Condensed Interim Financial Statements

December 31, 2016 and 2015

(Unaudited - Prepared by Management

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim financial statements have been prepared by management.

The company's independent auditors have not performed a review of these 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.

Tarku Resources Ltd.
Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2016 (Unaudited)	September 31, 2016 (Audited)
Current		
Cash and cash equivalents	$ 129,531	$ 246,625
Trade and other receivables	6,357	10,153
Prepaid	9,100	12,100
Quebec mining tax credit receivable	-	58,100
	144,988	326,978
Non-current		
Exploration and evaluation assets (note 3)	286,356	186,356
Total assets	$ 431,344	$ 513,334
Liabilities		
Current		
Trade and other payables (note 6)	$ 39,744	$ 110,625
	39,744	110,625
Equity		
Share capital (note 4)	2,349,706	2,249,706
Contributed surplus	123,750	-
Deficit	(2,081,856)	(1,846,997)
	391,600	402,709
Total liabilities and equity	$ 431,344	$ 513,334

Nature of business and continuance of operations (note 1)
Events after the reporting period (note 11)

APPROVED ON BEHALF OF THE BOARD

"Sylvain Laberge"	**"Tim Termuende"**
Sylvain Laberge, Director	**Tim Termuende, Director**

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

Tarku Resources Ltd.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	3 Months ended December 31, 2016	3 Months ended December 31, 2015
Expenses		
Administrative expenses (note 6)	$20,760	$ 4,264
Consulting fees (note 6)	31,999	2,500
Exploration costs (notes 3 and 6)	26,280	-
Investor Relations expenses	18,585	418
Listing and filing fees	6,354	2,236
Professional fees	7,131	1,734
Share based compensation (note 4)	123,750	-
	(234,859)	(11,152)
Loss and Comprehensive loss for the period	($234,859)	($441,926)
Basic and diluted loss per common share	($0.01)	($0.00)
Weighted average number of common shares outstanding - basic and diluted	32,022,563	20,214,167

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

Tarku Resources Ltd.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	3 Months Ended December 31, 2016	3 Months ended December 31, 2015
Operating activities		
Loss for the period	$(234,859)	$(11,152)
Adjustments:		
Share based compensation (note 4)	123,750	-
Changes in non-cash working capital items:		
Prepaid	3,000	-
Trade and other receivables	3,796	222
Quebec mining tax credit receivable	58,100	-
Trade and other payables	(70,881)	19,043
	(117,094)	8,113
Investing activities		
Additions to exploration and evaluation assets	-	(225)
	-	(225)
Increase (decrease) in cash and cash equivalents	(117,094)	(7,888)
Cash and cash equivalents, beginning of period	246,625	5,598
Cash and cash equivalents, end of period	$129,531	$ 13,486
Cash and Cash Equivalents consists of:		
Cash	$ 111,931	$ 11,286
Term Deposit	17,600	2,200
	$ 129,531	$ 13,486
Additional cash flow information		
Interest received in cash	$ -	$ -
Interest paid in cash	$ -	$ -
Income taxes paid in cash	$ -	$ -

Non-cash investing and financing activities

During the three month period ended December 31, 2016, the Company issued 2,000,000 (December 31, 2015 – nil) common shares with a value of $100,000 (December 31, 2015 - nil) pursuant to a mineral property option agreement.

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

Tarku Resources Ltd.

Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Number of Common Shares		Share Capital		Subscription Receivables		Contributed Surplus	Deficit	Equity
Balance, September 30, 2015	**20,214,167**	**$**	**1,771,430**	**$**	**-**	**$**	**-**	**$ (1,628,208)**	**$ 143,222**
Net loss and comprehensive loss	-		-		-		-	(11,152)	(11,152)
Balance, December 31, 2015	**20,214,167**	**$**	**1,771,430**	**$**	**-**	**$**	**-**	**$ (1,639,360)**	**$ 132,070**

	Number of Common Shares		Share Capital		Subscription Receivables		Contributed Surplus	Deficit	Equity
Balance, September 30, 2016	**30,418,167**	**$**	**2,249,706**	**$**	**-**	**$**	**-**	**$ (1,846,997)**	**$ 402,709**
Shares issued for mineral property	2,000,000		100,000		-		-	-	100,000
Share based compensation	-		-		-		123,750	-	123,750
Net loss and comprehensive loss	-		-		-		-	(234,859)	(234,859)
Balance, December 31, 2016	**32,418,167**	**$**	**2,349,706**	**$**	**-**	**$**	**123,750**	**$ (2,081,856)**	**$ 391,600**

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

1. Nature of business and continuance of operations

The Company's principal business activity is the exploration for mineral resources in the provinces of Saskatchewan and Quebec. The Company's corporate office is located at Suite 602, 224 4th Ave S., Saskatoon, Saskatchewan.

