Eloro Resources Ltd.

Condensed Interim Consolidated Financial Statements

June 30, 2016

(expressed in Canadian dollars)

(unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Eloro Resources Ltd. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

Eloro Resources Ltd.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)
(unaudited)

	Notes	As at June 30, 2016 $	As at March 31, 2016 $
Assets			
Current			
Cash		246,503	80,743
Receivables	4	29,627	21,887
Due from Cartier Iron Corporation	5	26,535	-
Marketable securities		108,177	7,690
Prepaid expenses		33,454	26,301
		444,296	136,621
Exploration and evaluation	6	652,527	488,471
		1,096,823	625,092
Liabilities			
Current			
Accounts payable and accrued liabilities		431,495	388,686
Shareholders' equity			
Share capital	7	22,420,441	22,238,302
Warrants	7	510,000	309,000
Contributed surplus		2,050,814	2,050,814
Deficit		(24,315,926)	(24,361,709)
		665,328	236,406
		1,096,823	625,092

Going concern	2
Subsequent events	12

Approved by the Board: Thomas Larsen **Director** Francis Sauve **Director**

Eloro Resources Ltd.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended June 30, 2016 $	2015 $
Expenses			
Professional fees		9,155	6,037
Consulting fees		64,500	61,500
Investor relations and marketing		25,929	52,938
General and office		28,485	13,229
Travel		6,076	-
Loss on sale of marketable securities		-	1,600
Unrealized gain on marketable securities		(100,487)	(1,639)
Gain on assignment of royalty	6	(82,000)	-
Writedown of exploration and evaluation	6	2,559	10,615
		(45,783)	144,280
Income (loss) and comprehensive income (loss)		45,783	(144,280)
Income (loss) per share-basic and diluted		-	(0.01)
Weighted average number of shares outstanding-basic and diluted		19,474,456	13,549,779

See accompanying notes to consolidated financial statements

Eloro Resources Ltd.
Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Share capital $ (note 7)	Warrants $ (note 7)	Contributed surplus $	Deficit $	Total $
Balance, March 31, 2016	22,238,302	309,000	2,050,814	(24,361,709)	236,407
Private placement of units	400,000	-	-	-	400,000
Fair value of warrants issued	(201,000)	201,000	-	-	-
Share issue costs	(16,861)	-	-	-	(16,861)
Income	-	-	-	45,783	45,783
Balance, June 30, 2016	22,420,441	510,000	2,050,814	(24,315,926)	665,329
Balance, March 31, 2015	21,792,709	265,000	2,028,814	(23,890,391)	196,132
Loss	-	-	-	(144,280)	(144,280)
Balance, June 30, 2015	21,792,709	265,000	2,028,814	(24,034,671)	51,852

See accompanying notes to consolidated financial statements

Eloro Resources Ltd.
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended June 30, 2016 $	2015 $
Cash provided by (used in)			
Operating activities			
Income (loss)		45,783	(144,280)
Items not affecting cash			
Loss on sale of marketable securities		-	1,600
Unrealized gain on marketable securities		(100,487)	(1,639)
Gain on assignment of royalty	6	(82,000)	-
Writedown of exploration and evaluation	6	2,559	10,615
Changes in non-cash operating working capital			
Receivables		(7,740)	(17,285)
Prepaid expenses		(7,153)	27,610
Accounts payable and accrued liabilities		48,884	103,951
		(100,154)	(19,429)
Financing activities			
Advance for common shares		-	25,200
Private placement of units	7	400,000	-
Share issue costs	7	(16,861)	-
		383,139	25,200
Investing activities			
Advances to Cartier Iron Corporation		(26,535)	-
Proceeds on sale of marketable securities		-	31,400
Proceeds on assignment of royaty	6	82,000	-
Exploration and evaluation		(172,690)	(177,270)
		(117,225)	(145,870)
Net increase (decrease) in cash		165,760	(140,099)
Cash, beginning of period		80,743	255,305
Cash, end of period		246,503	115,206
Supplementary information			
Interest paid		-	-
Income taxes paid		-	-

See accompanying notes to consolidated financial statements

1. Nature of operations

Eloro Resources Ltd. (the "Company") is a public company engaged in the exploration and development of a gold-silver property in Peru and base metal properties in Québec.

