TESORO MINERALS CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED
JULY 31, 2016

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the period ended July 31, 2016.

TESORO MINERALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Notes		July 31, 2016		October 31, 2015 (Audited)
ASSETS					
Current assets					
Cash		$	224,412	$	458,692
Receivables	4		15,369		25,462
Prepaid expense and deposits			10,769		7,609
Prepaid expense and deposits classified as held for sale			-		63,490
Total current assets			250,550		555,253
Non-current assets					
Equipment			1,920		2,260
Investment	6		27,500		-
Total non-current assets			29,420		2,260
Total assets		$	279,970	$	557,513
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	7, 12	$	212,469	$	261,081
Liabilities classified as held for sale			-		114,778
			212,469		375,859
Equity					
Share capital	8		37,808,293		37,808,293
Obligation to issue shares	5, 8		1,144,502		1,144,502
Reserves	8		1,508,479		1,508,479
Accumulated other comprehensive income			-		20,977
Deficit			(40,393,773)		(40,300,597)
Total equity			67,501		181,654
Total liabilities and equity		$	279,970	$	557,513

Nature, continuance of operations, and going concern 1

Approved on September 29, 2016 on behalf of the Board:

"Peter Tegart" Director *"Scott McLean"* Director

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

TESORO MINERALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Notes	**Three Months Ended July 31, 2016**	Three Months Ended July 31, 2015	**Nine Months Ended July 31, 2016**	Nine Months Ended July 31, 2015
EXPENSES					
Amortization		**$ 112**	$ 282	**$ 340**	$ 423
Consulting fees and investor relations		**13,561**	4,440	**15,136**	30,570
Filing fees and transfer agent		**5,120**	8,722	**14,866**	23,288
Insurance		**1,919**	78	**7,361**	2,725
Management fees	12	-	(2,500)	-	10,805
Office service and supplies		**704**	307	**1,661**	4,066
Professional fees	12	**11,893**	43,872	**29,190**	116,067
Property investigation costs		**39,150**	-	**39,150**	-
Rent		**5,633**	3,659	**14,904**	16,339
Shareholder communication and travel		**1,666**	2,096	**9,766**	21,094
Operating expenses		**(79,758)**	(65,456)	**(132,374)**	(225,377)
EXPLORATION COSTS					
Field work and supplies		-	219	-	219
Geological consulting		-	(36)	-	1,488
Mining titles		-	(35,730)	-	-
Professional fees		-	(156)	-	6,448
Project evaluation		-	125	-	1,468
Travels, meals and accommodation		-	-	-	2,321
General exploration		-	25,202	-	119,585
Total exploration recovery (costs)		-	10,376	-	(131,529)
OTHER ITEMS					
Foreign exchange loss		-		-	(174)
Gain on settlement of debt		-		-	7,676
Gain on disposal of subsidiary		-	-	**39,198**	-
Refund of mining lease costs		-	63,912	-	63,912
Total other items		-	63,912	**39,198**	71,414
Income (loss) for the period		-	8,832	**(93,176)**	(285,492)
OTHER COMPREHENSIVE INCOME (LOSS)					
Cumulative translation adjustments		-	(7,412)	**(20,977)**	(7,660)
Comprehensive income (loss) for the period		**$ (79,758)**	$ 1,420	**$ (114,153)**	$ (293,152)
Basic and diluted loss per common share		**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding		**36,231,809**	36,231,809	**36,231,809**	36,231,809

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

TESORO MINERALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

Nine months ended July 31,	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		$ (93,176)	$ (285,492)
Items not affecting cash:			
Amortization		340	423
Changes in non-cash working capital items:			
Receivables		10,093	24,317
Prepaid expenses and deposits		(3,160)	(57,325)
Prepaid expenses and deposits classified as held for sale		63,490	-
Accounts payable and accrued liabilities		(48,612)	92,501
Investments		(27,500)	-
Liabilities classified as held for sale		(114,778)	-
Net cash flows used in operating activities		(213,303)	(225,576)
Effect of foreign exchange on cash		(20,977)	(7,660)
Change in cash during the period		(234,280)	(233,236)
Cash, beginning of period		458,692	766,606
Cash, end of period		$ 224,412	$ 533,370

Supplemental disclosure with respect to cash flows (Note 9)

