

**Condensed Interim Consolidated Financial Statements**

**Chinapintza Mining Corp.**

(An exploration stage company)  
(Formerly Black Birch Capital Acquisition II Corp.)

**For the Three and Six Months Ended June 30, 2015 and 2014**

(Expressed in Canadian dollars)

(Unaudited)

**Chinapintza Mining Corp.**

**Condensed Interim Consolidated Financial Statements  
For the three and six months ended June 30, 2015 and 2014**

**Notice of No Auditor Review of Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Board.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

**Chinapintza Mining Corp**  
**(An exploration stage company)**  
**(Formerly Black Birch Capital Acquisition II Corp.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 79,321	\$ 73,085
Other receivable	41,196	37,946
	120,517	111,031
<b>Mineral Rights (note 5)</b>	569,691	529,142
<b>Total Assets</b>	<b>\$ 690,208</b>	<b>\$ 640,173</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 120,051	\$ 42,991
<b>Advances from Related Parties (note 6)</b>	698,269	628,459
<b>Asset Retirement Obligations (note 5)</b>	5,504	5,112
	823,824	676,562
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Share Capital (note 7)</b>	300,798	300,798
<b>Surplus Reserve (note 7)</b>	168,502	168,502
<b>Cumulative Translation Reserve</b>	39,241	25,590
<b>Deficit</b>	(726,108)	(609,379)
<b>Equity (Deficit)</b>	(217,567)	(114,489)
<b>Non-controlling Interest</b>	83,951	78,100
<b>Total Equity (Deficiency)</b>	(133,616)	(36,389)
<b>Total Liabilities and Equity (Deficiency)</b>	<b>\$ 690,208</b>	<b>\$ 640,173</b>

Commitments and Contractual Arrangements (note 8)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

Signed "James Xiang"  
 Director

Signed "Paul Haber"  
 Director

*The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

**Chinapintza Mining Corp**  
**(An exploration stage company)**  
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**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenses</b>				
Consulting and professional fees	40,513	72,175	78,511	107,807
Management fees (note 11)	10,500	9,000	21,000	18,000
General and administrative	158	74	229	112
Filing and transfer agent fees	3,395	510	9,999	9,128
Director fees (note 11)	3,000	3,000	6,000	6,000
Travel	-	-	-	6,650
Investor relations	-	2,643	-	5,002
Loss on foreign exchange	990	-	990	-
	58,556	87,402	116,729	152,699
<b>Other gains</b>				
Interest income	-	-	-	(333)
<b>Net Loss before Income Taxes</b>	58,556	87,402	116,729	152,366
Deferred income taxes	-	-	-	-
<b>Net Loss</b>	58,556	87,402	116,729	152,366
<b>Other Comprehensive Loss (Gain)</b>				
Currency translation differences translating foreign operations attributable to the parent	2,703	5,913	(13,651)	(522)
Currency translation differences translating foreign operations attributable to non-controlling interest	1,158	2,533	(5,851)	(224)
<b>Comprehensive Loss</b>	\$ 62,417	\$ 95,848	\$ 97,227	\$ 151,620
<b>Comprehensive Loss (Gain) attributable to:</b>				
<b>Controlling equity holders</b>	\$ 61,259	\$ 93,315	\$ 103,078	\$ 151,844
<b>Non-controlling interest</b>	1,158	2,533	(5,851)	(224)
	\$ 62,417	\$ 95,848	\$ 97,227	\$ 151,620
<b>Weighted Average Number of Shares Outstanding</b>	44,054,375	44,054,375	44,054,375	44,054,375
<b>Loss per Share – basic and diluted</b>	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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**Chinapintza Mining Corp**  
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**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

