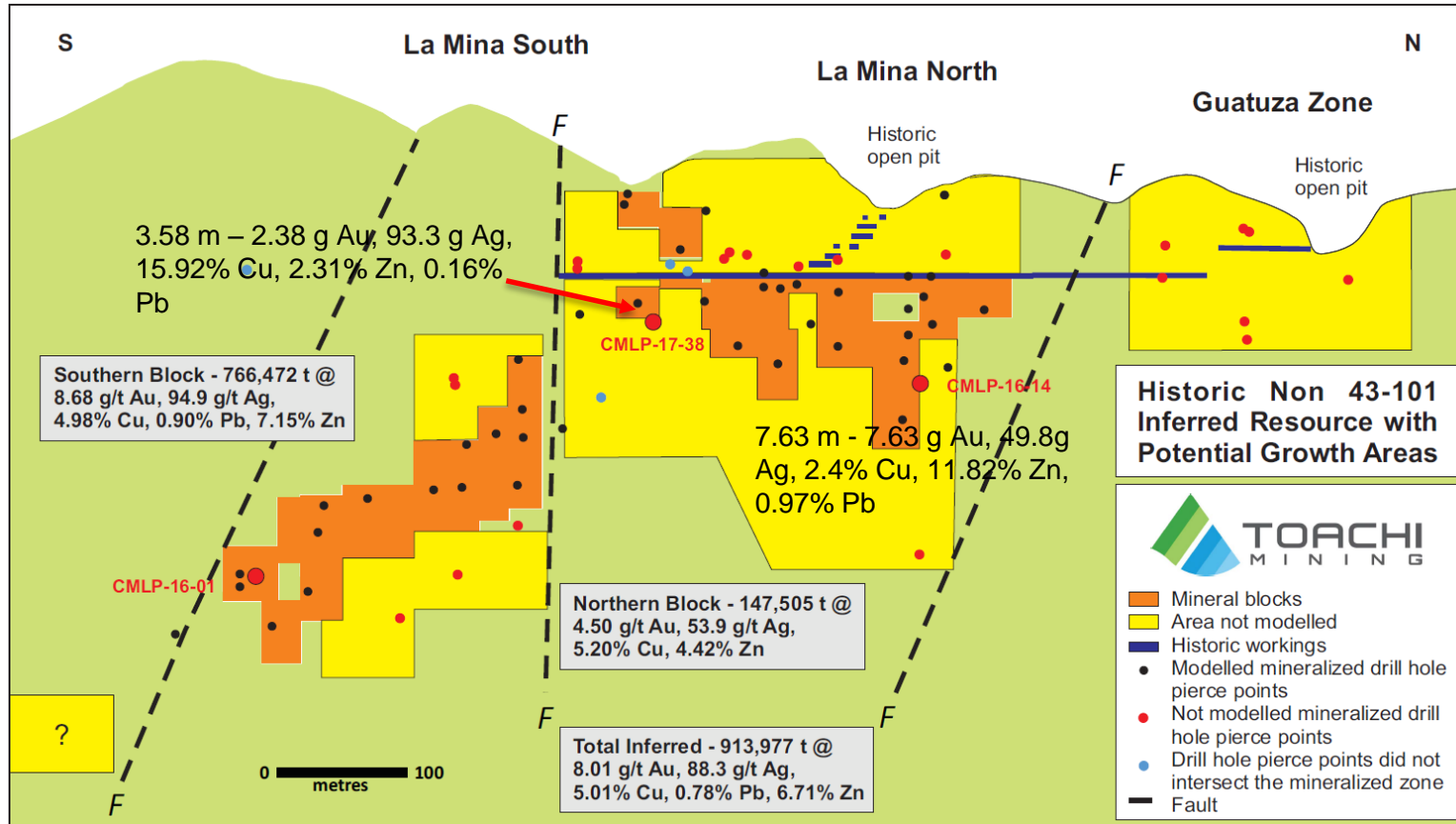


South

Modelling shows room to significantly increase historic resources

- New interpretation of four mineralized zones
- Drilling confirming high grade nature of mineralization
- Drilling successful in extending zone limits

