

TARTISAN RESOURCES CORP.

(An Exploration Stage Enterprise)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars, unless otherwise stated)

(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

Notice of no auditor review of the condensed interim consolidated financial statements

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

TARTISAN RESOURCES CORP.

(An Exploration Stage Enterprise)

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(Expressed in Canadian dollars)

(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

I N D E X

	<u>PAGE</u>
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS	2
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY	3 - 4
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	6 - 18

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(UNAUDITED)

	December 31, 2015	March 31, 2015 (audited)
ASSETS		
CURRENT		
Cash	\$ -	\$ 348
Accounts receivable	928	937
Prepaid expenses	4,942	8,471
	<u>5,870</u>	<u>9,756</u>
MINERAL PROPERTIES (note 7)	17,016	129,238
MACHINERY AND EQUIPMENT (note 5)	5,742	6,598
	<u>\$ 28,628</u>	<u>\$ 145,592</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 9)	\$ 206,057	\$ 213,660
Due to related parties (note 6)	75,043	9,016
Notes payable (note 4)	67,836	71,292
	<u>348,936</u>	<u>293,968</u>
SHAREHOLDERS' DEFICIENCY		
SHARE CAPITAL (note 8 (a))	3,839,063	3,827,813
UNITS AND SHARES TO BE ISSUED (note 8 (e))	8,750	8,750
RESERVE FOR WARRANTS (note 8 (b), (c))	4,000	11,500
RESERVE FOR SHARE-BASED PAYMENTS (note 8 (d))	-	179,247
CONTRIBUTED SURPLUS (notes 6 and 8)	706,764	501,455
FOREIGN CURRENCY TRANSLATION RESERVE	(30,766)	(29,024)
DEFICIT	(4,848,119)	(4,648,117)
	<u>(320,308)</u>	<u>(148,376)</u>
	<u>\$ 28,628</u>	<u>\$ 145,592</u>

NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS (note 1)
EVENTS AFTER THE REPORTING DATE (note 16)

Approved by the Board:

(Signed) "D. Mark Appleby", Director

(Signed) "Douglas Flett", Director

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

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(UNAUDITED)

	For the three months ended		For the nine months ended	
	December 31, <u>2015</u>	December 31, <u>2014</u>	December 31, <u>2015</u>	December 31, <u>2014</u>
EXPENSES				
Management and consulting fees (note 9)	\$ 68,842	\$ 38,112	\$ 127,568	\$ 124,135
Depreciation	241	300	722	866
Directors fees (note 9)	7,500	12,000	13,500	36,000
Exploration costs (note 17)	-	4,805	-	4,805
Financing Fees	-	15,000	-	15,000
Foreign exchange loss	3,060	-	9,178	1,217
Gain on settlement of debt (note 8 (a))	(12,000)	-	(17,000)	-
Interest and bank charges	131	260	433	576
Interest on notes payable (note 4)	2,131	2,191	6,502	8,802
Office, general and administration (note 9)	13,152	22,477	41,674	44,034
Professional fees	-	10,030	4,925	14,066
Share-based payments (note 8 (d))	-	-	12,500	-
Salaries and benefits	-	-	-	17,289
Rent	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net loss for the period	83,057	105,175	200,002	249,501
Other comprehensive loss				
Exchange difference on translation of foreign operations	2,956	-	1,742	2,218
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ 86,013	\$105,175	\$ 201,744	\$ 251,719
	<hr/>	<hr/>	<hr/>	<hr/>
Loss per common share				
Basic	<u>\$ 0.002</u>	<u>\$ 0.003</u>	<u>\$ 0.005</u>	<u>\$ 0.007</u>
Diluted	<u>\$ 0.002</u>	<u>\$ 0.003</u>	<u>\$ 0.005</u>	<u>\$ 0.007</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted-average number of common shares outstanding				
Basic	<u>43,634,982</u>	<u>35,358,882</u>	<u>43,384,618</u>	<u>35,358,882</u>
Diluted	<u>43,634,982</u>	<u>35,358,882</u>	<u>43,384,618</u>	<u>35,358,882</u>
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The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

