



CANTERRA

MINERALS CORPORATION

TSX-V: CTM

Condensed Consolidated Interim Financial Statements

For the Six Months Ended

June 30, 2014

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.

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)

(Expressed in Canadian Dollars)

	<u>June 30</u> <u>2014</u>	<u>December 31</u> <u>2013</u>
ASSETS		
Current		
Cash	\$ 79,559	\$ 185,994
Marketable securities (Note 3)	157,110	600,000
Receivables (Note 4)	13,942	25,418
Prepaid expenses	<u>1,700</u>	<u>1,787</u>
	252,311	813,199
Mineral properties (Note 5)	555,703	446,051
Land Use deposits (Note 6)	<u>4,000</u>	<u>4,000</u>
	<u>\$ 812,014</u>	<u>\$ 1,263,250</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ <u>367,269</u>	\$ <u>36,882</u>
	<u>367,269</u>	<u>36,882</u>
Shareholders' equity		
Share capital (Note 7)	103,695,034	103,695,034
Reserves (Note 7)	210,012	217,810
Deficit	<u>(103,460,301)</u>	<u>(102,686,476)</u>
	<u>444,745</u>	<u>1,226,368</u>
	<u>\$ 812,014</u>	<u>\$ 1,263,250</u>

Nature and continuance of operations (Note 1)**Subsequent events** (Note 10)

Approved and authorized by the Board on August 6, 2014

"Randy C. Turner"

Randy C. Turner, Director

"James Eccott"

James Eccott, Director

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)

(Expressed in Canadian Dollars)

	Three Month Period Ended June 30 2014	Three Month Period Ended June 30 2013	Six Month Period Ended June 30 2014	Six Month Period Ended June 30 2013
Expenses				
Business development	\$ 2,313	\$ 6,086	\$ 3,739	\$ 8,087
Depreciation	-	7,165	-	14,173
Insurance	-	-	35,975	35,975
Legal, audit and accounting	5,123	8,427	7,097	19,219
Management fees and corporate services	27,000	10,650	54,900	18,275
Office and miscellaneous	11,176	14,759	24,456	20,872
Regulatory and transfer agent fees	2,581	1,360	11,168	12,505
Rent	15,000	20,720	33,480	41,440
Share-based compensation (Note 7)	-	78,866	-	78,866
Travel	10,028	826	11,123	3,564
Wages and benefits	39,923	20,854	68,378	49,226
Exploration expenditures (Note 5)	124,468	199,040	230,632	237,493
	<u>(237,612)</u>	<u>(368,753)</u>	<u>(480,948)</u>	<u>(539,695)</u>
Interest income	-	1,642	36	4,406
Unrealized (loss)/gain on marketable securities	(156,284)	-	(350,157)	-
Realized (loss)/gain on marketable securities	(77,423)	-	(80,442)	-
(Loss)/Gain on sale of mineral property (Note 5)	-	-	129,888	-
	<u>(233,707)</u>	<u>1,642</u>	<u>(300,675)</u>	<u>4,406</u>
Loss and comprehensive loss for the period	\$ <u>(471,319)</u>	\$ <u>(367,111)</u>	\$ <u>(781,623)</u>	\$ <u>(535,289)</u>
Basic and diluted loss per common share	\$ <u>(0.01)</u>	\$ <u>(0.01)</u>	\$ <u>(0.02)</u>	\$ <u>(0.01)</u>
Weighted average number of common shares outstanding	49,911,009	49,911,009	49,911,009	49,714,876

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)

(Expressed in Canadian Dollars)

	Six Month Period Ended June 30 2014	Six Month Period Ended June 30 2013
Cash flows from operating activities		
Income (loss) for the period	\$ (781,623)	\$ (535,289)
Items not affecting cash:		
Depreciation	-	14,173
Share-based compensation	-	78,866
Realized (gain)/loss on marketable securities	80,442	-
Unrealized (gain)/loss on marketable securities	350,157	-
Loss/(Gain) on sale of mineral property	(129,888)	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(3,636)	16,978
(Increase) decrease in prepaid expenses	87	-
Increase (decrease) in accounts payable and accrued liabilities	212,586	(13,932)
Net cash used in operating activities	<u>(271,875)</u>	<u>(439,204)</u>
Cash flows from investing activities		
(Acquisition)/disposition of mineral properties	23,149	(57,139)
Proceeds on sale of marketable securities	142,291	-
Net cash used in investing activities	<u>165,440</u>	<u>(57,139)</u>
Change in cash during the period	(106,435)	(496,343)
Cash, beginning of the period	<u>185,994</u>	<u>958,244</u>
Cash, end of the period	<u>\$ 79,559</u>	<u>\$ 461,901</u>

Supplemental disclosure with respect to cash flows (Note 9)