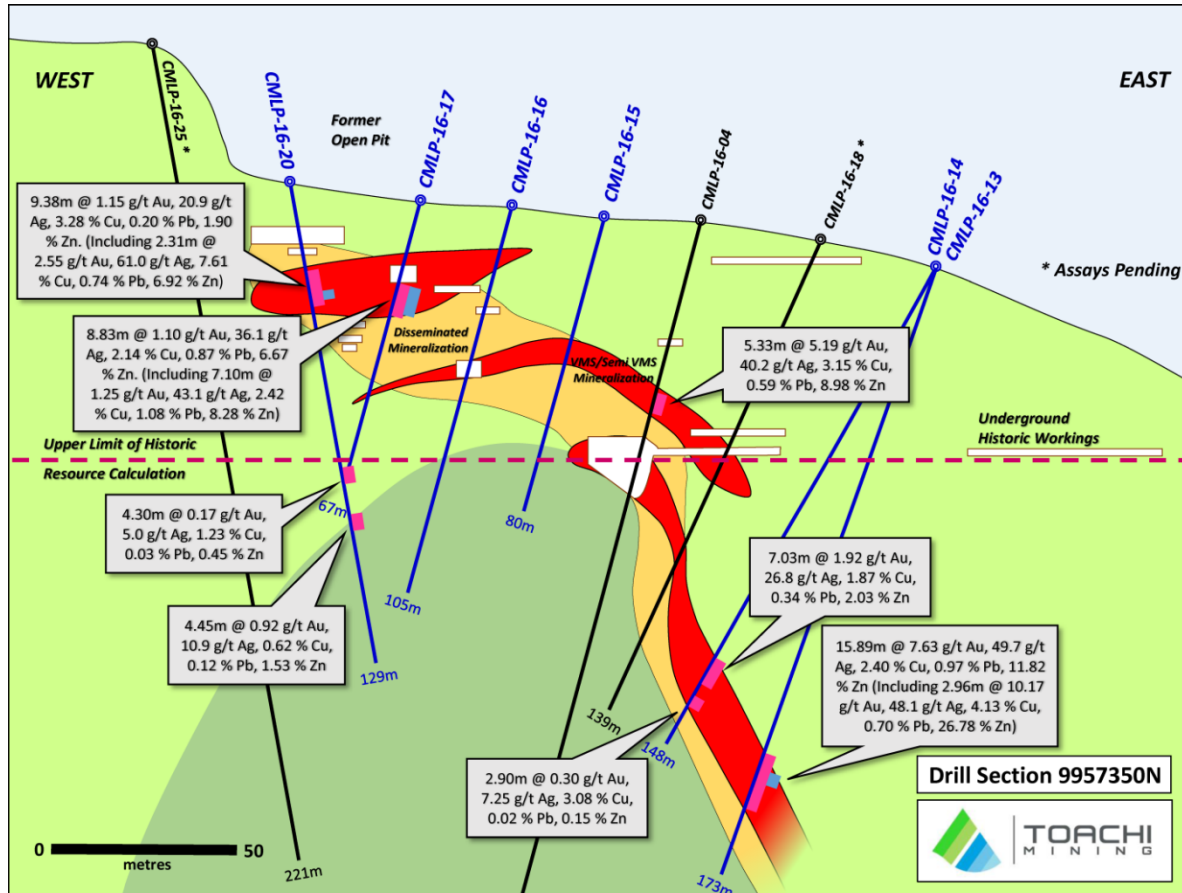
Drilling Outlining New Mineralization Outside of Historic Block Model



