



# CANTERRA

MINERALS CORPORATION

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TSX-V: CTM

Condensed Consolidated Interim Financial Statements

For the Three Months Ended

March 31, 2017

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

#### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Canterra Minerals Corporation (the "Company") have been prepared by and are the responsibility of the Company's management.

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

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

**CANTERRA MINERALS CORPORATION**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited)

(Expressed in Canadian Dollars)

	<u>March 31,</u> <u>2017</u>	<u>December 31</u> <u>2016</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 89,832	\$ 44,857
Marketable securities (Note 3)	4,360	27,890
Receivables	<u>9,284</u>	<u>9,065</u>
	<u>103,476</u>	<u>81,812</u>
<b>Land use deposits</b>	4,000	4,000
<b>Mineral properties (Note 4)</b>	<u>399,465</u>	<u>399,465</u>
	<u>\$ 506,941</u>	<u>\$ 485,277</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	<u>\$ 513,158</u>	<u>\$ 401,737</u>
	<u>513,158</u>	<u>401,737</u>
<b>Shareholders' equity/(deficit)</b>		
Share capital (Note 6)	106,012,623	106,012,623
Reserves (Note 6)	156,367	156,367
Deficit	<u>(106,175,207)</u>	<u>(106,085,450)</u>
	<u>(6,217)</u>	<u>83,540</u>
	<u>\$ 506,941</u>	<u>\$ 485,277</u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on May 30, 2017

"Randy C Turner"

Randy C. Turner, Director

"James Eccott"

James Eccott, Director

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

**CANTERRA MINERALS CORPORATION**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited)

(Expressed in Canadian Dollars)

	Three Month Period Ended March 31, 2017	Three Month Period Ended March 31, 2016
<b>Expenses</b>		
Business development	\$ 470	\$ 1,717
Insurance	489	29,570
Legal, audit and accounting	6,524	936
Management fees (Note 5)	29,400	28,100
Office and miscellaneous	7,640	12,711
Regulatory and transfer agent fees	6,496	6,690
Rent (Note 5)	10,500	10,500
Wages and benefits	2,730	16,082
Exploration expenditures (Note 6)	32,749	86,853
	<u>(96,998)</u>	<u>(193,159)</u>
<b>Interest income</b>	-	57
<b>Unrealized (loss)/gain on marketable securities</b>	6,970	35,298
<b>Realized (loss)/gain on marketable securities</b>	271	(28,608)
<b>Flow through premium</b>	-	14,759
	<u>7,241</u>	<u>21,506</u>
<b>Loss and comprehensive loss for the period</b>	\$ <u>(89,757)</u>	\$ <u>(171,653)</u>
<b>Basic and diluted loss per common share</b>	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	84,395,397	82,195,937

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

**CANTERRA MINERALS CORPORATION**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

(Expressed in Canadian Dollars)

	Three Month Period Ended March 31, 2017	Three Month Period Ended March 31, 2016
<b>Cash flows from operating activities</b>		
Income (loss) for the period	\$ (89,757)	\$ (171,653)
Items not affecting cash:		
Realized (gain)/loss on marketable securities	(271)	28,608
Unrealized loss/(gain) on marketable securities	(6,970)	(35,298)
Flow through premium	-	(14,759)
Changes in non-cash working capital items:		
(Increase)/decrease in receivables	(219)	19,795
Increase/(decrease) in accounts payable and accrued liabilities	111,421	5,937
Net cash used in operating activities	<u>14,204</u>	<u>(167,370)</u>
<b>Cash flows from investing activities</b>		
Proceeds on sale of marketable securities	<u>30,771</u>	<u>9,292</u>
Net cash provided by/(used in) investing activities	<u>30,771</u>	<u>9,292</u>
<b>Change in cash during the period</b>	44,975	(158,078)
<b>Cash, beginning of the period</b>	<u>44,857</u>	<u>482,977</u>
<b>Cash, end of the period</b>	<u>\$ 89,832</u>	<u>\$ 324,899</u>

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**CANTERRA MINERALS CORPORATION**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICIT) - (Unaudited)

(Expressed in Canadian Dollars)

	<u>Share Capital</u>				
	<u>Number</u>	<u>Amount</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2015	82,195,937	\$ 105,840,623	\$ 125,023	\$ (105,145,034)	\$ 820,612
Loss for the period	-	-	-	(171,653)	(171,653)
Balance, March 31, 2016	82,195,937	105,840,623	125,023	(105,316,687)	648,959
Issued for mineral properties	-	-	-	-	-
Issued for mineral properties	2,200,000	172,000	-	-	172,000
Share-based compensation	-	-	54,360	-	54,360
Reserves transferred on expired options	-	-	(23,016)	23,016	-
Loss for the period	-	-	-	(791,779)	(791,779)
Balance, December 31, 2016	84,395,937	106,012,623	156,367	(106,085,450)	83,540
Loss for the period	-	-	-	(89,757)	(89,757)
Balance, March 31, 2017	<u>84,395,937</u>	<u>\$ 106,012,623</u>	<u>\$ 156,367</u>	<u>\$ (106,175,207)</u>	<u>\$ (6,217)</u>

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

## **CANTERRA MINERALS CORPORATION**

### **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2017 (Expressed in Canadian Dollars)

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Canterra Minerals Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company's head office and principal address is 1020 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties, monetizing marketable securities or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **2. BASIS OF PREPARATION**

##### **Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2016.

These condensed consolidated interim financial statements should be read in conjunction with the most recently issued audited consolidated financial statements, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies which were presented in Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2016 and have been consistently applied in the preparation of the Company's consolidated interim financial statements.