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (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, 2013	49,911,009	\$ 103,695,034	\$ 217,810	\$ (102,686,476)	\$ 1,226,368
Reserves transferred on expired options	-	-	(7,798)	7,798	-
Loss for the period	-	-	-	(781,623)	(781,623)
Balance, June 30, 2014	<u>49,911,009</u>	<u>\$ 103,695,034</u>	<u>\$ 210,012</u>	<u>\$ (103,460,301)</u>	<u>\$ 444,745</u>
Balance, December 31, 2012	49,411,009	\$ 103,655,034	\$ 189,889	\$ (94,068,115)	\$ 9,776,808
Issued for mineral properties	500,000	40,000	-	-	40,000
Share-based compensation	-	-	78,866	-	78,866
Reserves transferred on expired options	-	-	(59,266)	59,266	-
Loss for the period	-	-	-	(535,289)	(535,289)
Balance, June 30, 2013	<u>49,911,009</u>	<u>\$ 103,695,034</u>	<u>\$ 209,489</u>	<u>\$ (94,544,138)</u>	<u>\$ 9,360,385</u>

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

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

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 1410 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. 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 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. Subsequent to June 30, 2014 the Company closed a non-brokered private placement raising \$2 million (Note 10b).

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, 2013.

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, 2013 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 INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

	June 30, 2014	December 31, 2013
Zadar Ventures Ltd.	\$ 67,110	\$ 600,000
Skyharbour Resources Ltd.	90,000	-
	\$ 157,110	\$ 600,000

As at June 30, 2014, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

- 1,118,500 (December 31, 2013 – 2,000,000) common shares of Zadar Ventures Ltd. The shares have a cost basis of \$282,617.
- 1,000,000 (December 31, 2013 – NIL) common shares of Skyharbour Resources Ltd. The shares were received at a value of \$130,000, pursuant to the sale of certain mineral properties (Note 5).

4. RELATED PARTY TRANSACTIONS

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

Name of Subsidiary	Country of Incorporation	Ownership	Principal Activity
Nickel Bay Resources Ltd.	British Columbia, Canada	100%	Dissolved (October 2013)
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:

	6 month period ended June 30, 2014	6 month period ended June 30, 2013
Management fees	\$ 54,900	\$ 18,275
Geological consulting fees	95,858	70,000
Share-based compensation*	-	63,579
Total	\$ 150,758	\$ 151,854

* Share-based compensation consists of options granted to key management. The value shown above is calculated using the Black-Scholes fair value method and does not represent actual amounts received.

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

	6 month period ended June 30, 2014	6 month period ended June 30, 2013
Rent	\$ 30,000	\$ 30,000
Wages and benefits	32,098	15,000
Total	\$ 62,098	\$ 45,000

Included in receivables at June 30, 2014 is \$4,868 (December 31, 2013 - \$7,609) due from companies with common directors and/or officers. Included in accounts payable and accrued liabilities at June 30, 2014 is \$194,596 (December 31, 2013 - \$1,365) due to companies with common directors and/or officers.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

5. 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 are in good standing.

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

	June 30, 2014		December 31, 2013	
Northwest Territories & Nunavut - Canada				
Hilltop Property, Northwest Territories/Cache Property, Nunavut	\$	273,864	\$	252,770
A 100% interest/An 80% interest.				
King Property, Northwest Territories		78,730		60,509
A 100% interest				
Carat Property, Northwest Territories		132,772		132,772
A 70% interest.				
Gwen Property, Northwest Territories		22,217		-
A 100% interest				
Marlin Property, Northwest Territories		22,598		-
A 100% interest				
Prisim Property, Northwest Territories		25,522		-
A 100% interest				
Total Mineral Properties:	\$	<u>555,703</u>	\$	<u>446,051</u>

On January 16, 2014 the Company sold certain mineral properties that were previously written-down in exchange for \$15,000 cash and 1,000,000 common shares of Skyharbour Resources Ltd. valued at \$130,000.

CANTERRA MINERALS CORPORATION

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FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

5. MINERAL PROPERTIES *(continued)*

During the period ended June 30, 2014, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Reclamation & Safety	Recoveries	Total for the period
NWT								
Hilltop/Cache	\$ 17,458	3,523	-	1,311	11,241	-	-	\$ 33,533
King	8,268	834	-	1,858	6,518	-	-	17,478
Gwen	9,637	834	-	2,295	6,334	-	-	19,100
Marlin	8,831	834	-	2,623	6,451	-	-	18,739
Prisim	13,673	4,492	-	2,841	7,144	-	-	28,150
Reconnaissance	99,715	-	-	-	12,712	-	-	112,427
ALBERTA								
Buffalo Hills	123	-	-	152	-	-	-	275
ONTARIO								
Other	415	-	-	515	-	-	-	930
	\$ 158,120	10,517	-	11,595	50,400	-	-	\$ 230,632