La Mina longitudinal section and polygonal block model

Near Target – Open Pit Potential

Mineralization Adding to Historic Resources



Mineralization is outside of historic polygonal estimate

CMLP-16-04

- 5.33 m grading 5.19 g/tAu, 40.2 g/t Ag, 3.15% Cu, 8.98% Zn, 0.59% Pb

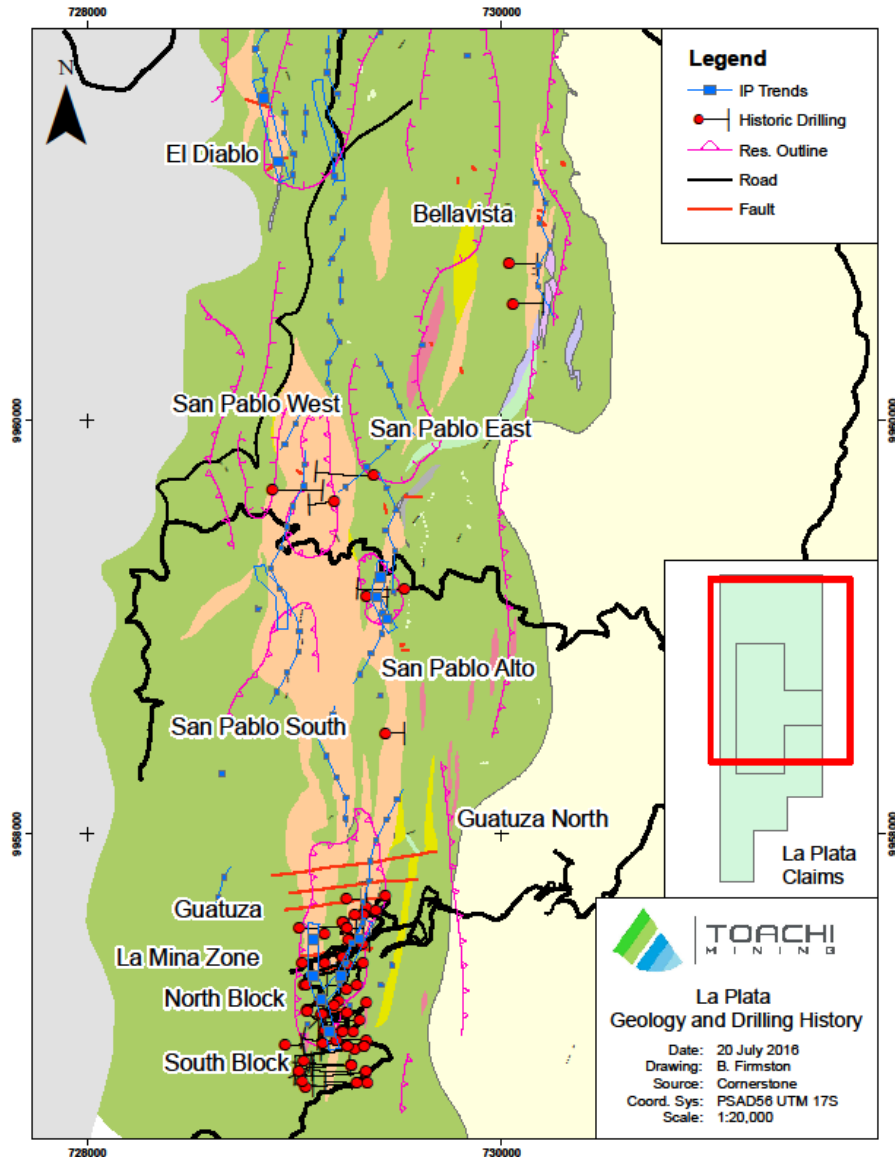
CMLP-16-17

- 7.1 m grading 1.25 g/t Au, 43.14 g/t Ag, 2.42% Cu, 8.28% Zn, 1.08% Pb

CMLP-16-20

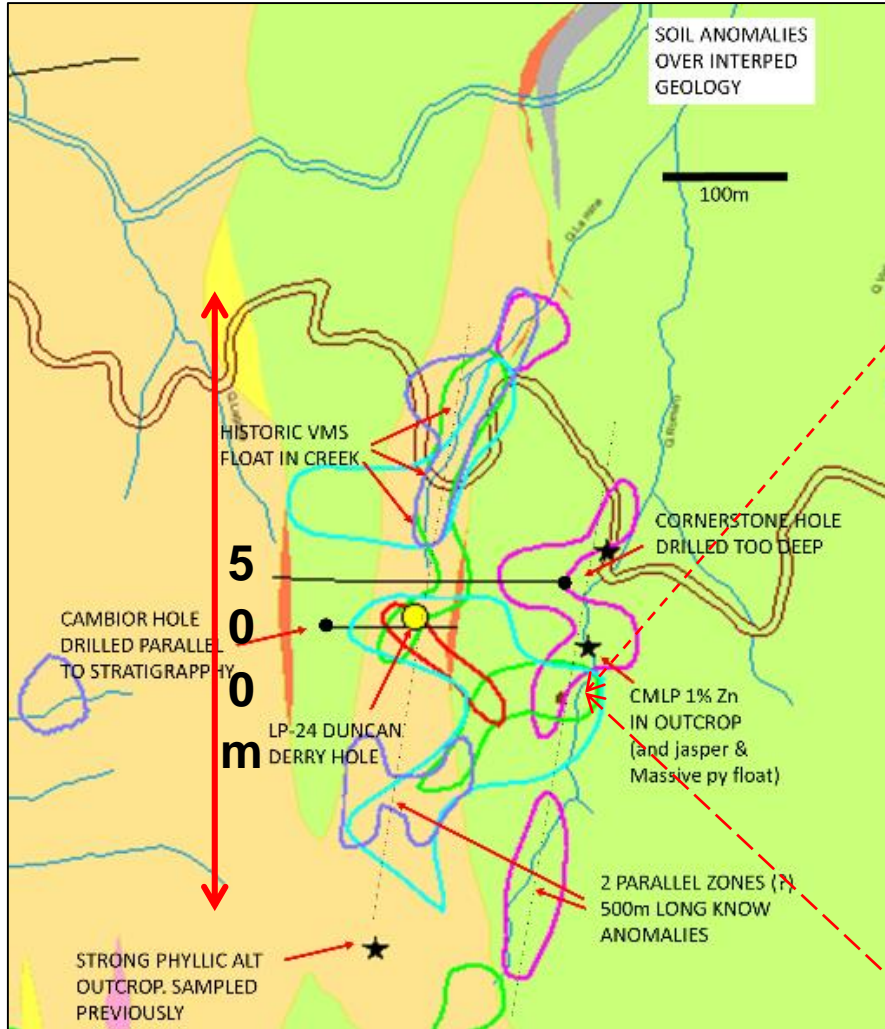
- 2.31 m grading 2.55 g/t Au, 60.99 g/t Ag, 7.6%Cu, 6.9% Zn, 0.74% Pb

Significant Exploration Potential



- VMS deposits tend to form in clusters – we expect to find more
- +9 km of favourable geology along strike
- Guatuzza target 150 m N of La Plata and possible deposit extension
- Guatuzza intersection 6.84 m| 6.97% Cu| 0.99 g Au
- San Pablo East has one hole from 1960s by Duncan Derry - 22 m 1.8% Cu
- 14 defined Au-Cu-Ag-Zn exploration targets
- Targets defined by coincident geology, geophysics geochemistry and at times, surface mineralization
- Total of 8 historic exploration holes outside of La Mina