The Company was incorporated under the Business Corporations Act of Ontario on April 11, 1985 and its registered office is located at 20 Adelaide Street East, Suite 200, Toronto, Ontario, M5C 2T6.

2. Going-concern

These condensed interim consolidated financial statements have been prepared on a going concern basis that presumes the realization of assets and discharge of liabilities in the normal course of business.

The Company is in the exploration stage and has no revenue. During the 3 months ended June 30, 2016, the Company recorded income of $45,783 (2015 - loss of $144,280) and as at that date, the Company had accumulated deficit of $24,315,926 (March 31, 2016 - $24,361,710), working capital of $20,802 (March 31, 2016 - working capital deficit of $252,065) and cash flow deficit from operations of $108,154 (2015 - $19,429). These factors create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2016.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2016.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 26, 2016.

New standards and interpretations not yet adopted

On April 1, 2016, the Company adopted the following amendment to standards:

IAS 1, Presentation of Financial Statements

Amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. The amendments clarify that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The following new standard will be effective for periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments ("IFRS 9")
This standard will replace *IAS 39, Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules In IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The Company has not determined the extent of the impact of IFRS 9 on its financial statements.

The following new standard will be effective for periods beginning on or after January 1, 2019:

IFRS 16, Leases ("IFRS 16")
IFRS 16 specifies the requirements to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has not determined the extent of the impact of IFRS 16 on its financial statements.

4. Receivables

The Company files a Québec Corporation Income Tax Return claiming a refundable tax credit on eligible exploration expenditures incurred in Québec ("Refundable Tax Credit") and a Québec Mining Duties Return claiming a credit on duties refundable for losses ("Credit on Duties").

	Outstanding claims related to years ended March 31,		
	2016	2015	2014
	$	$	$
Claim			
Refundable Tax Credit	–	–	–
Credit on Duties	–	–	3,759

It is the Company's policy to record claims for mining tax credits as a receivable and reduction to exploration and evaluation when there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. The outstanding claims for Credit on Duties are subject to audit by Ressources naturelles et Faune Québec, and as a result, has not been included in receivables.

5. Due from Cartier Iron Corporation ("Cartier)"

The amount of $26,535 due from Cartier is unsecured, non-interest bearing and is due on demand.

Cartier holds 5,010,000 common shares of the Company, representing 24.6% of the outstanding common shares of the Company. Two directors of the Company are also directors of Cartier.

See note 12 for subsequent event.

6. Exploration and evaluation

	March 31, 2016	Acquisition costs	Exploration	Writedown	June 30, 2016
	$	$	$	$	$
Property					
La Victoria	488,471	–	164,056	–	652,527
Other	–	–	2,559	(2,559)	–
	488,471	–	166,615	(2,559)	652,527

La Victoria, Peru
On July 3, 2014, the Company acquired an option, as amended on November 28, 2014, June 4, 2015 and June 24, 2015, to earn a 60% interest in La Victoria, a gold-silver property consisting of 8 concessions covering 3,433 hectares in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru. The option covers the following concessions: Ccori Orcco 1, Rufina, Rufina No. 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB.

In order to earn its interest, the Company must make option payments and incur exploration expenditures, as follows:

To earn 60% interest	Option payments $	Exploration expenditures $
On closing (paid)	50,000	–
July 3, 2015 (paid)	50,000	–
June 5, 2015 (paid)	75,000	–
September 1, 2015 (paid)	45,000	–
January 3, 2016 (extended from July 3, 2015)(incurred)	–	43,578
January 3, 2017 (extended from July 3, 2016)	50,000	350,000
January 3, 2018 (extended from July 3, 2017)	–	400,000
January 3, 2019 (extended from July 3, 2018)	–	500,000
	270,000	1,293,578

During the term of the option, if the option holder is granted the concession for San Felipe 3 consisting of 600 hectares, it will be added to the option and the Company must make additional exploration expenditures of $206,422 to earn its interest in La Victoria.

If either party acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest. Until the Company earns its 60% interest, the Company will be deemed to have a 60% interest and the option holder will be deemed to have a 40% participating interest. In the event that the agreement is terminated before the Company earns its 60% interest, the Company shall transfer its interest in any additional properties within the area of interest to the option holder.

