# 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, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

**Chinapintza Mining Corp.**

**Condensed Interim Consolidated Financial Statements**
**For the three and six months ended June 30, 2017 and 2016**

## 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, 2017 (Unaudited) | | December 31, 2016 (Audited) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash | $ | 411,507 | $ | 453,176 |
| Other receivable | | 52,725 | | 52,652 |
| | | 464,232 | | 505,828 |
| **Mineral Rights** (note 4) | | - | | - |
| **Total Assets** | $ | 464,232 | $ | 505,828 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 511,251 | $ | 446,166 |
| **Advances from Related Parties** (note 5) | | 427,387 | | 428,150 |
| | | 938,638 | | 874,316 |
| **SHAREHOLDERS' EQUITY (DEFICIENCY)** | | | | |
| **Share Capital** (note 6) | | 300,798 | | 300,798 |
| **Surplus Reserve** (note 6) | | 168,502 | | 168,502 |
| **Cumulative Translation Reserve** | | 123,829 | | 123,163 |
| **Deficit** | | (1,067,535) | | (960,951) |
| **Total Equity (Deficiency)** | | (474,406) | | (368,488) |
| **Total Liabilities and Equity** | $ | 464,232 | $ | 505,828 |

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)**
**(Formerly Black Birch Capital Acquisition II Corp.)**
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**
**(Unaudited)**
**(Expressed in Canadian dollars)**

| | Three months ended June 30, 2017 | Three months ended June 30, 2016 | Six months ended June 30, 2017 | Six months ended June 30, 2016 |
|---|---|---|---|---|
| **Revenue** | $ - | $ - | $ - | $ - |
| **Expenses** | | | | |
| Consulting and professional fees | 38,931 | 38,751 | 78,828 | 77,712 |
| Management fees (note 9) | 9,000 | 9,000 | 18,000 | 18,000 |
| General and administrative | 115 | 114 | 190 | 190 |
| Filing and transfer agent fees | 3,566 | 11,502 | 3,566 | 11,502 |
| Director fees (note 9) | 3,000 | 3,000 | 6,000 | 6,000 |
| Investor relations | - | 784 | - | 784 |
| Loss on termination settlement (note 4) | - | 118,835 | - | 118,835 |
| | 54,612 | 181,986 | 106,584 | 233,023 |
| **Net Loss before Income Taxes** | 54,612 | 181,986 | 106,584 | 233,023 |
| Deferred income taxes | - | - | - | - |
| **Net Loss** | 54,612 | 181,986 | 106,584 | 233,023 |
| **Other Comprehensive Loss (Gain)** | | | | |
| Currency translation differences translating foreign operations attributable to the parent | (477) | 10,176 | (666) | 23,275 |
| Currency translation differences translating foreign operations attributable to non-controlling interest | - | - | - | 5,614 |
| **Comprehensive Loss** | $ 54,135 | $ 192,162 | $ 105,918 | $ 261,912 |
| **Comprehensive Loss (Gain) attributable to:** | | | | |
| **Controlling equity holders** | $ 54,135 | $ 192,162 | $ 105,918 | $ 256,298 |
| **Non-controlling interest** | - | - | - | 5,614 |
| | $ 54,135 | $ 192,162 | $ 105,918 | $ 261,912 |
| **Weighted Average Number of Shares Outstanding** | 44,054,375 | 44,054,375 | 44,054,375 | 44,054,375 |
| **Loss per Share – basic and diluted** | $ 0.00 | $ 0.01 | $ 0.00 | $ 0.01 |