San Pablo East Target

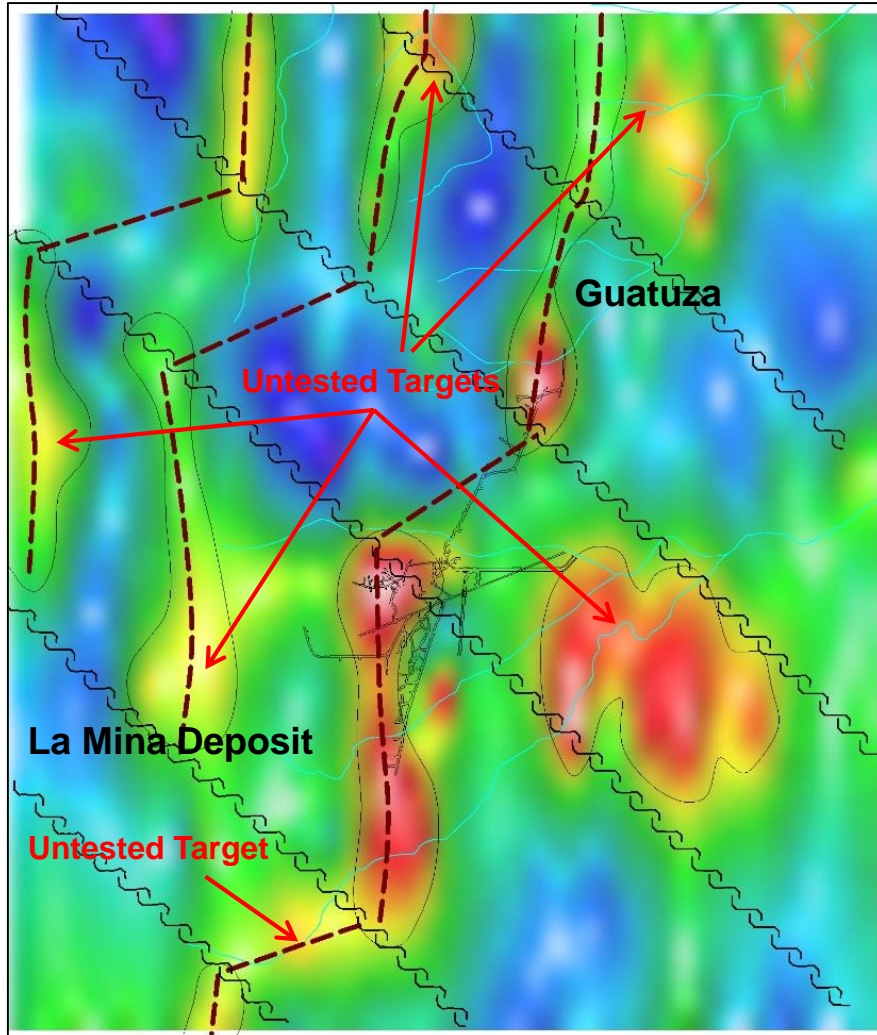


- Drill hole with 22 m grading 1.8% Cu completed in 1960s by Duncan Derry
- Extensive sulphide mineralized boulders in creek



- Soil geochemistry with element signatures for VMS
- Coincident EM anomalies from 1990s
- Two parallel zones striking for more than 500 m
- One hole each by Cambior and Cornerstone poorly placed
- Drilling by May-June

Integrating Geophysics, Geology and Structure – Generates New Targets



- Reprocessed historic gravity data generating new targets
- Excellent correlation between gravity response and known VMS mineralization at La Mina and Guatuza
- New structural interpretation explaining controls on mineralization and remobilized nature of mineralization
- Key new targets include large discrete anomaly east of La Mina
- Southern offset depth extension of main La Mina deposit
- Quantec property wide gravity survey totalling 93 line kms, to begin in May

Modest Investment / Significant Returns

Drill and Expand La Mina

- Expand La Mina's high grade VMS resources
- Scalable deposit – can grow production profile
- High margin tonnes – create significant value
- Deliver 43-101 and PEA in 2017

Drill Exploration Targets

- Prioritize and drill La Plata's 14 exploration targets
- Expand gravity survey coverage over the entire concession

Develop and Grow Resources

- La Mina resource target: **1.8 – 3 million tonnes**
- Exploration target objective: **5-10 million tonnes**