	Share capital		Reserve for						Total
	Shares	Amount	Units and shares to be issued	Share-based payments	Warrants	Currency translation	Contributed surplus	Accumulated deficit	
Balance, April 1, 2015	43,184,982	\$ 3,827,813	\$ 8,750	\$ 179,247	\$ 11,500	(\$ 29,024)	\$ 501,455	(\$ 4,648,117)	(\$ 148,376)
Modification of stock options	-	-	-	12,500	-	-	-	-	12,500
Shares issued on partial settlement of note payable	250,000	6,250	-	-	-	-	-	-	6,250
Shares issued on settlement of debt	200,000	5,000	-	-	-	-	-	-	5,000
Expiry of warrants	-	-	-	-	(7,500)	-	7,500	-	-
Expiry of stock options	-	-	-	(191,747)	-	-	191,747	-	-
Gain on settlement of due to related parties	-	-	-	-	-	-	6,062	-	6,062
Exchange difference on translation of foreign operations	-	-	-	-	-	(1,742)	-	-	(1,742)
Net loss for the period	-	-	-	-	-	-	-	(200,002)	(200,002)
Balance, December 31, 2015	43,634,982	\$ 3,839,063	\$ 8,750	\$ -	\$ 4,000	(\$ 30,766)	\$ 706,764	(\$ 4,848,119)	(\$ 320,308)

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TARTISAN RESOURCES CORP.
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2014

	Share capital		Reserve for						Total
	Shares	Amount	Units and shares to be issued	Share-based payments	Warrants	Currency translation	Contributed surplus	Accumulated deficit	
Balance, April 1, 2014	35,358,882	\$ 3,658,291	\$ 8,750	\$ 179,247	\$ 3,940	(\$ 30,691)	\$ 329,555	(\$ 4,293,577)	(\$ 144,485)
Shares issuable in private placements	-	-	17,500	-	-	-	-	-	17,500
Expiry of warrants issued in private placements	-	-	-	-	(3,868)	-	3,868	-	-
Expiry of finders compensation warrants	-	-	-	-	(72)	-	72	-	-
Exchange difference on translation of foreign operations	-	-	-	-	-	(2,218)	-	-	(2,218)
Shares issued on partial settlement of note payable	-	-	22,500	-	-	-	33,000	-	55,000
Net loss for the period	-	-	-	-	-	-	-	(249,501)	(249,501)
Balance, December 31, 2014	35,358,882	\$ 3,658,291	\$ 48,250	\$ 179,247	\$ -	(\$ 32,909)	\$ 366,495	(\$ 4,543,078)	(\$ 323,704)

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TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(UNAUDITED)

	For the nine months ended	
	December 31, 2015	December 31, 2014
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net loss for the period	(\$ 200,002)	(\$ 249,501)
Add (deduct) items not affecting cash:		
Gain on settlement of debt	(17,000)	-
Depreciation	722	866
Financing fees	-	15,000
Foreign exchange	9,641	833
Share-based payments	12,500	-
Net changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable	9	(4,495)
Decrease in prepaid expenses	3,529	3,095
(Decrease) Increase in accounts payable and accrued liabilities	<u>(7,603)</u>	<u>115,523</u>
Cash used in operations	<u>(198,204)</u>	<u>(118,679)</u>
CASH PROVIDED BY INVESTING ACTIVITIES:		
Increase in mineral properties in the period	(7,767)	-
Proceeds from farm-out of interest in mineral properties	<u>120,000</u>	<u>100,000</u>
Cash provided by investing	<u>112,223</u>	<u>100,000</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Units to be issued	-	17,500
Increase (decrease) in due to related parties	89,089	(16,300)
Increase (decrease) in of notes payable	<u>(3,456)</u>	<u>387</u>
Cash provided by financing	<u>85,633</u>	<u>1,587</u>
NET DECREASE IN CASH POSITION	(348)	(17,092)
CASH POSITION AT BEGINNING OF THE PERIOD	<u>348</u>	<u>17,286</u>
CASH POSITION AT END OF THE PERIOD	<u>\$ -</u>	<u>\$ 194</u>
Supplemental disclosure of non-cash transactions:		
Fair value of shares issued on settlement of debt	\$ 5,000	\$ -
Fair value of shares issued on partial settlement of note payable	\$ 6,250	\$ 22,000