	Number of Shares	Common Shares	Surplus Reserve	Cumulative Translation Reserve	Deficit	Shareholders' Equity	Non-controlling Interest
<b>Balance – December 31, 2013</b>	<b>44,054,375</b>	<b>300,798</b>	<b>168,502</b>	<b>10,772</b>	<b>(340,281)</b>	<b>139,791</b>	<b>71,749</b>
Other comprehensive gain	-	-	-	523	-	523	223
Loss for the period	-	-	-	-	(152,366)	(152,366)	-
<b>Balance – June 30 ,2014</b>	<b>44,054,375</b>	<b>300,798</b>	<b>168,502</b>	<b>11,295</b>	<b>(492,647)</b>	<b>(12,052)</b>	<b>71,972</b>
<b>Balance – December 31, 2014</b>	<b>44,054,375</b>	<b>300,798</b>	<b>168,502</b>	<b>25,590</b>	<b>(609,379)</b>	<b>(114,489)</b>	<b>78,100</b>
Other comprehensive gain	-	-	-	13,651	-	13,651	5,851
Loss for the period	-	-	-	-	(116,729)	(116,729)	-
<b>Balance – June 30, 2015</b>	<b>44,054,375</b>	<b>300,798</b>	<b>168,502</b>	<b>39,241</b>	<b>(726,108)</b>	<b>(217,567)</b>	<b>83,951</b>

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**Chinapintza Mining Corp**  
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**Condensed Interim Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

	<b>Six months ended June 30, 2015</b>	<b>Six months ended June 30, 2014</b>
<b>Cash provided by (used in):</b>		
<b>Operating Activities:</b>		
Net loss for the period	\$ (116,729)	\$ (152,366)
Changes in non-cash working capital items:		
Other receivable	(3,250)	(10,002)
Accounts payable and accrued liabilities	77,060	(4,284)
<b>Net Cash Used in Operating Activities</b>	<b>(42,919)</b>	<b>(166,652)</b>
<b>Investing Activities:</b>		
Additions in mineral rights	(40,549)	(1,536)
<b>Net Cash Used in Investing Activities</b>	<b>(40,549)</b>	<b>(1,536)</b>
<b>Financing Activities:</b>		
Proceeds from related parties	69,810	100,763
<b>Net Cash Provided by Financing Activities</b>	<b>69,810</b>	<b>100,763</b>
Impact of foreign exchange on cash	19,894	745
<b>Net increase (decrease) in cash</b>	<b>6,236</b>	<b>(66,680)</b>
Cash - beginning of period	73,085	249,564
Cash - end of period	\$ 79,321	\$ 182,884

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**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2015 and 2014**  
**(Unaudited)**  
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**1. Nature and Continuance of Operations**

Chinapintza Mining Corp (the "Company" or "CPA") (formerly Black Birch Capital Acquisition II Corp ("Black Birch") was incorporated pursuant to articles of incorporation dated November 3, 2009 under the Business Corporations Act (Ontario). The Company was a "Capital Pool Corporation" ("CPC"), as this term is defined in the policies of the TSX Venture Exchange (the "Exchange") since its listing. On June 14, 2013, Black Birch was acquired by Guangshou Ecuador Minerals Ltd. ("Guangshou") in a reverse takeover transaction (see note 4) and as result Black Birch carries on the business of Guangshou and continues pursuant to the laws of British Columbia. As a result, these condensed interim consolidated financial statements reflect the financial position, operating results and cash flows of the Company's legal subsidiary, Guangshou. Effective June 14, 2013, Black Birch changed its name to Chinapintza Mining Corp and trades under the symbol "CPA" on the TSX Venture Exchange. The address of the Company's corporate office and principal place of business is 50 Richmond Street East, Suite 300, Toronto, Ontario, Canada, M5C 1N7.

The Company's principal business is to acquire, explore and develop the gold and mineral mining rights in Chinapintza Property located in Ecuador. The Company has not yet determined whether the property contains mineral reserves that are economically recoverable.

On November 2, 2012, the Company's subsidiary in Ecuador, Guangshou, entered into an agreement ("Shareholder Agreement") with Condormining Corporation S.A. ("Condormining") and JVChinapintza. As per the Shareholder Agreement, Condormining will transfer the title of the Chinapintza Property to JVChinapintza in order to further the exploration, evaluation, and if justified, the development and mining of mineral resources within the property for the benefit of the shareholders. The Company holds 70% shareholder interest of JVChinapintza whereas Condormining holds the other 30% shareholder interest of JVChinapintza.