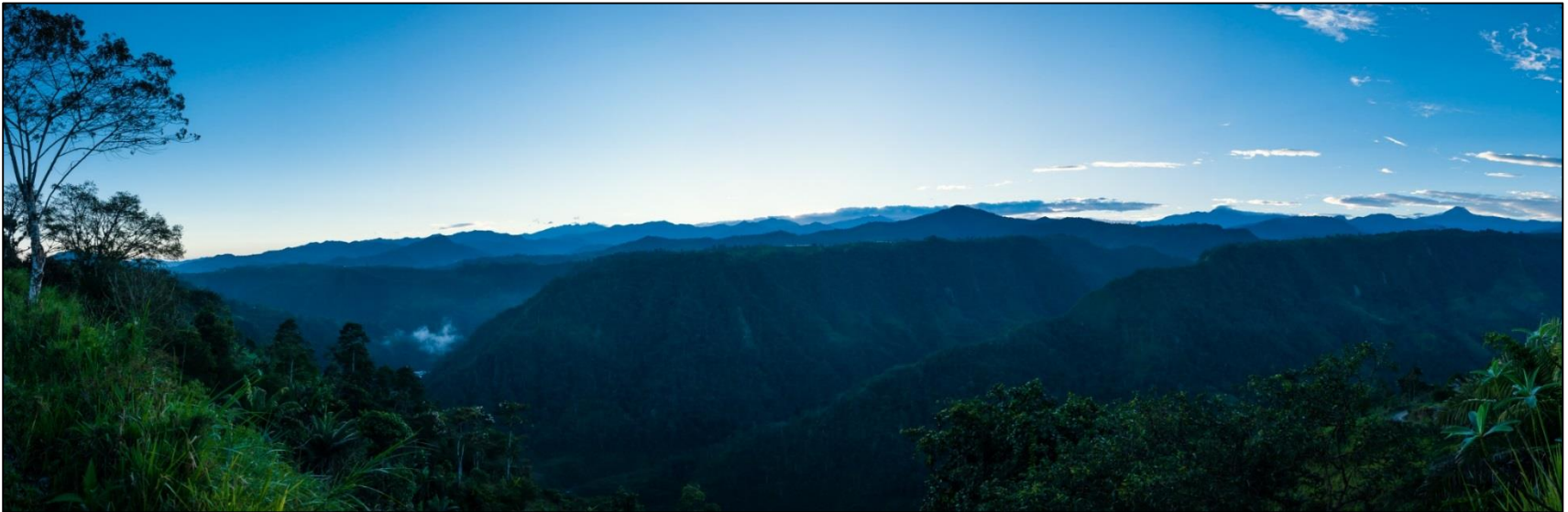
Projected Timeline

La Plata VMS Project	2017				
	Q1	Q2	★ Q3	Q4	
1 Drilling	█	█			
2 Metallurgy Optimization	█	█	█		
3 Environmental Baseline	█	█	█	█	
4 43-101 Resource Update		█	█		
5 Engineering & PEA Study					█

★ US\$4 million expenditure is expected to be spent by August 2017 – earn-in triggered.

Summary

- ✓ High grades in a gold-rich VMS project
- ✓ Excellent exploration potential to add to historic resources
- ✓ Good community relations and social operating license
- ✓ Strong in-country partner in Ecuador
- ✓ Exploration objective +10 million tonnes creates significant value
- ✓ Deliver 43-101 study and PEA in 2017



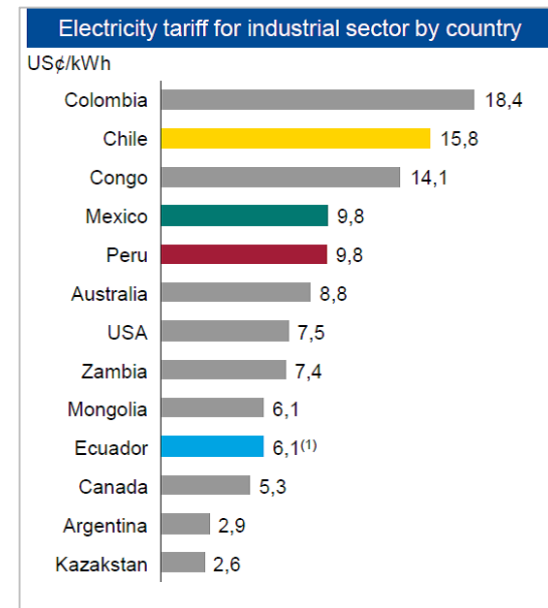
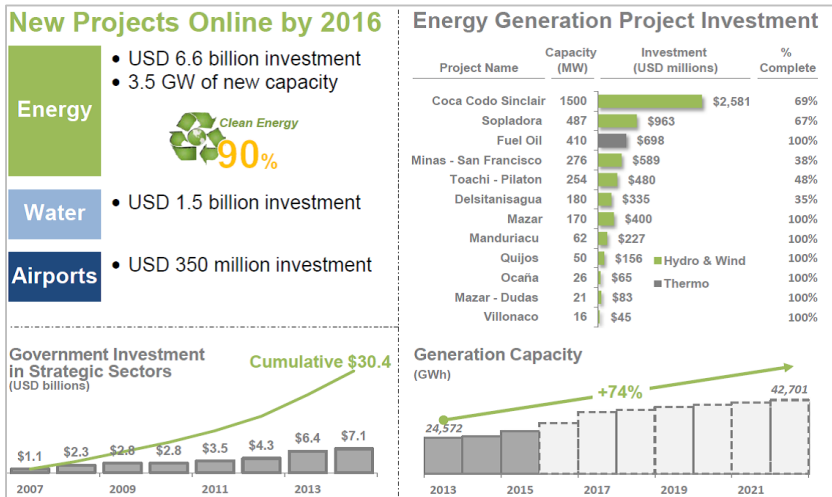
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Appendix