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

**Chinapintza Mining Corp**
**(An exploration stage company)**
**(Formerly Black Birch Capital Acquisition II Corp.)**
**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 |
|---|---|---|---|---|---|---|---|
| **Balance – December 31, 2015** | **44,054,375** | **$ 300,798** | **$ 168,502** | **$ 59,972** | **$ (868,899)** | **$ (339,627)** | **$ 92,835** |
| Other comprehensive gain (loss) | - | - | - | (23,275) | - | (23,275) | (5,614) |
| Acquisition of non-controlling interest | - | - | - | 87,221 | - | 87,221 | (87,221) |
| Loss for the period | - | - | - | - | (233,023) | (233,023) | - |
| **Balance – June 30, 2016** | **44,054,375** | **$ 300,798** | **$ 168,502** | **$ 123,918** | **$ (1,101,922)** | **$ (508,704)** | **$ -** |
| | | | | | | | |
| **Balance – December 31, 2016** | **44,054,375** | **$ 300,798** | **$ 168,502** | **$ 123,163** | **$ (960,951)** | **$ (368,488)** | **$ -** |
| Other comprehensive gain (loss) | - | - | - | 666 | - | 666 | - |
| Loss for the period | - | - | - | - | (106,584) | (106,584) | - |
| **Balance – June 30, 2017** | **44,054,375** | **$ 300,798** | **$ 168,502** | **$ 123,829** | **$ (1,067,535)** | **$ (474,406)** | **$ -** |

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

| | | Six months ended June 30, 2017 | | Six months ended June 30, 2016 |
|---|---|---|---|---|
| **Cash provided by (used in):** | | | | |
| **Operating Activities**: | | | | |
| Net loss for the period | $ | (106,584) | $ | (233,023) |
| Adjustments for non-cash items: | | | | |
| Loss on termination settlement | | | | 118,835 |
| Changes in non-cash working capital items: | | | | |
| Other receivable | | (73) | | (1,128) |
| Accounts payable and accrued liabilities | | 65,085 | | 101,712 |
| Net Cash (Used in) Provided by Operating Activities | | (41,572) | | (13,604) |
| Impact of foreign exchange on cash | | (97) | | (199) |
| Net decrease in cash | | (41,669) | | (13,803) |
| Cash - beginning of period | | 453,176 | | 30,508 |
| Cash - end of period | $ | 411,507 | $ | 16,705 |

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

## 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 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.

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.

On April 29, 2016, the Company and its subsidiary, Guangshou, entered into an agreement (“Termination Agreement”) with Ecuador Gold and Copper Corp. (“EGX”) and its subsidiary, Condormining, to terminate the Shareholder Agreement between Condormining and Guangshou dated November 2, 2012 for the joint ownership and exploration and development of the Chinapintza Property (See note 4). The Company acquired 30% minority holdings in JVChinapintza from Condormining and JVChinapintza became a wholly owned subsidiary of the Company as the result of the Termination Agreement.

## 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.

## 2. Going Concern (Cont'd)

The Company's long term continuance is dependent on obtaining sufficient external financing, to acquire mineral rights and realize the recoverability of its investment in mineral rights which is dependent upon the existence of economically recoverable reserves and upon future profitable production. The Company recently entered into Termination Agreement and has ceased its joint development project in Chinapintza Property and currently does not own any title to mineral properties or projects in development.

To date, the Company has not received any revenue from its operations. As at June 30, 2017, the Company has an accumulated deficit of $1,067,535 (December 31, 2016 - $960,951), and incurred a net loss of $106,584 (six months ended June 30, 2016 - $233,023) for the six months ended June 30, 2017. The Company has a negative cash flow from operations of $41,572 (six months ended June 30, 2016 - $13,604) for the six months ended June 30, 2017, and a negative working capital of $47,019 as at June 30, 2017 (December 31, 2016 – positive working capital of $59,662).

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.

## 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, 2016 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 28, 2017.

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

### b) Basis of presentation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Guangshou. 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.

### 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, 2017, 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:

| **International Accounting Standards** | | 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 | January 1, 2018 |

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

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.

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.

## 4. 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 held 70% shareholder interest of JVChinapintza whereas Condormining held 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.

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.

**(Expressed in Canadian dollars)**

## 4. Mineral Rights (Cont'd)

On April 29, 2016, the Company and its subsidiary, Guangshou, entered into an agreement ("Termination Agreement") with Ecuador Gold and Copper Corp. ("EGX") and its subsidiary, Condormining, to terminate the Shareholder Agreement between Condormining and Guangshou dated November 2, 2012 for the joint ownership and exploration and development of the Chinapintza Property. Pursuant to the Termination Agreement, the parties agreed that the Shareholder Agreement is terminated, Condormining retains 100% ownership of and title to the Chinapintza Property and the parties release each other from all liabilities, claims, or obligations in respect of the Shareholder Agreement. In further consideration under the terms of the Termination Agreement, the Company received $175,000 (the "Settlement Amount") which was satisfied by issuing 583,333 common shares of EGX at $0.30 per share. As the result, the Company recognized a loss on termination settlement of $118,835 which is calculated as follows:

| | | On April 29, 2016 (Termination Agreement date) |
|---|---|---|
| Book value of mineral rights | $ | 572,335 |
| Advances from Condormining | | (272,970) |
| Settlement Amount (received in common shares of EGX) | | (175,000) |
| Asset retirement obligations | | (5,530) |
| Loss on termination settlement | $ | 118,835 |