**2. Going Concern**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

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**2. Going Concern (Cont'd)**

The Company's long term continuance is dependent on obtaining sufficient external financing, to realize the recoverability of its investment in mineral rights in the Chinapintza Property which is dependent upon the existence of economically recoverable reserves and upon future profitable production. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage. As at June 30, 2015, the Company has an accumulated deficit of \$726,108 (December 31, 2014 - \$609,379), and incurred a net loss of \$116,729 (six months ended June 30, 2014 - \$152,366) for the six months ended June 30, 2015. The Company has a negative cash flow from operations of \$42,919 (six months ended June 30, 2014 - \$166,652) for the six months ended June 30, 2015, and a working capital of \$466 as at June 30, 2015 (December 31, 2014 - \$68,040).

These condensed interim consolidated financial statements do not reflect adjustments to the carrying value of assets, liabilities, the reported expenses and financial position classifications used that might be necessary if the going concern assumption were not appropriate.

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it has an interest, 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 and non-compliance with regulatory requirements.

On December 23, 2014, Guangshou received a 30 day termination notice from Condormining which claims that Guangshou has made various breaches of its obligations under the terms of the Shareholders Agreement. Guangshou responded to the notice within 30 days rejecting all those claims and continues to be in discussion with Condormining to remedy any obligations under the Shareholders Agreement. If the negotiations are unsuccessful, according to the Shareholders Agreement it is terminated, which would result in JVChinapintza transferring the mineral rights to Condormining and disposing of and removing all the assets and complying with all environmental and other rehabilitation requirements. In exchange, Condormining would issue a number of shares in the capital of Condormining, having a value equal to 150% of the amount of funds advanced by Guangshou to the JVChinapintza, which may be materially different from the current value of the mineral rights.



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**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

**a) Statement of compliance**

These condensed interim consolidated financial statements of Chinapintza Mining Corp. and its subsidiaries (the "Company") have been prepared in accordance with IAS 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted

The accounting policies set out in the Company's annual consolidated financial statements for the year ended December 31, 2014 were consistently applied to all the periods presented unless otherwise noted.

These condensed interim consolidated financial statements were authorized for issue by Board of Directors on August 26, 2015.

**b) Basis of presentation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Guangshou and Guangshou's 70% interest and control in JVChinapintza. All intercompany transactions, balances, and unrealized gains and losses on intercompany transactions have been eliminated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of loss and comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

These condensed interim consolidated financial statements have been prepared on a historical cost convention using the accrual basis of accounting except for the cash flow information.

Presentation of the consolidated statements of financial position differentiates between current and non-current assets and liabilities. The consolidated statements of loss and comprehensive loss are prepared using the functional classification.

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**3. Significant Accounting Policies (Cont'd)**

**c) New accounting standards and recent pronouncements**

A number of new standards, and amendments to standards and interpretations, are not yet effective as at June 30, 2015, and have not been applied in preparing these condensed interim consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

<b>International Accounting Standards</b>		Effective Date
IFRS 9 – Financial Instruments	IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.	January 1, 2018
	Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income	

The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt the new requirements.

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**4. Reverse Takeover Transaction**

On June 14, 2013, Guangshou acquired Black Birch in a reverse takeover transaction (“RTO Transaction”). Prior to the transaction, Black Birch had 7,365,000 common shares outstanding. Black Birch acquired 35,000,000 common shares of Guangshou in return for its net assets. Black Birch then issued 35,000,000 of its common shares to the original shareholders of Guangshou.

This transaction was accounted for as a reverse takeover transaction that does not constitute a business combination. For accounting purposes, the legal parent company (Black Birch) in the reverse takeover transaction is deemed to be a continuation of the legal subsidiary (Guangshou) which is regarded as the acquirer. Accordingly, the condensed interim consolidated financial statements reflect the significant accounting policies of Guangshou. As a result, these condensed interim consolidated financial statements reflect the financial position, operating results and cash flows of Guangshou, as at June 30, 2015, and for the six months ended June 30, 2015. The operating results of Black Birch have been included commencing June 15, 2013.