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TARTISAN RESOURCES CORP.
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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS:

Tartisan Resources Corp. (“Tartisan” or the “Company”) was incorporated on March 18, 2008 under the Business Corporations Act (Ontario). The Company’s registered office is at 44 Victoria, Suite 710, Toronto, Ontario, M5C 1Y2. The Company is listed on the Canadian Stock Exchange, trading under the symbol “TTC”.

The Company is in the business of acquiring, exploring for and developing mineral properties in Peru. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a “going concern”, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company’s exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

The Company incurred a net loss of \$201,744 for the nine months ended December 31, 2015 (nine months ended December 31, 2014 - \$251,719) and has an accumulated deficit of \$4,848,119 as at December 31, 2015 (March 31, 2015 - \$4,648,117), and expects to incur further losses in the development of its business, all of which casts substantial doubt upon the Company’s ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due.

These consolidated financial statements have been prepared on a going-concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PRESENTATION:

Statement of Compliance

The unaudited condensed interim consolidated financial statements for Tartisan Resources Corp. for the nine months ended December 31, 2015 have been prepared in accordance and compliance with International Financial Reporting Standards (collectively “IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “Interim Financial Reporting”.

TARTISAN RESOURCES CORP.
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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

2. BASIS OF PRESENTATION (continued):

Statement of Compliance (continued)

These consolidated financial statements have been prepared on a historical cost basis. These unaudited interim condensed consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2015.

These condensed interim consolidated financial statements were approved and authorized by the board of directors for issue on February 29, 2016.

Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at fair value.

Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the presentation currency of the Company. The functional currency of the Peruvian subsidiary is the Peruvian Nuevo Sol.

Use of Estimates and Judgement

The preparation of consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

Significant estimates and judgements used in the preparation of these consolidated financial statements include, but are not limited to, the recoverability of mineral properties, common share, warrant and stock option valuations, management's going concern assessment, and the determination of functional currency. Actual results could differ from management's best estimates.

3. RECENT STANDARDS ISSUED AND NOT YET EFFECTIVE:

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 reflects the IASB's work to date on the replacement of Financial Instruments: Recognition and measurement ("IAS 39"), and applies to the classification and measurement of financial assets and financial liabilities as defined in IAS 39. In November 2013, the IASB issued a new version of IFRS 9 (IFRS 9 (2013)) which includes the new hedge accounting requirements and some related amendments to IAS 39, Financial Instruments – Recognition and Measurement and IFRS 7, Financial Instruments – Disclosures. IFRS 9 has effective date for the period beginning January 1, 2018.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
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NINE MONTHS ENDED DECEMBER 31, 2015

4. NOTES PAYABLE:

	December 31, <u>2015</u>	March 31, <u>2015</u>
Gateway Solutions S.A.C. (a)	\$ 47,086	\$ 44,292
Other individuals (b), (c) (d) and (e)	<u>20,750</u>	<u>27,000</u>
	<u>\$ 67,836</u>	<u>\$ 71,292</u>