The financial statements have been prepared on a going concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. Although the Company has a history of raising money, there is no guarantee of this in the future. As a result, there exists material uncertainty which raises significant doubt about the Company's ability to continue as a going concern. These 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 in business.

2. Significant Accounting Policies

The significant accounting policies used in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the periods presented.

(a) Statement of compliance

The These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, has been omitted or condensed.

The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation and described in Note 2 of the annual audited financial statements as at and for the year ended September 30, 2016. Accordingly, these condensed interim financial statements for the three month period ended December 31, 2016 and 2015 should be read together with the annual financial statements as at and for the year ended September 30, 2016.

These financial statements were authorized for issue by the Board of Directors on February 16, 2017.

(b) Basis of preparation

These financial statements have been prepared on a historical cost basis and are prepared and presented in Canadian dollars, which is the Corporation's functional currency. In addition, these financial statements are based on the accrual method of accounting, with the exception of cash flow information.

3. Exploration and evaluation assets

Chateau Fort gold property, Quebec

On March 24, 2015, Anthem Resources Inc. ("Anthem"), a company related by a common director, signed a binding letter of intent (“LOI”) to option its Chateau Fort gold property in central Quebec to the Company.

On July 27, 2015, Boss Power Corp. completed the acquisition of Anthem and changed its name to Eros Resources Corp. (“Eros”). The option agreement continues with Eros.

The Company will have the option to acquire a 100% interest in the property, subject to reservations of diamonds on the claims identified as Melkior OJV and royalty interests on the property, by funding expenditures on the property, issuing shares and making cash payments, according to the following schedule:

(i) $5,000 deposit payable on execution of the LOI (paid);

(ii) make total cash payments of $95,000 and issue a total of 8,000,000 shares of Tarku as follows:

- (1) on approval of the TSX Venture Exchange, no later than April 21, 2015, or such later date as mutually agree upon, $10,000 in cash (paid) and 2,000,000 shares (issued);
- (2) on or before March 31, 2016, $20,000 in cash (unpaid) and 1,500,000 shares (unissued);
- (3) on or before March 31, 2017, $20,000 in cash and 1,500,000 shares;
- (4) on or before March 31, 2018, $20,000 in cash and 1,500,000 shares;
- (5) on or before March 31, 2019, $25,000 in cash and 1,500,000 shares;

(iii) fund expenditures of not less than $200,000 and renew claims in the amount of $25,000 (completed) on or before July 10, 2015 which expenditures will be a firm commitment.

The Company also has a requirement to complete a private placement financing of not less than $400,000 by April 21, 2015, of which Eros has deemed satisfied by way of the Company’s private placement financing of $219,450 completed in June 2015.

Anthem (subsequently Eros) retains a 2% net smelter return royalty on claims not subject to other underlying agreements. The Company will have the right to buy down the royalty to 1% for $2,000,000 on or before commencement of commercial production. In addition, Anthem retains the right to maintain its pro rata percentage ownership of the Company via future financings, and first right of refusal on third party offers to purchase the property.

On July 29, 2016, the property option agreement was amended as follows: 100% of the property was transferred to the Company with no other liabilities or consideration or commitments and the right to buy down the royalty to 1% was reduced from $2,000,000 to $500,000.

During the period ended December 31, 2016 the Company incurred $26,280 (2015 - nil) in exploration expenditures in connection with this property.