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

TESORO MINERALS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Share capital						
	Number of shares	Amount	Obligation to issue shares	Reserves	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance at October 31, 2014	36,231,809	$ 37,808,293	$ 1,144,502	1,508,479	$ 29,350	$ (39,916,856)	$ 573,768
Loss for the period	-	-	-	-	-	(285,492)	(285,492)
Cumulative translation adjustments	-	-	-	-	(7,660)	-	(7,660)
Balance at July 31, 2015	36,231,809	$ 37,808,293	$ 1,144,502	1,508,479	$ 21,690	$ (40,202,348)	$ 280,193
Balance at October 31, 2015	36,231,809	$ 37,808,293	$ 1,144,502	$ 1,508,479	$ 20,977	$ (40,300,597)	$ 181,654
Loss for the period	-	-	-	-	-	(93,176)	(93,176)
Cumulative translation adjustments	-	-	-	-	$ (20,977)	-	(20,977)
Balance at July 31, 2016	36,231,809	$ 37,808,293	$ 1,144,502	$ 1,508,479	$ -	$ (40,393,773)	$ 67,501

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

(Unaudited - Expressed in Canadian Dollars)

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Tesoro Minerals Corp. (formerly Auro Resources Corp.) ("the Company") is incorporated under the British Columbia Business Corporations Act and its common shares are listed on the TSX Venture Exchange ("the Exchange") under the symbol "TES". The principal business of the Company is the acquisition, exploration and evaluation of resource properties. On August 26, 2013, the Company changed its name from Auro Resources Corp. to Tesoro Minerals Corp. and consolidated all of its authorized and issued share capital pursuant to which each common share was consolidated on a ten (10) for one (1) basis such that each ten (10) common shares were consolidated into one (1) post-consolidation share. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

The Company's head office address is 20th floor, 1066 West Hastings, Vancouver, British Columbia, Canada, V6E 3X2. The Company's registered and records office address is 20th floor, 250 Howe Street, Vancouver, British Columbia, Canada, V6C 3R8.

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These financial statements are prepared on a going concern basis 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. As at July 31, 2016, the Company has not yet achieved profitable operations, has an accumulated deficit of $40,393,773, and has incurred losses since inception. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

	July 31, 2016	October 31, 2015
Deficit	$ (40,393,773)	$ (40,300,597)
Working capital	38,081	179,394

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

2. BASIS OF PREPARATION (continued)

Basis of consolidation and presentation

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These financial statements include the financial statements of Tesoro Minerals Corp. and its subsidiaries listed in the following table:

Name of Subsidiaries	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
White Gold Corporation	Canada	100%	Exploration and evaluation of resource properties

All inter-company accounts and transactions have been eliminated.

Significant accounting judgments and critical accounting estimates

The preparation of these financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

i) Determination of categories of financial assets and financial liabilities which has been identified as an accounting policy which involves assessments made by management;

ii) Determination of functional currency of the Company and its wholly-owned subsidiaries; and

iii) Recoverability of the carrying value of the Company's exploration and evaluation assets. The estimation of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties and results of exploration to date. As the Company does not have further plans for exploration on its current properties, the Company has written-off the carrying value of its mineral interest to $nil.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

2. BASIS OF PREPARATION (continued)

Significant accounting judgments and critical accounting estimates (continued)

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

ii) Share-based payment – The fair value of share-based payment is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash includes amounts held in banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Equipment and amortization

Equipment is recorded at cost. Amortization of computers, equipment and furniture and fixtures, is provided for on the declining balance method at 20% - 35% per annum. Additions during the year are amortized at one half rate.

Financial instruments

Financial assets

The Company classifies its financial assets as follows:

Loans and receivables ("LAR") - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities as follows:

Other financial liabilities ("OFL") - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Refer to Note 10 for classification of the Company's financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

The Company capitalizes the acquisition costs of mineral claims and mineral rights. Exploration and development costs, subsequent to the determination of the feasibility of mining operations are capitalized. Exploration and development expenses incurred prior to determination of the feasibility of mining operations, periodic option payments and administrative expenditures are expensed as incurred.

Proceeds received on the sale of interests in mineral properties are credited to the carrying value of mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

Management periodically reviews the carrying values of its investments in exploration and evaluation assets and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. A decision to abandon, reduce or expand activity on a specific property is based upon many factors including general and specific assessments of mineral resources, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and the availability of financing. The Company does not set a pre-determined holding period for properties with unproven resources. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the period of abandonment or determination of impairment of value.

The amounts recorded as exploration and evaluation assets represent unamortized costs to date and do not necessarily reflect present or future values. The accumulated costs of exploration and evaluation assets that are developed to the stage of commercial production will be amortized to operations using the unit of production depletion method.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing unless otherwise noted.

Impairment of long-lived assets

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Decommissioning obligations:

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

As at July 31, 2016 and October 31, 2015, the Company has determined that it does not have any decommissioning obligations.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted-average number of common shares outstanding during the reporting period.

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented this calculation proved to be anti-dilutive.