- a) The Company entered into an arrangement with Gateway Solutions S.A.C. in fiscal 2013. Whereby, Gateway Solutions S.A.C. provided a loan to the Company in the amount of USD\$34,922, bearing interest at a rate of 12% per annum. In addition, 25,000 common shares have been agreed to be issued as part of a financing fee with a deemed value of \$0.15 per share for an aggregate deemed value of \$3,750. The foregoing shares have been classified as shares to be issued in the interim condensed consolidated statement of financial position as of December 31, 2015 and March 31, 2015 and expensed as a financing fee in the consolidated statement of comprehensive loss in the year ended March 31, 2013. The shares are to be issued to a significant shareholder of Gateway Solutions S.A.C. The Company also guarantees that it will contract Gateway Solutions S.A.C. to manage and operate all of its future Peruvian exploration projects; including any drilling to be performed. The amounts are due on demand. Tartisan commits that it will repay the total amount owed to Gateway Solutions S.A.C. within two weeks of announcing cumulative placements from February 2, 2013 that total more than \$350,000. As of December 31, 2015, accounts payable and accrued liabilities include \$5,799 (March 31, 2015 - \$1,311) of accrued interest with respect to the foregoing note payable
- b) The Company issued a promissory note in the principal amount of \$25,000 to an unrelated individual, bearing interest at a rate of 1% per month and is due on demand. As of December 31, 2015, accounts payable and accrued liabilities include \$1,504 (March 31, 2015- \$945) of accrued interest with respect to the foregoing note payable.

During the nine months ended December 31, 2015, the Company concluded an arrangement in principle with the above mentioned note holder. Pursuant to the terms of the arrangement, the Company intends on settling the principal balance of the note payable of \$25,000 with cash of \$12,500 and \$12,500 in common shares of the Company, plus accrued interest to the final date of repayment to be settled in cash. Therefore, the Company is committed to deliver as many of the Company's common shares as are equal in value of \$12,500 at the time of repayment. During the nine months ended December 31, 2015, the Company issued 250,000 common shares with a fair value of \$6,250 as partial settlement of the note payable. Accordingly, the unpaid balance, as of December 31, amounted to \$18,750. The arrangement is subject to all regulatory approvals.

- c) The Company issued a promissory note in the principal amount of \$35,000 to an unrelated individual, bearing interest at a rate of 1% per month and was due on August 11, 2013. The promissory note was guaranteed by an officer of the Company. During 2014, a financing fee of \$5,000 was charged to the Company bringing the aggregate note payable balance to \$40,000.

On April 23, 2014, the foregoing note holder filed a statement of claim against the Company and its Chief Executive Officer. The individual is seeking repayment of the note payable in the amount of \$42,400, punitive damages in the amount of \$50,000 plus costs. A settlement of \$52,500 was reached through the year ended March 31, 2015 and the note was discharged accordingly.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
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NINE MONTHS ENDED DECEMBER 31, 2015

4. NOTES PAYABLE (continued):

- d) The Company issued a promissory note in the principal amount of \$6,250 to a director of the Company, bearing interest at a rate of 4% per month and is due January 22, 2015, or at its option to credit the holder with \$8,000 after the closing of the next private placement. During 2015, the Company issued 1,540,000 common shares with a fair value of \$30,800, in aggregate, for partial settlement of the foregoing note payable plus accrued interest for an aggregate settlement amount of \$4,250. Accordingly, an increase in contributed surplus in the amount of \$46,200 was recognized in the consolidated statement of changes in equity for the year ended March 31, 2015.
- e) The Company issued a non-interest bearing promissory note in the principal amount of \$6,250 to an unrelated individual of the Company, and is due on demand. During 2015, the Company issued 160,000 common shares with a fair value of \$3,200, in aggregate, for settlement of the foregoing note payable plus a financing fee of \$1,750 for an aggregate settlement amount of \$8,000. Accordingly, a gain on settlement of debt in the amount of \$4,800 was recognized in the consolidated statement of changes in equity for the year ended March 31, 2015.

5. MACHINERY AND EQUIPMENT:

	Machinery and Equipment	
Cost		
As at April 1, 2014	\$	13,626
Additions		-
Disposals		-
Effect of foreign exchange		553
As at March 31, 2015	\$	14,179
Additions		-
Disposals		-
Less: Effect of foreign exchange		(133)
As at December 31, 2015	\$	14,046
Accumulated depreciation		
As at April 1, 2014	\$	6,732
Depreciation expense		849
Effect of foreign exchange		-
As at March 31, 2015	\$	7,581
Depreciation expense		722
Effect of foreign exchange		-
As at December 31, 2015	\$	8,303
Net book value		
As at March 31, 2015	\$	6,598
As at December 31, 2015	\$	5,742