During the period ended June 30, 2013, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the period
NUNAVUT								
Mountain Lake	\$ 3,108	-	-	-	-	7,438	-	\$ 10,546
ALBERTA								
Buffalo Hills	62	-	-	149	-	-	-	211
ONTARIO								
Reconnaissance	354	-	-	-	-	-	-	354
Other	220	-	-	525	-	-	-	745
BRITISH COLUMBIA								
Reconnaissance	4,431	-	-	-	-	-	-	4,431
NEVADA								
East Manhattan	49,223	-	-	14,805	-	-	-	64,028
Highland	67,131	20,674	-	69,373	-	-	-	157,178
	\$ 124,529	20,674	-	84,852	-	7,438	-	\$ 237,493

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

6. LAND USE DEPOSITS

Land use deposits are interest-bearing and are held by major financial institutions on behalf of mining regulators. These deposits are held primarily for prospecting permits and will be released upon the Company incurring certain exploration expenditures on specific mineral properties. Exploration deposits surrendered to mining regulators are expensed.

7. 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 period ended, June 30, 2014.

During the period ended June 30, 2013 the Company issued 500,000 common shares, with a value of \$40,000 as consideration towards the acquisition of mineral properties (Note 5).

c) 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 June 30, 2014, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

	Number of Shares	Exercise Price	Expiry Date
	795,000	0.25	April 14, 2015
	2,660,000	0.10	April 24, 2018
	<u>3,455,000</u>		

Stock option transactions are summarized as follows:

	June 30, 2014		December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	3,732,250	\$ 0.14	1,332,250	\$ 0.28
Granted	-	-	2,760,000	0.10
Exercised	-	-	-	-
Expired/cancelled	(277,250)	\$0.24	(360,000)	0.31
Balance, end of the period	<u>3,455,000</u>	<u>\$ 0.13</u>	<u>3,732,250</u>	<u>\$ 0.14</u>
Options exercisable, end of the period	3,455,000	\$ 0.13	3,732,250	\$ 0.14

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

d) Share-based compensation

During the period ended June 30, 2014, the Company granted NIL (2013 - 2,760,000) stock options with a fair value of \$NIL (2013 - \$78,866) or \$NIL (2013 - \$0.03) per option. All options vest immediately on grant.

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

	2014	2013
Risk-free interest rate	-	1.19%
Expected life of options	-	5 years
Annualized volatility	-	93.64%
Dividend rate	-	-
Weighted average FV	-	\$0.03

e) Warrants

As at June 30, 2014 the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
13,153,266	\$0.25	June 21, 2016
13,153,266		

The outstanding share purchase warrants above are subject to an acceleration clause whereby in the event that the common shares trade at a closing price on the TSX Venture Exchange of greater than \$0.50 per common share during any twenty consecutive trading-day period, the Company may accelerate the expiry date by giving such notice to the holders thereof and in such case the warrants will expire on the 21st business day after the date on which such notice is given.

During the six month period ended June 30, 2014, the Company extended the expiry date of 13,153,266 outstanding share purchase warrants from June 21, 2014 to June 21, 2016. No value was attributed to the warrant extension.

Share purchase warrant transactions were as follows:

	June 30, 2014		December 31, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the period	13,153,266	\$ 0.25	13,603,462	\$ 0.25
Granted	-	-	-	-
Exercised	-	-	-	-
Expired/cancelled	-	-	(450,196)	0.25
Balance, end of the period	13,153,266	\$ 0.25	13,153,266	\$ 0.25
Warrants exercisable, end of the year	13,153,266	\$ 0.25	13,153,266	\$ 0.25

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014 (Expressed in Canadian Dollars)

8. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in Canada and the United States. All of the Company's capital assets are located in Canada.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended June 30, 2014 consisted of the receipt of 1,000,000 common shares valued at \$130,000 pursuant to the sale of certain mineral properties (Note 5).

The significant non-cash investing and financing transactions during the period ended June 30, 2013 consisted of the issuance of 500,000 common shares valued at \$40,000 for mineral properties.

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2014 and subject to TSX Venture Exchange approval, the Company closed a non-brokered private placement raising a total of \$2 million consisting of 16,214,285 units (the "Units") at a price of \$0.07 per Unit and 8,650,000 common shares issued as flow-through shares (the "Flow-Through Shares") at a price of \$0.10 per Flow-Through Share (the "Offering"). Each Unit consisted of one common share ("Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Warrant") of the Company. Each Warrant entitles the holder thereof to purchase one Common Share at \$0.10 and is exercisable until July 29, 2016.

The Warrants are subject to an acceleration clause whereby in the event that the Common Shares trade at a closing price on the TSX Venture Exchange of greater than \$0.20 per Common Share during any twenty consecutive trading-day period, the Company may accelerate the Warrant Expiry Date by giving such notice to the holders, whereby the Warrants will expire on the 21st business day thereafter.

The Company paid finders' fees totaling \$18,741 representing 6% of a portion of the gross proceeds raised and issued aggregate finders warrants of 258,729 representing 6% of a portion of the Offering sold. Each of the finders' warrants are exercisable until July 29, 2015, at a price of \$0.10 per share.