The Company's condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of results for the interim periods in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2017 (Expressed in Canadian Dollars)

**3. MARKETABLE SECURITIES**

As at March 31, 2017, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

	March 31, 2017		December 31, 2016	
	# of shares	value	# of shares	value
Skyharbour Resources Ltd.	-	-	53,000	17,490
Margaret Lake Diamonds Inc.	54,500	4,360	65,000	10,400
		<b>\$ 4,360</b>		<b>\$ 27,890</b>

**4. MINERAL PROPERTIES**

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties, except as described below are properly registered and in good standing.

The Company holds interest in various mineral claims located in Canada, the capitalized acquisition costs of which are as follows:

	March 31, 2017	December 31, 2016
<b>Northwest Territories, Canada</b>		
<b>Hilltop/Cache Property</b>	\$ 290,232	\$ 290,232
A 100% interest/An 80% interest		
<b>Carat Property</b>	-	-
A 70% interest		
<b>Gwen Property</b>	24,512	24,512
A 100% interest		
<b>Marlin Property</b>	-	-
A 100% interest (Note 8a)		
<b>Rex Property</b>	37,721	37,721
A 100% Interest		
<b>CL25 Property</b>	47,000	47,000
A 70% Interest (Note 8b)		
<b>Alberta Canada</b>		
<b>Buffalo Hills Property</b>	-	-
A 33% interest.		
<b>Total Mineral Properties</b>	<b>\$ 399,465</b>	<b>\$ 399,465</b>



## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2017 (Expressed in Canadian Dollars)

#### 4. MINERAL PROPERTIES (continued)

- a) During fiscal 2014, the Company entered into an option agreement with Margaret Lake Diamonds (“MLD”) granting MLD the right to acquire up to a 49% interest in the Marlin Property. To acquire an initial 30% interest, MLD was required to make cash payments of \$80,000 (\$60,000 received to date), issue 300,000 common shares (300,000 received to date at a value of \$44,000) and incur \$1,000,000 in exploration expenditures. In 2016 the option agreement with MLD was terminated.
- b) On June 17, 2016, the Company entered into an Option and Joint Venture Agreement with Mr. Michael Magrum (“Magrum”) to acquire up to a 70% interest in the CL-25 Property. Pursuant to the agreement, the Company can acquire a 60% interest in the CL-25 Property by making a cash payment of \$35,000 (paid), issue 400,000 shares (200,000 issued to date with an aggregate value of \$12,000) and incur \$1,000,000 in exploration expenditures by June 27, 2019. Upon completion of the initial 60% earn-in, the Company will have the right to exercise a second option for an additional 10% interest by making a cash payment of \$100,000 and incurring further work commitments of \$1,000,000 prior to June 27, 2021. After the Company has either earned 60% or if elected, the 70% earn-in, the Company and Magrum will form a joint venture for the purpose of continuing exploration and development of the Property. Upon formation, the joint venture has agreed to pay Magrum a 3% gross overriding royalty (the “GORR”) on the appraised value of diamonds resulting from the property. The joint venture will have the right to purchase up to two-thirds of the GORR, exercisable at any time, by paying \$1,000,000 for 1%, for an aggregate purchase price of \$2,000,000.
- c) During the three month period ended March 31, 2017, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Land Use & Tenure	Data Evaluation	Mineralogy	Safety & Reclamation	Recoveries	Total for the period
<b>Alberta</b>								
Buffalo Hills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Northwest Territories</b>								
Hilltop/Cache	-	-	-	-	-	-	-	-
King	-	-	-	-	-	-	-	-
Gwen	-	-	-	-	-	-	-	-
Marlin	-	-	-	-	-	-	-	-
Other	32,749	-	-	-	-	-	-	32,749
	<u>\$ 32,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,749</u>