Modernizing Mining Laws, Improved Tax Structure, Investing in Infrastructure

- Government initiative to promote investment in mining. Policy shift towards increasing foreign investment. New Mines Ministry created. Lundin Gold leading the resurgence
- Ecuadorian Mining Law of 2009 amended in 2013 with favorable tax base – 22% income tax on small-mid size projects. Total tax rate up to 37% including profit sharing
- Small to mid size mining up to 1,000 tpd – royalties 3%-4%
- No government partnership required.
- Total tax base more favorable than in Mexico ⁽¹⁾
- Ecuador has invested heavily in regional infrastructure projects
- La Plata is located less than 10 km from the new Toachi-Pilaton hydro project
- La Plata will enjoy some of the lowest power costs in the Americas – 66% lower than costs in Colombia

Some of the Lowest Power Costs in the Americas



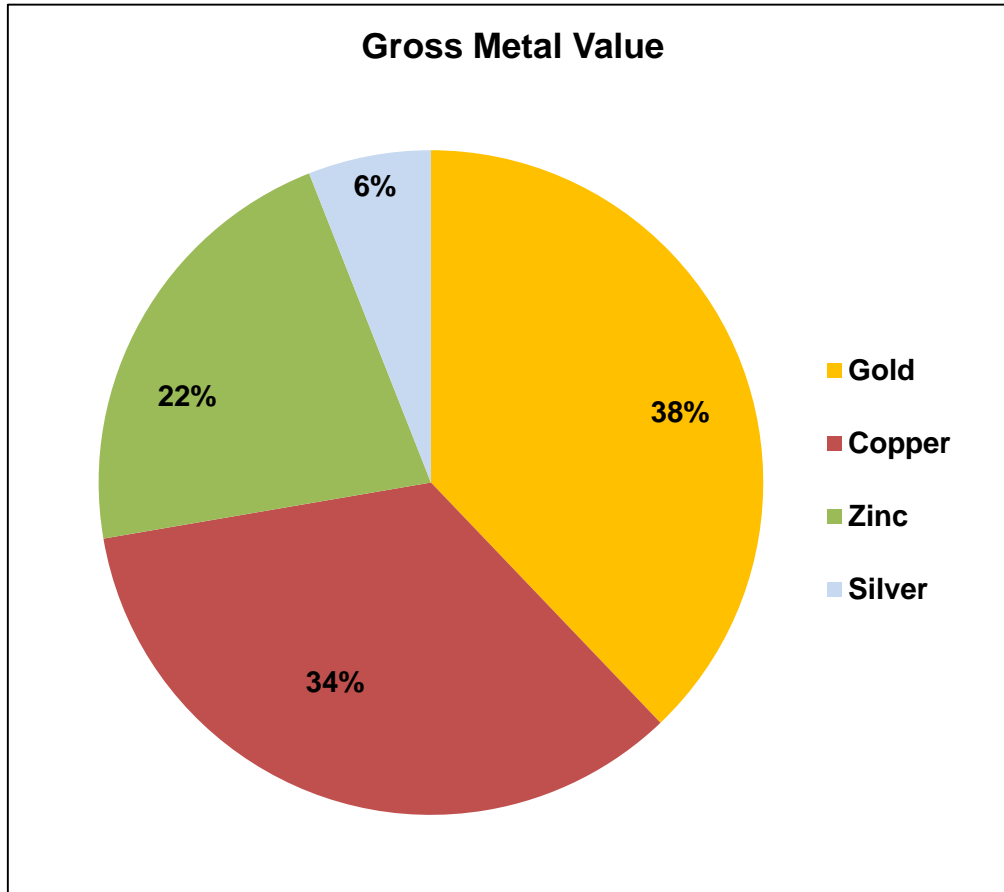
(1) Wood Mackenzie, "Ecuadorian Mining Tax Regime", PDAC, March 2016