Foreign currency translation

The functional currency of each of the parent company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The functional currency of Tesoro Minerals Corp. (formerly Auro Resources Corp.), the parent entity, and White Gold Corporation, the Canadian subsidiary, is the Canadian dollar, which is also the presentation currency of the financial statements.

Transactions denominated in foreign currencies are translated to the functional currency of the entity at the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency of the entity at the closing exchange rate on the date of the reporting period. Any gain or loss on the translation is recorded in profit or loss.

Foreign operations are translated from their functional currency into Canadian dollars on consolidation as follows:

(i) All assets and liabilities are translated for each statements of financial position presented at the closing exchange rate on the date of the reporting period;

(ii) Income and expenses for each statement of comprehensive loss are translated at the average exchange rate for the reporting period; and

(iii) All resulting exchange differences are recognized in other comprehensive income/loss as currency translation adjustments.

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in a separate component of equity through other comprehensive income/loss.

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in this separate component of equity is recognized in profit or loss.

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(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are assigned the residual value after the main component of the equity financing (common shares) is valued. Warrants that are issued as payment for agency/finder's fee or other transaction costs are accounted for as share-based payments.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date of the agreement to issue shares as determined by the Board of Directors.

New accounting standards and amendments to existing standards

The material accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended October 31, 2015. The Company has consistently applied the same material accounting policies throughout all periods presented.

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new, revised and amended standards that have been issued but are not yet effective for the October 31, 2016 reporting period:

- New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.

The Company is currently assessing the impact that these standards will have on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period. The amendments and new standards are expected to have minimal impact on the Company's financial statements.

4. RECEIVABLES

The Company's receivables are as follows:

	July 31, 2016	October 31, 2015
GST receivable	$ 8,871	$ 15,944
Other receivable	6,498	9,518
	$ 15,369	$ 25,462

(Unaudited - Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

White Gold

On July 27, 2011, the Company acquired all the issued and outstanding shares of White Gold Corporation ("White Gold"), a private Alberta corporation. White Gold, through its wholly-owned subsidiary, Oro Barracuda Ltd., a Colombian corporation, owns a 100% interest in the Tolimo & Quindio, Arboledas Gold Project and Surata Gold Project mineral property claims located in Colombia. The acquisition was completed by an amalgamation agreement with the Company's wholly-owned Alberta subsidiary, 1605139 Alberta Ltd. Consideration for the acquisition is:

a) issuance of 2,100,000 post consolidation common shares of the Company to the former shareholders of White Gold of which 38% (798,000 common shares for a total of 15 Concession Agreements received) were released on the acquisition date and 62% (1,302,000 common shares) are to be released upon receipt of 24 Concession Agreements regarding certain of the Colombian mineral properties that were in the "Pending Concession" and "Lease Application" stages of regulatory approval in Colombia.

As at July 31, 2016, the schedule of shares to be issued is as follows:

	Number of common shares to be issued	Number of Concession Agreements to be received	Percentage
Balance, October 31, 2015 and July 31, 2016	817,500	15	38.93%

During the year ended October 31, 2014, the Company wrote off the White Gold properties to a value of $nil and recorded an impairment charge of $3,509,340 as the Company ceased exploration and decided to explore other opportunities. Accordingly, an environmental insurance provision of $5,669 was recorded in accounts payable (Note 7).

As at July 31, 2016, the Company had 817,500 (October 31, 2015 – 817,500) common shares scheduled for issuance valued at $1.40 per share for a total value of $1,144,502 (October 31, 2015 - $1,144,502), which are included in equity as obligation to issue shares.

b) issuance of 90,860 share purchase options and 17,036 share purchase warrants of the Company.

In addition, the Company also issued 86,667 shares valued at a total of $121,333 and incurred $90,000 in cash payment for finder's fee.

(Unaudited - Expressed in Canadian Dollars)

6. INVESTMENT

		July 31, 2016		October 31, 2015
Shares in Oro Exploration Ltd.	$	27,500	$	-

In January of 2016, the Company closed the Share Purchase Agreement with Oro Exploration Ltd. (“Oro”) to sell 100% of the outstanding shares of the Company’s 100% owned Colombian subsidiary, Oro Barracuda S.A.S (“OBSAS”). Under the terms of the agreement, Tesoro received 550,000 shares of Oro, valued at $27,500, which is 10% of the issued share capital in Oro after the initial private placement of shares. Thereafter Tesoro has the option to participate up to the 10% level in future financings of Oro, and retains a Right of First Offer on any mineral property generated by Oro excluding those currently held by OBSAS. Tesoro will retain 1% net smelter royalty (“NSR”) on any OBSAS mineral title and Oro has the right to buy back the NSR for one million USD.

7. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		July 31, 2016		October 31, 2015
Trade payables	$	182,580	$	149,492
Accrued liabilities		12,500		66,500
Provision for insurance premiums		5,669		5,669
Due to related parties (Note 12)		11,720		39,420
Total	$	212,469	$	261,081

8. SHARE CAPITAL AND RESERVES

i) Authorized share capital

As at July 31, 2016: unlimited number of voting common shares without par value.

ii) Issued share capital

During the nine-months period ended July 31, 2016 and 2015, the Company did not have any share activities.

iii) Stock options

The Company has a stock option plan whereby, the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant. The Company has granted employees and directors common share purchase options. These options are granted with an exercise price equal to their fair value on the date of the grant. Unless otherwise stated, options fully vest when granted.

During the period ended July 31, 2016 and 2015, the Company did not have any stock option transactions and had no options outstanding.

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (continued)

iv) Warrants

Warrant transactions and the number of warrants outstanding for the period ended July 31, 2016 are summarized as follows:

Expiry date	Exercise price	October 31, 2015	Granted	Expired	Exercised	July 31, 2016	Exercisable
December 18, 2018	$ 0.25	4,550,000	-	-	-	4,550,000	4,550,000
December 18, 2018*	$ 0.25	318,500	-	-	-	318,500	318,500
January 11, 2019	$ 0.25	10,050,000	-	-	-	10,050,000	10,050,000
January 11, 2019*	$ 0.25	647,500	-	-	-	647,500	647,500
January 18, 2019	$ 0.25	3,400,000	-	-	-	3,400,000	3,400,000
January 18, 2019*	$ 0.25	91,000	-	-	-	91,000	91,000
July 30, 2019	$ 0.25	4,345,000	-	-	-	4,345,000	4,345,000
July 30, 2019*	$ 0.25	302,400	-	-	-	302,400	302,400
August 15, 2019	$ 0.25	700,000	-	-	-	700,000	700,000
August 15, 2019*	$ 0.25	7,000	-	-	-	7,000	7,000
Total		24,411,400	-	-	-	24,411,400	24,411,400
Weighted average exercise price		$ 0.25	$ -	$ -	$ -	$ 0.25	$ 0.25

* Agent warrants

v) Nature and purpose of equity and reserves

The equity recorded in the Company's statements of financial position includes share capital, obligation to issue shares, reserves, accumulated other comprehensive income and deficit.

Obligation to issue shares is used to record shares for which consideration has been received but which are not issued yet.

Reserves are used to recognize the value of stock options granted and share purchase warrants issued prior to exercise, and value of escrow shares cancelled for no additional consideration.

Accumulated other comprehensive income is used to record cumulative translation adjustments which arise from the effects of foreign exchange gains and losses incurred on non-monetary assets of subsidiaries with functional currencies that differ from the functional currency of the parent company.

Accumulated deficit is used to record the Company's change in deficit from earnings from year to year.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended July 31, 2016 and 2015, no transactions were excluded from the statement of cash flows.

(Unaudited - Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK

The Company's primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash	Loans and receivables
Receivables (excluding GST receivable)	Loans and receivables
Accounts payable and accrued liabilities	Other and liabilities

The carrying amount of these assets and liabilities approximates their respective fair value due to their short term nature. The Company does not currently hold any financial instruments that would be included in the classification of available for sale.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. As at July 31, 2016, the Company's receivables mainly consisted of GST receivable from government authorities in Canada and cash balances were mainly held at a chartered bank in Canada. There is minimal credit risk with respect to GST recoverable as this amount is recoverable from Canadian governmental agencies. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2016, the Company had a cash balance of $224,412 (October 31, 2015 – $458,692) to settle current liabilities of $212,469 (October 31, 2015 – $375,859).

Market risk

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

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. At July 31, 2016, interest rate risks on cash and on the Company's obligations are not considered significant.

b) Price risk

The Company has no contractual commodity price risk. The recoverability of the Company's exploration and evaluation assets is indirectly related to the market price of precious and base metals. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. Commodity price risk is significant to the Company. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

(Unaudited - Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. share capital, obligation to issue shares, reserves, accumulated other comprehensive income and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the period ended July 31, 2016.

12. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties and key management personnel are as follows:

	Nature of Transactions	For the Nine Months Ended July 31, 2016	For the Nine Months Ended July 31, 2015
Key management personnel:			
COO	Management	$ -	$ 10,000
		$ -	$ 10,000
Related party:			
A firm of which the CFO is a partner	Professional	$ 14,900	$ 14,000

The amounts due to related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	July 31, 2016	October 31, 2015
Due to former Secretary and CFO	$ 6,720	$ 6,720
Due to a firm of which the CFO is a partner	5,000	32,700
	$ 11,720	$ 39,420