Upon the Company earning its 60% interest, a joint venture will deemed to be formed to explore and develop La Victoria and the parties will use their best efforts to enter into a joint venture agreement. If a party does not fund its proportionate share of the approved work plan and budget and the other party funds at least 80%, their interest will be diluted and when their interest is diluted to less than 10%, the party's interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1.5% by making a payment of $1,000,000. Each party shall have the right of first refusal on the on the sale of the other party's interest.

See note 12 for subsequent event.

Simkar and Louvicourt
On June 4, 2014, the Company sold its remaining interests in Simkar and Louvicourt in consideration of a 1.5% net smelter royalty on Simkar and 0.5% royalty on Louvicourt ("Royalties") and wrote off the carrying values of Simkar and Louvicourt.

On May 20, 2016, the Company assigned the Royalties in consideration for a payment of $82,000.

7. Share capital

Authorized
An unlimited number of common shares without par value.
An unlimited number of redeemable, voting, non-participating special shares without par value.

Outstanding

	Number of common shares	Amount $
Balance, March 31, 2016	17,974,779	22,238,302
Private placement of units	2,352,942	400,000
Fair value of warrants issued	–	(201,000)
Share issue costs	–	(8,861)
Balance, June 30, 2016	20,327,721	22,428,441

Private placement of units
On May 3, 2016 and May 10, 2016, the Company completed a non-brokered private placement of 2,352,942 units at a price of $0.17 per unit for proceeds of $400,000. Each unit consisted of one common share and one-half warrant, with 1,029,412 warrants and 147,059 warrants entitling the holder to purchase one common share for $0.30 until May 3, 2018 and May 10, 2018 respectively. Of the private placement, directors, officers and persons related to them and a director of Cartier acquired 1,041,174 units.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Warrants issued	
Exercise price	$0.30
Share price	$0.21
Risk-free interest rate	0.87%
Expected volatility based on historical volatility	200%
Expected life of warrants	2 years
Expected dividend yield	Nil
Fair value	$201,000
Fair value per warrant	$0.17

Private placement of units
See note 12 for subsequent event.

Stock options
The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. At June 30, 2016, the Company may grant up to 2,032,772 stock options (March 31, 2016 - 1,797,477). The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSX Venture Exchange. The maximum term for stock options will be 5 years and stock options granted will vest immediately.

A summary of the Company's stock options outstanding and exercisable at June 30, 2016 is presented below:

	Weighted-average exercise price $	Number of stock options outstanding and exercisable
Balance, March 31, 2016 and June 30, 2016	0.11	1,550,000

Exercise price	Expiry date	Number of stock options outstanding and exercisable
$0.10	January 29,2020	1,150,000
$0.15	February 29, 2020	200,000
$0.12	December 7, 2020	200,000
		1,550,000

Grant of stock options
See note 12 for subsequent event.

Warrants
A summary of the Company's warrants outstanding at June 30, 2016 is presented below:

	Weighted-average exercise price $	Number of warrants
Balance, March 31, 2016	1.42	2,433,058
Issued	0.30	1,176,471
Balance, June 30, 2016	1.06	3,609,529

Exercise price	Expiry date	Number of warrants
$10.00	December 8, 2016	308,058
$0.15	February 19, 2017	1,500,000
$0.24	September 3, 2017	625,000
$0.30	May 3, 2018	1,029,412
$0.30	May 10, 2018	147,059
		3,609,529

8. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Due from Cartier and accounts payable and accrued liabilities
The fair value of due from Cartier and accounts payable and accrued liabilities approximates their carrying value due to their short term to maturity.

Warrants and stock options
The fair value of warrants and stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on grant date, exercise price, expected volatility (based on historical volatility or historical volatility of securities of comparable companies), weighted average expected life and forfeiture rate (both based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;

- Level 3 - inputs for the asset or liability that are not based on observable market data

Cash and marketable securities are measured at fair value at Level 1 of the fair value hierarchy.

9. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company’s limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company’s approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company’s income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company’s approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at June 30, 2016 had changed by 25%, with all other variables held constant, the loss would have decreased or increased by $27,044.

Interest rate risk

The Company’s exposure to interest rate risk is limited due to the short-term nature of its financial instruments. The Company has no interest-bearing debt.