3. Exploration and evaluation assets (continued)

Virgin River property, Saskatchewan

On January 15, 2014, the Company entered into an option agreement with Eagle Plains Resources Ltd. ("Eagle Plains") (related by virtue of common directors) to earn an undivided 60% interest in the Virgin River property situated in Saskatchewan subject to the following terms:

(i) make total cash payments of $500,000 to the Eagle Plains as follows:

(1) $10,000 within 5 business days of the execution of the option agreement (paid);
(2) $25,000 on or before May 21, 2014 (paid);
(3) $50,000 on or before May 21, 2015 (unpaid);
(4) $75,000 on or before May 21, 2016 (unpaid);
(5) $100,000 on or before May 21, 2017;
(6) $120,000 on or before May 21, 2018;
(7) $120,000 on or before May 21, 2019;

(ii) issue a total of 1,200,000 common shares of the Company to the Optionor as follows:

(1) 200,000 on or before May 21, 2014 (issued);
(2) 200,000 on or before May 21, 2015 (unissued);
(3) 200,000 on or before May 21 2016 (unissued);
(4) 200,000 on or before May 21, 2017;
(5) 200,000 on or before May 21, 2018;
(6) 200,000 on or before May 21, 2019;

(iii) incur total expenditures of $5,000,000 on the Virgin River Property as follows:

(1) $200,000 on or before May 21, 2015 (incurred);
(2) $500,000 on or before May 21, 2016 (not incurred);
(3) $800,000 on or before May 21, 2017;
(4) $1,500,000 on or before May 21, 2018;
(5) $2,000,000 on or before May 21, 2019;

On August 16, 2016, the property option agreement was amended as follows: 100% of the property was transferred to the Company with no other liabilities or commitments. In consideration the Company issued 2,000,000 common shares. Eagle Plains will maintain a 2% net smelter royalty, whereby the Company will have the right to buy down such royalty to 1% for $1,000,000 on or before commencement of commercial production.

The Company wrote down the property by nil during the period ended December 31, 2016 ($96,677 during the year ended September 30, 2015 as there was no exploration work planned for the property at that stage).

(Expressed in Canadian dollars)

3. Exploration and evaluation assets (continued)

The following is a summary of changes to exploration and evaluation assets:

Expenditures	Virgin River Saskatchewan	Chateau Fort Quebec	Total
Balance at September 30, 2015	$ 1	$ 179,320	$ 179,321
Additions			
Acquisition and renewal costs	-	7,035	7,035
Balance at September 30, 2016	1	186,355	186,356
Additions			
Acquisition and renewal costs			
	100,000	-	100,000
Balance at September 30, 2016	**$ 100,001**	**$ 186,355**	**$ 286,356**

4. Share capital

(a) Authorized

Unlimited common shares with no par value

Issued

(i) During the year ended September 30, 2016, the Company completed a private placement for gross proceeds of $510,200 as follows: issued 10,204,000 non-flow-through units at a price of $0.05 per unit. Each unit consists of one non-flow-through common share and one share purchase warrant. No value was attributed to the warrant component of the units sold. The Company incurred share issue costs of $31,924.

(ii) During the period ended December 31, 2016, 2,000,000 common shares were issued at a fair value of $0.05 per share to Eagle Plains pursuant to the amended option agreement in respect of the Virgin river property, Saskatchewan (Note 3).

(b) Stock option Plan

The Company has a stock option plan whereby options to purchase common shares are granted by the board of directors to directors, officers, employees and consultants to the Company. Under the terms of the plan, the Company has reserved an amount of common shares for options up to 10% of the issued and outstanding common shares. Options granted under this plan are non-transferable; expire no later than the tenth anniversary of the date the option is granted and must comply with the requirements of the regulatory authorities.

A summary of the status of the stock option plan and changes to outstanding and exercisable stock option during the year is presented below.

	December 31, 2016		September 30, 2016	
	Options	Price	Options	Price
Beginning of period	-	$ -	-	$ -
Options granted	2,750,000	0.10	-	-
End of period	**2,750,000**	**$ 0.10**	**-**	**$ -**

As at December 31, 2016, the weighted average remaining life of stock options is 4.82 years.

(Expressed in Canadian dollars)

4. Share capital (continued)

(b) Stock option Plan (continued)

On October 26, 2016, the board of directors of the Corporation approved the grant of 2,750,000 stock options pursuant to the Option Plan. 2,250,000 of the options were granted to directors and executive officers with the balance granted to consultants and the advisory board. The options are exercisable at $0.10 per share, vest immediately and, if not exercised, expire October 26, 2021, subject to earlier expiration in accordance with the Option Plan and applicable policies of the TSX-V.

The value of options issued on October 26, 2016, using the Black-Scholes option pricing model, was $123,750 which was allocated to the share based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 0.62%, expected life of 5 years, annualized volatility 159.32% and dividend rate of nil.