One Deposit - Precious and Base Metals

Highly Leveraged to Gold, Copper and Zinc



Unique Exposure to Base and Precious Metals

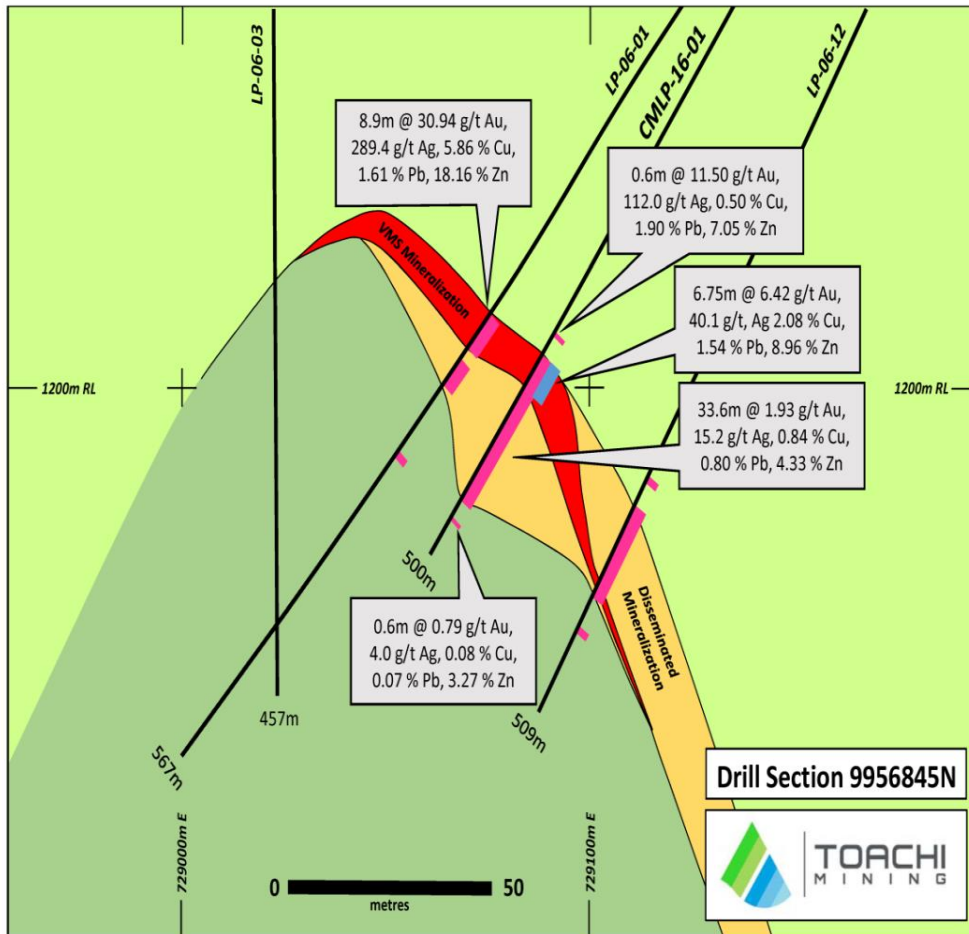


- Zinc and Copper prices had banner 2016 and are forecast to advance
- La Plata provides unique exposure to three exceptional metals at the right time in the commodity cycle
- Gross metal values evenly distributed between gold and copper
- Metallurgical optimization studies designed to improve historic metal recoveries for all metals

Based on Gold \$1,300, Copper \$2.65, Zinc \$1.25, Silver \$18.00 and grades Gold 5 g, Copper 3.26%, Zinc 4.36% and Silver 57 g

La Plata – Deposit Type

- Paleocene Noranda/Kuroko-type gold-rich polymetallic VMS
- Massive and disseminated sulphide lenses hosted in fold limbs and axes along contact between dacites and basalt flows
- High grade lenses average 5 m-6 m true width



High gold, copper, zinc and silver grades are characteristic of the deposit

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