Since Guangshou is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Net assets acquired at fair value:

Cash and cash equivalents received	481,328
Other receivable and prepaid received	17,010
Liabilities assumed	<u>(367,276)</u>
	<u>131,062</u>

**5. Mineral Rights**

On November 2, 2012, the Company’s subsidiary in Ecuador entered into an agreement (“Shareholder Agreement”) with Condormining Corporation S.A. (“Condormining”) and JVChinapintza. As per the Shareholder Agreement, Condormining will transfer the title of the Chinapintza Property to JVChinapintza in order to further the exploration, evaluation, and if justified, the development and mining of mineral resources within the property for the benefit of the shareholders. The Company holds 70% shareholder interest of JVChinapintza whereas Condormining holds the other 30% shareholder interest of JVChinapintza.

As per the Shareholder Agreement, the Company shall provide sufficient funds, including working capital, to advance the operations of the Chinapintza Property to commercial production of mining operations. The funds advanced by the Company will not be repayable until the commercial operation begins and net profits are generated from the development of the Chinapintza Property.

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**5. Mineral Rights (Cont'd)**

JV Chinapintza, the Company's 70% owned subsidiary, acquired the Chinapintza Property from Condormining as a result of the Shareholder Agreement and the costs incurred by Condormining on the Chinapintza Property prior to the acquisition were capitalized by JVChinapintza.

The cumulative costs capitalized on the Company's mineral rights are as follows:

	June 30, 2015	December 31, 2014
Opening balance	\$ 529,142	\$ 485,126
Capitalized during the period	-	-
Foreign exchange movement	40,549	44,016
Closing balance	\$ 569,691	\$ 529,142

On December 23, 2014, Guangshou received a 30 day termination notice from Condormining which claims that Guangshou has made various breaches of its obligations under the terms of the Shareholders Agreement. Guangshou responded to the notice within 30 days rejecting all those claims and continues to be in discussion with Condormining to remedy and obligations under the Shareholders Agreement.

**6. Advances from Related Parties**

As at June 30, 2015, advances received from Condormining, the minority interest holder of JVChinapintza, amounted to \$271,709 (December 31, 2014 - \$252,369). The advances are non-interest bearing, unsecured and only payable by JVChinapintza from the net profits generated by Chinapintza Property when it enters into a commercial production stage in the future.

As at June 30, 2015, advances received from G.S. International Mining Co., Ltd, the controlling shareholder of the Company, amounted to \$426,560 (December 31, 2014 - \$376,090). The advances are non-interest bearing, unsecured and only payable by JVChinapintza from the net profits generated by Chinapintza Property when it enters into a commercial production stage in the future.

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**7. Share Capital**

- a) *Authorized*  
 Unlimited number of common shares.
- b) *Issued and outstanding*  
 Issued common shares are as follows:

	<b>Number of shares</b>	<b>Amount</b>
<b>Opening Balance</b>	-	\$ -
Issued on inception (October 26, 2012)	800	798
<b>Balance – December 31, 2012</b>	<b>800</b>	<b>798</b>
Shares exchanged	(800)	-
Shares exchanged	35,000,000	131,062
Reverse takeover adjustments:		
Black Birch shares recognized	7,365,000	-
Shares issued to the Finder with the Qualifying Transaction	1,689,375	168,938
<b>Balance – December 31, 2013, 2014 and June 30, 2015</b>	<b>44,054,375</b>	<b>300,798</b>

- c) *Surplus reserve*

The Company's surplus reserve balance as at June 30, 2015 is as follows:

	<b>Amount</b>
<b>Opening Balance</b>	\$ -
Additions during the period from inception (October 26, 2012) to December 31, 2013	168,502
<b>Balance – December 31, 2013 and 2014 and June 30, 2015</b>	<b>\$ 168,502</b>

- d) *Stock options and share-based payment*

The Company has a stock option plan which allows for the issuance of options to purchase shares at specific prices for a specific period of time. All directors, officers, employees, and consultants are eligible to participate in the plan. The total number of shares reserved for issuance under the stock option plan will not exceed 10% of the Company's issued common shares on the date of the grant.

As at June 30, 2015, the Company had no stock options issued and outstanding.