(c) Warrants

During the period ended December 31, 2016 the Company had the following warrant activities:

Total issued and outstanding	Number of Warrants	Exercise Price	Weighted Average Exercise Price
Balance, September 30, 2015	2,659,167		$0.20
Issued	10,204,000	$0.10	$0.10
Balance, September 30 and December 31, 2016	**12,863,167**		**$0.12**

(c) Warrants (continued)

At December 31, 2016, the following table summarizes information about warrants outstanding:

Total issued and outstanding	Warrants Outstanding	Expiry Date	Exercise Price
	2,659,167	June 3, 2017	$0.20
	7,104,000	June 24, 2018	$0.10
	3,100,000	July 21, 2018	$0.10
Balance, December 31, 2016	**12,863,167**		**$0.12**

(d) Escrow shares

At December 31, 2016, a total of 2,867,250 common shares are held in escrow (September 30, 2016 - 2,867,250) to be released during the year ended September 30, 2017.

(Expressed in Canadian dollars)

5. Commitments and contingencies

As of December 31, 2016, the Company had $17,600 (September 30, 2016 - $17,600) in term deposits with a Canadian financial institution for the guarantee of business credit cards.

Under the terms of the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company. The claims covered by such indemnifications are subject to statutory and other legal limitation periods.

6. Related party transactions

The Company had the following related party transactions during the three months ended December 31, 2016:

(a) A director and former officer of the Company provided consulting services to the Company. Fees incurred during the year were $7,500 (2015 - $2,500).

(b) An officer of the Company provided consulting services to the Company. Fees incurred during the year were $15,000 (2015 - $nil).

(c) An officer of the Company provided consulting services to the Company. Fees incurred during the year were $9,000 (2015 - $nil).

(d) The Company paid $750 (2015 - $nil), which were recorded to administrative expenses, to Eagle Plains which has common directors with the Company.

Key Management Compensation

Three months Ended December 31	2016	2015
Consulting fees	$ 31,500	$ 2,500
Share based compensation to directors and officers	101,250	-
	132,750	2,500

7. Segmented information

The Company operates in one operating segment, being the exploration of mineral properties. The Company's exploration and evaluation assets by geographic location are as follows:

	December 31, 2016	September 31, 2016
Saskatchewan, Canada	$ 100,001	$ 1
Quebec, Canada	186,355	186,355
	$286,356	$186,356

8. Capital management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, contributed surplus and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended December 31, 2016. The Company was not subject to any externally imposed capital requirements, other than maintained term deposits for the guarantee of business cards (note 5).

9. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk - The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper.

Liquidity Risk – The Company ensures that there is sufficient capital in order to meet short term business requirements. The Company had a cash infusion from directors and officers subsequent to year end to provide working capital. The Company believes that these sources will be sufficient to cover the likely short term cash requirements.

Interest rate risk – In respect to the Company's financial assets, the interest rate risk mainly arises from the interest rate impact on our cash and cash equivalents. For the period ended December 31, 2016, every 1% fluctuation in interest rates up or down would have had little impact on net loss.

Commodity price risk – The value of the Company's mineral resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

(Expressed in Canadian dollars)

9. Financial risk management (continued)

Fair Value - The Company has various financial instruments comprised of cash and cash equivalents, trade and other receivables and trade and other payables.

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 129,531	$ -	$ -	$ 129,531

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 246,625	$ -	$ -	$ 246,625

10. Income taxes

The significant components of the Corporation's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2016	Expiry Date Range	2015	Expiry Date Range
Exploration and evaluation assets	$ 323,000	No expiry date	$ 266,000	No expiry date
Share issue costs	$ 59,000	2017 to 2020	$ 48,000	2034 to 2037
Non-capital losses available for future period	$ 1,459,000	2017 to 2036	$1,278,000	2016 to 2035

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. Events after the reporting period

On January 12, 2017, the Company entered into a purchase agreement, with two arms length parties, to acquire a 100% undivided interest in 29 mineral claims near the municipality of Matagami, Quebec.

Under the terms of the agreement the consideration required to be given by the company is:

1. $15,000 cash payment, in total, upon approval of the TSX Venture Exchange
2. Issuance of 800,000 common share, in total, upon approval of the TSX Venture Exchange
3. Grant a 1% net smelter royalty.

The NSR can be reduced to 0.5% with the cash payment of $500,000, in total, to the vendors.