6. DUE TO RELATED PARTIES:

The amounts due are interest free with no specified terms of repayment. The amounts are due to officers and directors of the Company. During the nine months ended December 31, 2015, a director of the Company forgave amounts due to him in the amount of \$6,062 and; accordingly, the gain on forgiveness of amounts due to related parties has been credited to contributed surplus as the amounts were with a related party, and was in essence, a capital transaction.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
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NINE MONTHS ENDED DECEMBER 31, 2015

7. MINERAL PROPERTIES AND COMMITMENTS:

The Company, through its wholly-owned Peruvian subsidiary, Minera, has a 100% interest in 9 (March 31, 2015 - 9) mining concessions in Peru, covering approximately 4,360 (March 31, 2015- 4,360) hectares. During 2013, the Company made its final option payment of US \$100,000 towards the La Victoria property in Peru. This payment secured a 100% unencumbered interest in two key mining concessions that form part of the property. The mineral rights for the entire property area are now owned 100% by Tartisan with no residual ownership royalties.

Accumulated mineral property costs have been incurred as follows:

Balance, April 1, 2014	\$ 224,502
Proceeds on farm-out of mineral properties	(100,000)
Effect of foreign exchange	<u>4,736</u>
Balance, March 31, 2015	129,238
Increase in mineral property costs in the period	7,767
Proceeds on farm-out of mineral properties	(120,000)
Effect of foreign exchange	<u>11</u>
Balance, December 31, 2015	<u>\$ 17,016</u>

LA VICTORIA

La Victoria Property (the "Property") is located in the department of Ancash, in Perú, covering an aggregate area of 3,760 (March 31, 2015 - 3,760) hectares. The Property consists of 8 (March 31, 2015 - 8) mineral concessions. The Company made US dollar cash payments of \$202,101, in aggregate, to acquire La Victoria's core mineral concessions. On July 3, 2014, the Company entered into a farm-out arrangement; whereby, the Company granted Eloro Resources Ltd. ("Eloro") with an option, as amended on November 25, 2014, June 4, 2015 and June 24, 2015, to earn a 60% interest in the La Victoria Property. In order for Eloro to earn its interest in the Property, Eloro must make the following option payments and incur exploration expenditures, as follows:

To earn a 60% interest:

<u>Date</u>	<u>Option Payments</u>	<u>Exploration Expenditures</u>
On closing (received)	\$ 50,000	\$ -
July 3, 2015 (received)	50,000	-
June 5, 2015 (received)	75,000	-
September 1, 2015 (received)	45,000	-
January 3, 2016 (extended from July 3, 2015)	-	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
	<u>\$ 270,000</u>	<u>\$ 1,293,578</u>

During the term of the option, if the Company is granted an additional concession, which is currently pending, consisting of 600 hectares, it will be added to the option and Eloro must make additional exploration expenditures of \$206,422 to earn its interest in La Victoria.

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(Expressed in Canadian dollars)
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NINE MONTHS ENDED DECEMBER 31, 2015

7. MINERAL PROPERTIES AND COMMITMENTS (continued):

LA VICTORIA (continued)

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

Upon Eloro earning its 60% interest, a joint venture will be 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 sale of the other party's interest.

Under Peruvian law, the concessions acquired from the government remain in good standing as long as the annual registration payments (\$3.00 per hectare) are received by June of each year. One grace year is added in the event of a delinquent payment.

In addition, concession holders must reach an annual production of at least US \$100 per hectare in gross sales within six years from January 1st of the year following the date the title was granted. If there is no production on the claim within that period, the concession holder must pay a penalty of US \$6 per hectare under the general regime, US \$1 for small scale miners, and US \$0.50 for artisan miners, during the 7th through the 11th years following the granting of the concession. From the 12th year onwards the penalty is equal to US \$20 per hectare under the general regime, US \$5 per hectare for small scale miners and US \$3 for artisan miners. The concession holder is exempt from the penalty if exploration expenditures incurred during the previous year were ten times the amount of the applicable penalty.

