



CANTERRA

MINERALS CORPORATION

TSX-V: CTM

Condensed Consolidated Interim Financial Statements

For the Six Months Ended

June 30, 2021

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>2021</u>	<u>December 31,</u> <u>2020</u>
ASSETS		
Current		
Cash	\$ 4,962,919	\$ 3,853,927
Marketable securities (Note 3)	2,070	1,035
Receivables	103,039	12,530
Prepaid expenses	7,484	15,837
	<u>5,075,512</u>	<u>3,883,329</u>
Land use deposits	4,000	4,000
Mineral Properties (Note 4)	<u>2,295,216</u>	<u>2,225,503</u>
	\$ <u><u>7,374,728</u></u>	\$ <u><u>6,112,832</u></u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	<u>108,962</u>	<u>330,483</u>
	<u>108,962</u>	<u>330,483</u>
Shareholders' deficit		
Share capital (Note 6)	113,162,162	111,569,742
Reserves (Note 6)	2,182,720	994,069
Deficit	<u>(108,079,116)</u>	<u>(106,781,462)</u>
	<u>7,265,766</u>	<u>5,782,349</u>
	\$ <u><u>7,374,728</u></u>	\$ <u><u>6,112,832</u></u>

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on August 20, 2021



Chris Pennimpede, President & CEO, Director



Randy C. Turner, Chairman of the Board, Director

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

CANTERRA MINERALS CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS (Unaudited)**

(Expressed in Canadian Dollars)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Expenses				
Business development	\$ 11,264	\$ 221	\$ 38,775	\$ 421
Insurance	4,176	3,307	8,353	6,614
Interest	-	2,427	-	4,504
Legal, audit and accounting	21,424	(1,650)	48,715	(1,347)
Consulting fees (Note 5)	27,650	11,000	51,650	23,750
Office and miscellaneous	3,111	305	8,940	771
Regulatory and transfer agent fees	13,583	12,775	40,151	13,291
Rent (Note 5)	2,680	4,500	7,180	9,000
Share-based compensation (Note 6)	-	-	198,553	-
Wages and benefits (Note 5)	26,438	1,237	45,940	3,487
Exploration expenditures (Note 4)	616,940	7,761	882,391	7,761
	<u>(727,266)</u>	<u>(41,883)</u>	<u>(1,330,648)</u>	<u>(68,252)</u>
Interest income	-	-	-	10
Unrealized gain on marketable securities	1,035	-	1,035	172
	<u>1,035</u>	<u>-</u>	<u>1,035</u>	<u>182</u>
Loss and comprehensive loss for the period	\$ <u>(726,321)</u>	\$ <u>(41,883)</u>	\$ <u>(1,329,613)</u>	\$ <u>(68,070)</u>
Basic and diluted loss per common share	\$ <u>(0.01)</u>	\$ <u>(0.00)</u>	\$ <u>(0.03)</u>	\$ <u>(0.00)</u>
Weighted average number of common shares outstanding	52,958,360	8,986,492	52,807,653	8,986,492

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

(Expressed in Canadian Dollars)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash flows used in operating activities		
Loss for the period	\$ (1,329,613)	\$ (68,070)
Items not affecting cash:		
Share-based compensation (Note 6)	198,553	-
Unrealized gain on marketable securities	(1,035)	(172)
Accrued interest on related party loan	-	4,503
Changes in non-cash working capital items:		
Increase in receivables	(90,509)	(7,308)
Increase in prepaid expenses	8,354	6,614
(Decrease)/increase in accounts payable and accrued liabilities	(221,523)	12,315
Net cash used in operating activities	<u>(1,453,773)</u>	<u>(52,118)</u>
Cash flows used in investing activities		
Acquisition of mineral properties	<u>(8,463)</u>	-
Net cash used in investing activities	<u>(8,463)</u>	-
Cash flows from financing activities		
Issuance of common shares through private placement (net of share issuance costs)	2,553,228	-
Proceeds received from related party (Note 5)	-	50,000
Net cash provided by financing activities	<u>2,553,228</u>	<u>50,000</u>
Change in cash during the period	1,108,992	(2,118)
Cash, beginning of the period	3,853,927	10,300
Cash, end of the period	<u>\$ 4,962,919</u>	<u>\$ 8,182</u>

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

CANTERRA MINERALS CORPORATION**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (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, 2019	8,986,492	\$ 106,149,846	\$ 47,640	\$ (106,500,659)	\$ (303,173)
Reserves transferred on expired options (Note 6c)	-	-	(15,681)	15,681	-
Loss for the period	-	-	-	(68,070)	(68,070)
Balance, June 30, 2020	8,986,492	\$ 106,149,846	\$ 31,959	\$ (106,553,048)	\$ (371,243)
Issued on private placements	31,150,000	3,578,336	371,164	-	3,949,500
Issued for debt	2,841,530	426,230	-	-	426,230
Issued for subsidiary acquisition	9,677,250	1,451,588	590,946	-	2,042,534
Share issuance costs	-	(36,258)	-	-	(36,258)
Loss for the period	-	-	-	(228,414)	(228,414)
Balance, December 31, 2020	52,655,272	\$ 111,569,742	\$ 994,069	\$ (106,781,462)	\$ 5,782,349
Issued on private placements	13,581,000	1,835,935	880,265	-	2,716,200
Issued for mineral properties	250,000	61,250	-	-	61,250
Share issuance costs	-	(304,765)	141,792	-	(162,973)
Share-based compensation	-	-	198,553	-	198,553
Reserves transferred on expired options (Note 6c)	-	-	(31,959)	31,959	-
Loss for the period	-	-	-	(1,329,613)	(1,329,613)
Balance, June 30, 2021	<u>66,486,272</u>	<u>\$ 113,162,162</u>	<u>\$ 2,182,720</u>	<u>\$ (108,079,116)</u>	<u>\$ 7,265,766</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 six months ended June 30, 2021 (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 580 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company’s registered and records office is 2200 – 885 W Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

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, 2020.