Capital management

Capital of the Company consists of share capital, warrants, contributed surplus and deficit. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company’s principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company’s approach to capital management during the year.

10. Related party transactions

	3 months ended June 30, 2016 $	2015 $	Outstanding at June 30, 2016 $	Outstanding at March 31, 2016 $
Exploration and evaluation				
Paid or payable to a company controlled by 2 officers	3,775	28,180	45,504	50,963

Compensation of key management personnel
The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended June 30, 2016 $	2015 $	Outstanding at June 30, 2016 $	Outstanding at March 31, 2016 $
Exploration and evaluation consulting fees	30,500	27,000	103,030	77,040
Consulting fees	69,500	61,500	229,934	183,260

11. Segment information

The Company operates in one business segment being mineral exploration in Peru. As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding this Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

12. Subsequent events

Due from Cartier
Subsequent to June 30, 2016, Cartier repaid the amount due to the Company.

Definitive agreement to acquire La Victoria
On August 4, 2016, the Company entered into a definitive agreement with Tartisan Resources Inc. ("Tartisan") to acquire a 100% interest in La Victoria and terminate the option to acquire a 60% interest in La Victoria. As consideration for the acquisition, the Company will:

a) pay $250,000 on the closing date and $100,000 on the date that is 6 months after the closing date;
b) issue 6,000,000 common shares ("Common Shares");
c) grant 3,000,000 warrants entitling the holder to purchase one common share for $0.40 for 3 years after the closing date, provided that, if the average closing price of the Company's common shares is at least $1.00 per share for 20 consecutive trading days ending on a trading day which is more than 18 months after the closing date, the Company may accelerate the expiry date of the warrants on 45 days' notice.
d) grant a 2% net smelter royalty with an option to reduce the NSR to 1% for consideration of $3,000,000.

Title to the San Markito concession will not be transferred to the Company until the final payment of $100,000 is made.

The Common Shares to be issued to Tartisan will be subject to the following terms:

a) for 18 months after the closing date, Tartisan shall not sell, transfer, mortgage, hypothecate, grant a security interest in the Common Shares without the prior written consent of the Company, and thereafter, for an additional 3 years, Tartisan shall not sell more than 1,000,000 Common Shares during any 6-month period;
b) Tartisan agrees to provide the Company with 45 days' notice prior to any sale, during which time, the Company would have the right to identify purchasers for the Common Shares and have the right of first refusal to place the Common Shares pursuant to the terms of a mutually agreeable sale;

c) for 2 years after the closing date, Tartisan shall have the pre-emptive purchase right to participate in financings by the Company ("Subsequent Offering") to acquire a number of common shares which would result in the its proportional interest held immediately prior to such Subsequent Offering being maintained immediately following the closing of such Subsequent Offering, up to a maximum of 19.9%;
d) for 4 years after the closing date, Tartisan shall not vote, or encourage anyone else to vote:
   (i) against any shareholder resolution recommended by the Board, except the event of change of control of the Company or failure by the Company to maintain its status as a reporting issuer under securities law in Ontario;
   (ii) in favour of the election of nominees to the Board not proposed by the then incumbent Board; or
   (iii) in favour of any shareholder resolution or proposal unless the then incumbent Board recommends voting in favour of such shareholder resolution or proposal.

The proposed transaction remains subject to several conditions, including: (i) the receipt of all necessary approvals, including final approval of the TSXV; (ii) the completion of a NI 43-101 Technical Report on La Victoria; and (iii) shareholder approval from the shareholders of the Company.

Grant of stock options
On July 7, 2016, the Company retained a company to provide investor and public relations services in the European market for a period of 12 months, for which, the Company paid a fee of €2,500 and granted 100,000 stock options entitling the holder to purchase one common share for $0.30 until July 6, 2021.

Private placement of units
On August 25, 2015, the Company completed a non-brokered private placement of 1,800,000 units at a price of $0.30 per unit for proceeds of $540,000 ("Private Placement"). Each unit will consist of one common share and one half of one warrant, with each whole warrant entitling the holder to purchase one common share for $0.45 until February 25, 2018.

In connection with the Private Placement, the Company paid a 7% cash commission of $5,250 and issued 17,500 finder's warrants entitling the holder to purchase one common share for $0.45 until February 25, 2018.