Failure to pay the licence fees or the penalty for two consecutive years will result in the forfeiture of the concession.

The Company's mineral concessions are in good standing through to December 31, 2015. Tax and concession payments amount to approximately \$33,000 per annum (2014- \$33,000 per annum).

As at December 31, 2015, the Company had the following commitments:

- During 2012, the Company contracted a company to perform geophysical work on its Victoria Property for US\$44,870, in aggregate. During 2012, US\$28,134 of the overall balance was paid and expensed to exploration costs in the consolidated statement of comprehensive loss. The remaining balance of US\$16,736 has been included in accounts payable and accrued liabilities as of December 31, 2015 and March 31, 2015.

See note 16 for information regarding the acquisition of an additional mineral concession.

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(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

8. SHARE CAPITAL:

a) Common shares:

Authorized:

Unlimited number of common shares

(i) Issued for cash

Year ended March 31, 2015

In February 2015, the Company completed private placements and issued 400,000 units at \$0.05 per unit for aggregate gross proceeds of \$20,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.10, expiring through August 2, 2016.

Pursuant to private placements in July 2014, 250,000 units at \$0.07 per unit were issuable for cash proceeds received of \$17,500. Each unit consists of one common share and one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.14 expiring through July 15, 2015. These units were issued in March 2015.

(ii) Issued for settlement of amounts due to related parties and debt, and note payable.

Nine months ended December 31, 2015

During the nine months ended December 31, 2015, the Company issued 250,000 common shares with a fair value of \$6,250 on partial settlement of a note payable amounting to \$6,250. Accordingly, no gain or loss on settlement of the note payable was recorded in the statement of comprehensive loss for months ended December 31, 2015 (see note 4 (b)) for additional information with respect to the settlement of the note payable).

In addition, the Company issued 200,000 common shares with a fair value of \$5,000 for settlement of debt amounting to \$10,000. Accordingly, a gain on settlement of \$5,000 has been recognized in the statement of comprehensive loss for months ended December 31, 2015. The foregoing debt settlement is subject to all regulatory approvals.

Year ended March 31, 2015

During 2015, the Company issued 7,176,100 common shares with a fair value of \$143,522 on settlement of debt amounting to \$358,805. Accordingly, the Company recorded a gain on settlement of debt in the amount of \$47,323 in the statement of comprehensive loss for the year ended March 31, 2015 and an amount of \$167,960 in contributed surplus. 5,598,680 of the foregoing shares were issued to officers and directors of the Company and their affiliates for an aggregate settlement amount of \$279,934. The gain on settlement of \$167,960 has been credited to contributed surplus as these shares were issued to officers and directors of the Company, and was in essence, a capital transaction.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

8. SHARE CAPITAL (continued):

b) Warrants:

As of December 31, 2015, the following share purchase warrants were outstanding and exercisable:

Expiry Date	Number of Warrants	Exercise price
August 2, 2016	400,000	\$0.10
	<u>400,000</u>	

A summary of the status of the warrants as of September 30, 2015 and March 31, 2015 and changes during the periods are presented below:

	Number of warrants	Weighted average exercise price (\$)
Balance, April 1, 2014	2,632,857	\$ 0.15
Issued pursuant to private placements (note 8 (a))	650,000	0.12
Exercised	-	-
Expired	<u>(1,132,857)</u>	<u>(0.36)</u>
Balance, March 31, 2015	2,150,000	\$ 0.14
Expired	<u>(1,750,000)</u>	<u>0.15</u>
Balance, December 31, 2015	<u>400,000</u>	<u>\$ 0.10</u>

c) Agent's and Finders' Warrants:

As of December 31, 2015 there were no Agent's and Finders' Warrants outstanding and exercisable.

As the value of services received could not be reliably measured, the services have been measured at the fair value of agent and finders' warrants issued using the Black-Scholes model.