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

| | | June 30, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Opening balance | $ | - | $ | 631,266 |
| Capitalized (disposed) during the period | | - | | (572,335) |
| Foreign exchange movement | | - | | (58,931) |
| Closing balance | $ | - | $ | - |

As the result of the Termination Agreement, the Company currently does not own any title to mineral properties and does not have any projects in development.

## 5. Advances from Related Parties

As at June 30, 2017, advances received from G.S. International Mining Co., Ltd, the controlling shareholder of the Company, amounted to $427,387 (December 31, 2016 - $428,150). The advances are non-interest bearing, unsecured and only payable by JVChinapintza from the net profits generated when it enters into a commercial production stage in the future.

**(Expressed in Canadian dollars)**

## 6. Share Capital

a) *Authorized*
Unlimited number of common shares.

b) *Issued and outstanding*
Issued common shares are as follows:

| | Number of shares | Amount |
|---|---|---|
| **Opening Balance** | - | $ - |
| Issued on inception (October 26, 2012) | 800 | 798 |
| **Balance – December 31, 2012** | **800** | **798** |
| 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 |
| **Balance – December 31, 2013, 2014, 2015, 2016 and June 30, 2017** | **44,054,375** | **300,798** |

c) *Surplus reserve*

The Company's surplus reserve balance as at June 30, 2017 is as follows:

| | | Amount |
|---|---|---|
| **Opening Balance** | $ | - |
| Additions during the period from inception (October 26,2012) to December 31, 2013 | | 168,502 |
| **Balance – December 31, 2013, 2014, 2015, 2016 and June 30, 2017** | **$** | **168,502** |

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, 2017, the Company had no stock options issued and outstanding.

**(Expressed in Canadian dollars)**

## 7. Capital Management

As at June 30, 2017, the capital structure of the Company consists of equity attributable to common shareholders and includes share capital of $300,798 (December 31, 2016 - $300,798), surplus reserve of $168,502 (December 31, 2016 - $168,502), cumulative translation reserve of $123,829 (December 31, 2016 - $123,163), and deficit of $1,067,535 (December 31, 2016 - $960,951).

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.

## 8. 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.

| **Six months ended June 30, 2017** | **North America** | **South America** | **Total** |
|---|---|---|---|
| Assets | $ 461,424 | $ 2,808 | $ 464,232 |
| Net loss | $ 106,584 | $ nil | $ 106,584 |
| Comprehensive loss | $ 105,918 | $ nil | $ 105,918 |

| **Year ended December 31, 2016** | **North America** | **South America** | **Total** |
|---|---|---|---|
| Assets | $ 502,923 | $ 2,905 | $ 505,828 |
| Net loss | $ 92,052 | $ nil | $ 92,052 |
| Comprehensive loss | $ 121,696 | $ nil | $ 121,696 |

## 9. 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:

| | Six months ended June 30, 2017 | Six months ended June 30, 2016 |
|---|---|---|
| Management fees | $ 18,000 | $ 18,000 |
| Director fees | 6,000 | 6,000 |
| Total | $ 24,000 | $ 24,000 |

## 9. Related Party Transactions (Cont'd)

For the six months ended June 30, 2017, the Company paid or accrued management fees of $18,000 (June 30, 2016 - $18,000) to Venture North Capital Inc. and $3,000 (June 30, 2016 - $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.

## 10. 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, 2017, 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.

## 10. Financial Instruments (Cont'd)

**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, 2017.

**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.

## 11. Subsequent Events

There were no significant events subsequent to June 30, 2017.

## 12. Comparative Numbers

The comparative consolidated financial statements have been reclassified to conform to the presentation of the current period consolidated financial statements.