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**8. Commitments and Contractual Arrangements**

As at June 30, 2015, the Company had the following contractual arrangements and commitments in place for the provision of certain services:

- a) In November 2, 2012, the Company entered into a shareholder agreement (“Shareholder Agreement”) with Condormining and its 70% owned subsidiary, JVChinapintza. As per the Shareholder Agreement, the Company is required to provide sufficient funds, including working capital to JVChinapintza until commercial production of the Chinapintza Property. All funds advanced to JVChinapintza will only be payable out of net profits generated from commercial production of its mineral reserves. On December 23, 2014, Guangshou received a 30 day termination notice from Condormining which claims that Guangshou has made various breaches of its obligations under the terms of the Shareholders Agreement. Guangshou responded to the notice within 30 days rejecting all those claims and continues to be in discussion with Condormining to remedy and obligations under the Shareholders Agreement.
- b) All mine production is subject to royalty payments to the Ecuadorean government. The Company will be subject to the following royalty payments:
  - i. Minimum of 5% gross value of bullion produced for gold and silver;
  - ii. Minimum of 5% gross value of metal produced for base metals including copper, lead and zinc.

**9. Capital Management**

As at June 30, 2015, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of \$300,798 (December 31, 2014 - \$300,798), surplus reserve of \$168,502 (December 31, 2014 - \$168,502), non-controlling interest of \$83,951 (December 31, 2014 - \$78,100), and deficit of \$726,108 (December 31, 2014 - \$609,379).

The Company’s objective when managing capital structure is to ensure sufficient financial resources exist to meet the Company’s strategic exploration and business development objectives, and to ensure that the Company continues as a going concern.

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**10. Segmented Information**

The Company operates in two reportable segments. Segments are defined as components for which separate financial information is available and is regularly evaluated by the chief operating decision maker.

<b>Six months ended June 30, 2015</b>	<b>North America</b>	<b>South America</b>	<b>Total</b>
Assets	\$ 158,556	\$ 531,652	\$ 690,208
Net loss	\$ 116,729	\$ nil	\$ 116,729
Comprehensive loss	\$ 97,227	\$ nil	\$ 97,227

<b>Year ended December 31, 2014</b>	<b>North America</b>	<b>South America</b>	<b>Total</b>
Assets	\$ 108,521	\$ 531,652	\$ 640,173
Net loss	\$ 269,098	\$ nil	\$ 269,098
Comprehensive loss	\$ 247,929	\$ nil	\$ 247,929

**11. Related Party Transactions**

The Company considers its Board of Directors and certain consultants which, by virtue of the contracts in place and the functions performed, to be key management. Compensation awarded to key management is listed below:

	<b>Six months ended June 30, 2015</b>	<b>Six months ended June 30, 2014</b>
Management fees	\$ 21,000	\$ 18,000
Director fees	6,000	6,000
<b>Total</b>	<b>\$ 27,000</b>	<b>\$ 24,000</b>

For the six months ended June 30, 2015, the Company paid or accrued management fees of \$21,000 (June 30, 2014 - \$18,000) to Venture North Capital Inc. and \$6,000 (June 30, 2014 - \$6,000) to Haber and Co. Ltd., companies controlled by officers and/or directors of the Company.

These transactions are in the normal course of operations and at the exchange amount agreed to by the related parties.

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## **12. Financial Instruments**

IFRS 7 establishes a fair value hierarchy that reflects significance of inputs in measuring fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. process) or indirectly (i.e. derived from process); and  
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

### **Fair value**

As at June 30, 2015, the Company's financial instruments consist of cash, other receivable, accounts payable and accrued with which their carrying values approximate fair value due to their short-term nature.

### **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company takes steps to ensure that it has sufficient working capital and available sources of financing to meet future cash requirements for capital programs and operations.

The Company intends to issue equity to ensure the Company has sufficient access to cash to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support its financial obligations and the Company's capital programs.

### **Credit risk**

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash, other receivable and advances to related parties. The Company minimizes the credit risk of cash by depositing only with reputable institutions. There is no allowance for doubtful accounts recorded as at June 30, 2015.



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**(Formerly Black Birch Capital Acquisition II Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and six months ended June 30, 2015 and 2014**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

**12. Financial Instruments (Cont'd)**

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices.

*i) Interest rate risk*

The Company is not exposed to the risk that the value of financial instruments will change due to movement in market interest rates.

*ii) Currency risk*

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.