TESORO MINERALS CORP.
(formerly Auro Resources Corp.)

MANAGEMENT DISCUSSION & ANALYSIS

For the Period Ended July 31, 2016

Directors and Officers as at September 29, 2016:

Directors:	Peter Tegart, CEO Cyrus Driver, CFO Scott McLean Antony Harwood
TSX Venture Exchange Symbol:	TES-TSX.V

1.1 Date of This Report

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as of September 29, 2016 and should be read in conjunction with the unaudited consolidated interim financial statements for the period ended July 31, 2016 of Tesoro Minerals Corp. with the related notes thereto. These unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Readers may also want to refer to the October 31, 2015 audited consolidated financial statements and the accompanying notes.

Caution on Forward-looking Information

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties which could cause actual results to vary considerably from these statements. Management's discussion and analysis may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company. These statements are not guarantees of the Company's future performance. Given the uncertainties associated with forward-looking information, readers are cautioned not to put undue reliance on forward-looking information.

Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

1.2 Overall Performance

Description of Business

The Company is listed on the TSX Venture Exchange under the symbol "TES" and the Frankfurt Exchange under the symbol "NXP3."

Management and the Board of Directors are focused on creating shareholder value, by ensuring that capital is committed towards exploration, while focusing on, and balancing the costs of operating a public company within a prospective emerging market.

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 Ltda., 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.

b)

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.

As at July 31, 2016 and October 31, 2015, the Company had 817,500 (October 31, 2014 – 817,500) common shares scheduled for issuance valued at $1.40 per share for a total value of $1,144,502 (October 31, 2014 - $1,144,502), which are included in equity as obligation to issue shares.

c) 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.

Investment - Sale of subsidiary

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, which is 10% of the issued share capital in Oro after the initial private placement of shares. Thereafter Tesoro has the option to participate at 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% NSR on any OBSAS mineral title and Oro has the right to buy back the NSR for one million USD.

1.3 <u>Selected Annual Information</u>

		For the Fiscal Year ended October 31, 2015		For the Fiscal Year ended October 31, 2014		For the Fiscal Year ended October 31, 2013
Loss	$	383,741	$	4,381,712	$	1,071,429
Comprehensive loss	$	392,114	$	4,400,805	$	1,047,355
Loss per share – basic and diluted	$	(0.01)	$	(0.16)	$	(0.13)
Working capital (deficiency)	$	179,394	$	570,945	$	(1,064,804)
Exploration and evaluation assets	$	-	$	-	$	3,417,304
Total assets	$	557,513	$	835,550	$	3,498,789
Deficit	$	(40,300,597)	$	(39,916,856)	$	(35,535,144)
Weighted average number of shares outstanding	$	36,231,809	$	26,891,713	$	8,045,626

1.4 Results of Operations

Discussion of Operations and Financial Condition

Nine Month Period July 31, 2016

During the nine-month period ended July 31, 2016, the Company reported a comprehensive loss of $114,153 compared to a comprehensive loss of $293,152 for the comparative period ended July 31, 2015, a decrease of $178,999. This decrease is mainly due to the following:

- Exploration costs of $nil (2015 - $131,529) decreased as the Company did not conduct any exploration work during the current period.
- Management fees of $nil (2015 - $10,805) as the Company eliminated all fees.
- Consulting and investor relations of $15,136 (2015 – $30,570) decreased as the Company decreased spending in this category during the current period.
- Professional fees of $29,190 (2015 – $116,067) decreased mainly as a result of a decrease in general activities of the Company.
- Shareholder communication of $9,766 (2015 – $21,094) decreased as the Company decreased spending in this category during the current period.

Three Month Period July 31, 2016

During the three-month period ended July 31, 2016, the Company reported a comprehensive loss of $79,758 compared to a comprehensive income of $1,420 for the comparative period ended July 31, 2015, an increased loss of $81,179. The increased loss is mainly due to property investigation costs in the current period and exploration recovery in the prior comparative quarter. More significant changes in certain categories are as below:

- Professional fees of $11,893 (2015 – $43,872) decreased mainly as a result of a decrease in general activities of the Company.
- Shareholder communication of $1,666 (2015 – $2,096) decreased as the Company decreased spending in this category during the current period.