A summary of the status of the Agent's and Finders Warrants as of December 31, 2015 and March 31, 2015 and changes during the periods are presented below:

	Number of Agent's and Finders Warrants	Weighted average exercise price
Balance, April 1, 2014	7,200	\$ 0.20
Issued	-	-
Exercised	-	-
Expired	<u>(7,200)</u>	<u>(0.20)</u>
Balance, March 31, 2015 and December 31, 2015	<u>-</u>	<u>\$ -</u>

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

8. SHARE CAPITAL (continued):

d) Stock Option Plan:

On December 21, 2010, the Company's stock option plan (the "Option Plan") was approved by the Board of Directors. Pursuant to the terms of the Option Plan, the Board may designate directors, officers, employees and consultants of the Company eligible to receive options to acquire such numbers of common shares as the Board may determine, each option so granted being for a term specified by the Board up to a maximum of five years from the date of grant. The maximum number of common shares reserved for issuance for options granted under the Option Plan at any time is 10% of the issued and outstanding common shares in the capital of the Company.

A summary of the status of the stock options as of December 31, 2015 and March 31, 2015 and changes during the periods are presented below:

	Number of options	Weighted average exercise price
Balance, April 1, 2014	2,500,000	\$ 0.25
Granted	-	-
Exercised	-	-
Forfeited or cancelled	-	-
Balance, March 31, 2015	2,500,000	*\$ 0.25
Forfeited or cancelled	(2,500,000)	0.15
Balance, December 31, 2015	-	\$ -

* During the nine months ended December 31, 2015, the Company amended the exercise price of the then outstanding stock options of 2,500,000, in aggregate, to \$0.15 from \$0.25. The foregoing modification increased the fair value of the original stock options granted by \$12,500. Accordingly, the incremental fair value of \$12,500, measured at the modification date, was recognized as a share-based payment expense in the statement of comprehensive loss for the six months ended December 31, 2015.

As of December 31, 2015, there were no stock options outstanding and exercisable. See note 14 for commitments to grant stock options.

e) Units and shares to be issued:

Period ended December 31, 2015

As of April 1, 2013, 195,000 units at \$0.10-\$0.15 per unit were issuable for cash proceeds received of \$24,250. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.20-\$0.25 expiring through to April 9, 2014. During 2014, 145,000 of the foregoing units were issued. Therefore, as of March 31, 2015 and December 31, 2015 there were 50,000 units remaining to be issued for cash proceeds received of \$5,000.

In addition, as of December 31, 2015 and March 31, 2015, pursuant to an arrangement with Gateway Solutions S.A.C., the Company was committed to issue 25,000 common shares with a deemed value of \$0.15 per share aggregating \$3,750.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

9. RELATED PARTY TRANSACTIONS:

The following related party transactions occurred and were reflected in the consolidated financial statements during the periods ended December 31, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Key management compensation:		
Management and consulting fees expense:		
Consulting fees were charged by a director and a former Chief Financial Officer for financial management services	\$ 9,000	\$ 27,000
Consulting fees were charged by the Chief Financial Officer for financial management services	\$ 15,000	\$ -
Corporate administrative fees were charged by a former Chief Executive Officer and a company controlled by the individual	\$ 30,000	\$ 27,000
Management and consulting fees expense:		
Corporate administrative fees were charged by a company controlled by the Chief Executive Officer	\$ 42,000	\$ 45,000
Directors' fees expense:		
Directors fees were charged by certain directors	\$ 13,500	\$ 36,000
Other related party transactions:		
Transfer agent fees were charged by a company with a common director	\$ -	\$ 6,000

See notes 4, 6 and 8 for additional related party information.

As of December 31, 2015, accounts payable and accrued liabilities include \$16,500 (March 31, 2015 - \$12,000) due to these related parties.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

Fair value

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, due to related parties and notes payable are comparable to their carrying values due to the relatively short period to maturity of these instruments.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued):

Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. The Company's cash is held with a Canadian Chartered bank in Perú and Canada. Management believes that the credit risk and the risk of loss with respect to cash are remote because cash deposits are placed with a major bank with strong investment-grade ratings by a primary ratings agency. The Company's credit risk with respect to accounts receivable is not considered significant.