- d) During the three month period ended March 31, 2016, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Land Use & Tenure	Data Evaluation	Mineralogy	Safety & Reclamation	Recoveries	Total for the period
<b>Alberta</b>								
Buffalo Hills	\$ 348	\$ -	\$ -	\$ 388	\$ 1,762	\$ 243	\$ -	\$ 2,741
<b>Northwest Territories</b>								
Hilltop/Cache	72,473	1,306	656	8,433	-	-	(29,750)	53,118
King	70	-	-	1,732	-	-	-	1,802
Gwen	129	1,868	-	1,336	-	-	-	3,333
Marlin	807	15,555	-	4,545	-	-	-	20,907
Prisim	177	1,671	-	2,741	-	-	-	4,589
Other	14	-	349	-	-	-	-	363
	<u>\$ 74,018</u>	<u>\$ 20,400</u>	<u>\$ 1,005</u>	<u>\$ 19,175</u>	<u>\$ 1,762</u>	<u>\$ 243</u>	<u>\$ (29,750)</u>	<u>\$ 86,853</u>

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2017 (Expressed in Canadian Dollars)

#### 5. RELATED PARTY TRANSACTIONS

These consolidated financial statements include the financial statements of Canterra Minerals Corporation and its subsidiaries listed in the following table:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	<u>Principal Activity</u>
Triex Minerals Corporation	British Columbia, Canada	100%	Holding company
Triex Minerals (US) Inc.	Nevada, USA	100%	Inactive

#### *Key Management Personnel*

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered are as follows:

	<u>Three months period ended March 31, 2017</u>	<u>Three months period ended March 31, 2016</u>
Management fees	\$ 29,400	\$ 28,100
Geological consulting fees	4,500	4,500
<b>Total</b>	<b>\$ 33,900</b>	<b>\$ 32,600</b>

Amounts paid or payable to companies with officers and/or directors in common are as follows:

	<u>Three months period ended March 31, 2017</u>	<u>Three months Period ended March 31, 2016</u>
Rent	\$ 10,500	\$ 10,500
Accounting, investor relations & geology	38,175	22,233
<b>Total</b>	<b>\$ 48,675</b>	<b>\$ 32,733</b>

Included in accounts payable and accrued liabilities at December 31, 2016 is \$439,109 (December 31, 2016 - \$353,510) due to companies with common directors and/or officers.

#### 6. SHARE CAPITAL AND RESERVES

##### a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares are fully paid.

##### b) Issued share capital

The Company did not issue any common shares during the three month period ended March 31, 2017.

During the year ended December 31, 2016 the Company issued 200,000 common shares with an aggregate value of \$12,000 as consideration towards the acquisition of the CL-25 property and issued 2,000,000 common shares with an aggregate value of \$160,000 as consideration towards the acquisition of the West Carswell property.

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2017 (Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES (continued)**

## d) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at March 31, 2017, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,855,000	\$0.10	April 24, 2018
620,000	\$0.15	August 14, 2019
1,820,000	\$0.08	May 2, 2021
<b>4,295,000</b>		

Stock option transactions are summarized as follows:

	March 31, 2017		December 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	4,295,000	\$ 0.11	3,130,000	\$ 0.11
Granted	-	-	1,820,000	0.08
Expired/cancelled	-	-	(655,000)	0.10
Balance, end of the period	4,295,000	\$0.10	4,295,000	\$0.10
Options exercisable, end of the period	4,295,000	\$0.10	4,295,000	\$0.10

## e) Share-based compensation

During the period ended December 31, 2016, the Company granted 1,820,000 stock options with a fair value of \$54,360 or \$0.03 per option. All options vest immediately on grant. No stock options were granted during the period ended March 31, 2017.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the noted years:

	2017	2016
Risk-free interest rate	-	0.79%
Expected life of options	-	5 years
Annualized volatility	-	118.22%
Dividend rate	-	-
Weighted average FV	-	\$0.03

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2017 (Expressed in Canadian Dollars)

**6. SHARE CAPITAL AND RESERVES (continued)**

## f) Warrants

As at March 31, 2017 the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
8,107,143 <sup>(1)</sup>	\$0.10	July 29, 2017*
1,369,048 <sup>(2)</sup>	\$0.10	October 19, 2017
2,341,274 <sup>(2)</sup>	\$0.08	October 19, 2017
11,817,465		

(\*) On June 27, 2016 the Company received TSX Venture Exchange approval to extend the expiry date of 8,107,143 outstanding share purchase warrants from July 29, 2016 to July 29, 2017. No value was attributed to the warrant extension.

(1) In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange greater than \$0.20 per share during any twenty consecutive trading-day period the Company may accelerate the expiry date by giving notice to the holders thereof and in such case the warrants will expire on the 21<sup>st</sup> business day after the date on which such notice is given to the holders by the Company.

(2) In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange greater than \$0.15 per share during any twenty consecutive trading-day period the Company may accelerate the expiry date by giving notice to the holders thereof and in such case the warrants will expire on the 21<sup>st</sup> business day after the date on which such notice is given to the holders by the Company.

Share purchase warrant transactions were as follows:

	March 31, 2017		December 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the period	11,817,465	\$0.10	25,020,231	\$0.18
Expired/cancelled	-	-	(13,202,766)	\$0.25
Balance, end of the period	11,817,465	\$0.10	11,817,465	\$0.10
Warrants exercisable, end of the period	11,817,465	\$0.10	11,817,465	\$0.10