- Exploration costs recovery of $nil (2015 – recovery of $10,376) increased as the Company did not conduct any exploration work during the current period.

- Property investigation costs of $39,150 (2015 - $nil) increased as the Company look for new exploration projects.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"):

Quarterly periods		Income (loss)		Basic and diluted loss per common share
July 31, 2016	$	(79,758)	$	(0.00)
April 30, 2016	$	(35,873)	$	(0.00)
January 31, 2016	$	22,455	$	(0.00)
October 31, 2015	$	(98,249)	$	(0.00)
July 31, 2015	$	8,832	$	0.00
April 30, 2015	$	(172,452)	$	(0.00)
January 31, 2015	$	(121,872)	$	(0.00)
October 31, 2014	$	(3,548,164)	$	(0.13)

1.5 Liquidity

In management's view, given the uncertainty of the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the acquisition of an existing business or, if the Company focuses on the resource sector, the acquisition of a viable property and the discovery of economically recoverable reserves. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

As at July 31, 2016, the Company reported working capital of $38,081 compared to a working capital of $179,394 at October 31, 2015. The Company will require additional financing to fund further exploration at its key projects, investigations and/or evaluations of potential new acquisitions and thereafter to fund any extensive development and expansion of such acquisitions. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.

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). The Company is planning additional financings in the near term to raise working capital to finance its ongoing operations.

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. The Company believes it has no significant credit risk.

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) Foreign currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Colombia. The Company funds cash calls to its foreign subsidiary in Colombian Peso. There is a risk in the exchange rate of the Canadian dollar relative to the Colombian Peso and a significant change in this rate could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at July 31, 2016 and October 31, 2015, the Company considers foreign currency risk insignificant.

Commitments

As of July 31, 2016, the Company does not have any commitments.

1.6 Capital Resources

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

1.7 Off Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

1.8 Transactions with Related Parties

During the period ended July 31, 2016 and 2015, the Company was charged the following amounts by key management personnel and related parties of the Company:

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

1.9 Proposed Transactions

Except for those disclosed herein, as at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, has decided to proceed with.

1.10 Critical Accounting Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

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.

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:

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.

1.11 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.

1.12 Outlook

Exploration Update

Tesoro Minerals Corp. is a mineral exploration company that has held major greenfields land positions in Colombia's leading gold camps for the past three years including interests in two prolific gold regions: Tolima – Quindio and Santander – Norte de Santander.

During the year ended October 31, 2015, a Memorandum of Understanding was signed with Oro Exploration Ltd. (Oro), a third party, and as a result, the Company's 100%, greenfields mineral exploration property portfolio in Columbia has been transferred in exchange for 10% of the shares of the third party (post a seed capital placement) along with a 1% Net Smelter Return royalty on future production from the properties. Under the agreement, the Company retains the right to participate in future financings of the third party, and the right of first refusal to invest in any properties of merit that (Oro) generates through its acquisition and exploration activities in Colombia, apart from any discovery made on properties in the above-mentioned portfolio.

On January of 2016, the Company closed the Share Purchase Agreement with 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, 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% NSR on any OBSAS mineral title and Oro has the right to buy back the NSR for one million USD.

Objectives

The Company's business model has been to research, evaluate, acquire properties, add value through exploration, and undertake business decisions to develop the project to production through joint venture or sale of asset.

Outstanding Share Data

The Company's authorized capital is unlimited common shares without par value. As at September 29, 2016, the following share purchase warrants were outstanding:

	Number of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares:	36,231,809		
Warrants:	4,550,000	$ 0.25	December 18, 2018
	10,050,000	$ 0.25	January 11, 2019
	3,400,000	$ 0.25	January 18, 2019
	4,345,000	$ 0.25	July 30, 2019
	700,000	$ 0.25	August 15, 2019
Agent's warrants:	318,500	$ 0.25	December 18, 2018
	647,500	$ 0.25	January 11, 2019
	91,000	$ 0.25	January 18, 2019
	302,400	$ 0.25	July 30, 2019
	7,000	$ 0.25	August 15, 2019
Fully Diluted:	60,643,209		

Disclosure Controls and Procedures

It should be noted that pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous filings under National Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional information relating to the Company is on SEDAR at www.sedar.com.