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 December 31, 2015, the Company had cash of \$Nil (March 31, 2015 - \$348) to settle current liabilities of \$348,936 (March 31, 2015 - \$293,968). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependant on its ability to secure additional equity or other financing. Accounts payable, accrued liabilities, due to related parties and notes payable are due within twelve months of the date of the consolidated statement of financial position.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is exposed to interest rate risk as the notes payable have fixed interest rates. Accordingly, the Company's notes payable are subject to fair value risk.

Foreign currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its presentation currency for these consolidated financial statements. The Company operates in Peru, giving rise to exposure to market risks from changes in foreign exchange rates. The Company currently does not use derivative instruments to hedge its exposure to those risks.

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether. The success of the operations and activities are dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of outside contractors, experts and other advisors.

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

11. **SEGMENTED INFORMATION:**

The Company operates in a single reportable operating segment, the exploration and development of mineral properties. Segmented geographic information is as follows:

The following table allocates total assets by segment:

As at	December 31, <u>2015</u>	March 31, <u>2015</u>
<u>Current</u>		
Canada	\$ 1,750	\$ 5,598
Perú	<u>4,120</u>	<u>4,158</u>
	5,870	9,756
<u>Non Current</u>		
Canada	-	-
Perú	<u>22,758</u>	<u>135,836</u>
Total assets	<u>\$ 28,628</u>	<u>\$ 145,592</u>

The following table allocates net loss by segment:

	Nine months ended December 31, <u>2015</u>	Nine months ended December 31, <u>2014</u>
Canada	\$ 159,076	\$ 235,189
Perú	<u>40,926</u>	<u>14,312</u>
Net loss	<u>\$ 200,002</u>	<u>\$ 249,501</u>

12. **CONTINGENT LIABILITY:**

A consultant of the Company filed a Statement of Claim against the Company claiming compensation for breach of contract. During 2015, a settlement was reached whereby the Company accepted payment of \$52,500 to a consultant of the Company.

13. **ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:**

	December 31, <u>2015</u>	March 31, <u>2015</u>
Trade payables and accruals	\$ 205,489	\$ 198,628
GST/HST Payable	<u>568</u>	<u>15,032</u>
	<u>\$ 206,057</u>	<u>\$ 213,660</u>

TARTISAN RESOURCES CORP.
(An Exploration Stage Enterprise)

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(UNAUDITED)

NINE MONTHS ENDED DECEMBER 31, 2015

14. COMMITMENTS:

On June 20, 2013, the Company authorized the issuance of 200,000 stock options to purchase 200,000 common shares of the company at the exercise price of \$0.25 per share to R.M. Communications Inc. These options have not yet been granted.

14. COMMITMENTS (continued):

On March 27, 2015, the Company authorized the grant of 400,000 stock options with an exercise price of \$0.15 to a consultant and the general manger of the Company's Peruvian subsidiary, Minera Tartisan S.A.C. These options have not been granted yet.

15. BASIC AND DILUTED LOSS PER SHARE:

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the periods ended December 31, 2015 and 2014.

16. EVENTS AFTER THE REPORTING DATE:

The Company, on November 2, 2015, substantially acquired a mineral concession, which is now pending final usual and customary administrative activities and authorizations before full enforceable title will be granted to the Company. The mineral concession, referred to as Romina 01, is within close proximity of the Peruvian La Victoria Property and covers approximately 800 hectares.

On February 5, 2016, the Company announced the closing of its previously announced non-brokered private placement of 2,000,000 units at a price of \$0.025 per unit for proceeds of \$50,000. Each unit will consist of one common share and one warrant entitling the holder to purchase one common share at a price of \$0.07 for a term of 18 months following the closing of the private placement. The Company has received an advance for units of \$2,500 with respect to the private placement.

In addition, on February 5, 2016, the Company announced it is seeking to raise an additional \$100,000 via non-brokered private placement of 4,000,000 units at a price of \$0.025 per unit. Each unit will consist of one common share and one full warrant entitling the holder to purchase one common share at a price of \$0.07 for a term of 24 months following the closing of the private placement.