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, 2020 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 six months ended June 30, 2021 (Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

As at June 30, 2021, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

	June 30, 2021		December 31, 2020	
	# of shares	Value	# of shares	Value
Margaret Lake Diamonds Inc.	34,500	2,070	34,500	1,035
		\$ 2,070		\$ 1,035

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 are in good standing.

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

	June 30, 2021	December 31, 2020
Newfoundland, Canada		
Wilding Lake	\$ 2,295,216	\$ 2,225,503
<i>Under option agreement from Altius Resources Inc.¹</i>		
Northwest Territories, Canada		
Marlin Property	-	-
<i>A 100% interest.</i>		
Alberta, Canada		
Buffalo Hills Property	-	-
<i>A 33% interest. During fiscal 2013, the Company wrote-down acquisition costs of \$8,278,519 associated with this property.</i>		
Total Mineral Properties	\$ 2,295,216	\$ 2,225,503

Newfoundland, Canada

On December 17, 2020, the Company acquired Teton Opportunities Inc. ("Teton"), a private company incorporated under the laws of British Columbia, Canada who holds an option agreement with Altius Resources Inc. ("Altius") for the Wilding Lake Project ("Wilding Lake") located in the Province of Newfoundland, Canada. The total purchase price of \$2,042,533 was effected by way of share exchange whereby Canterra issued 9,677,250 Canterra shares and 4,398,750 Canterra warrants in exchange for all the issued and outstanding securities held by Teton shareholders. In accordance with the terms of the Wilding Lake option agreement, the Company is required to:

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2021 (Expressed in Canadian Dollars)

4. MINERAL PROPERTIES (continued)

- Issue Altius 12,500,000 Teton shares and warrants to acquire a further 6,250,000 Teton shares (issued on December 16, 2020 by Teton prior to acquisition);
- Complete a minimum financing for gross proceeds of \$2,500,000 (completed by Canterra on December 17, 2020);
- Incur cumulative exploration expenditures of at least \$1,000,000 on the property before August 27, 2022;
- and complete a transaction with a publicly listed company before December 31, 2020 (completed)

The property is subject to a 2% Net Smelter Return (“NSR”) payable to Altius and 1.5% NSR the original property owners. The Company may buyback 1% of the NSR held by the original property owners by a payment of \$1,000,000.

On April 15, 2021, the Company entered into an option agreement with Sokoman Minerals Corp. (“Sokoman”) to acquire 100% of the East Alder gold project (“East Alder”) located immediately northeast of the Company’s Wilding Gold Project in central Newfoundland. The Company may acquire 100% of East Alder by issuing 750,000 common shares (250,000 issued) of the Company and expending a total of \$600,000 on work commitments over a 4-year period. Sokoman will retain a 1.0% net smelter return royalty on East Alder with Canterra having the right to buy-down 0.5% of the royalty for \$1,000,000.

Northwest Territories, Canada

The Company holds 100% interest in the Marlin property which have been written down to a value of \$nil in prior years.

Alberta, Canada

The Company holds a 33% interest in the Buffalo Hills property located in Alberta, Canada.

During the six months ended June 30, 2021, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Total for the period
NEWFOUNDLAND							
Wilding Lake	\$ 134,459	\$ 74,408	\$ 528,693	\$ 20,584	\$ 117,327	\$ 5,866	\$ 881,337
ALBERTA							
Buffalo Hills	-	-	-	1,054	-	-	1,054
	<u>\$ 134,459</u>	<u>\$ 74,408</u>	<u>\$ 528,693</u>	<u>\$ 21,638</u>	<u>\$ 117,327</u>	<u>\$ 5,866</u>	<u>\$ 882,391</u>

During the six months ended June 30, 2020, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Total for the period
NEWFOUNDLAND							
Wilding Lake	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ALBERTA							
Buffalo Hills	-	-	-	7,761	-	-	7,761
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,761</u>

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2021 (Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS

These condensed consolidated interim financial statements also include the Company's wholly owned subsidiaries, Teton Opportunities Inc. ("Teton"), Triex Minerals Corporation and Triex Minerals (US) Inc. On December 12, 2019, Triex Minerals Corporation and Triex Minerals (US) Inc. were dissolved.

Key Management Personnel

Key management personnel include 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:

	Six months ended June 30, 2021	Six months ended June 30, 2020
Consulting fees	\$ 36,000	\$ 23,750
Wages & Benefits	42,969	-
Geological consulting fees	-	2,250
Share-based compensation	137,508	-
Total	\$ 216,477	\$ 26,000

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

	Six months ended June 30, 2021	Six months ended June 30, 2020
Rent	\$ 7,180	\$ 9,000
Accounting, investor relations, geology & other	14,250	4,650
Total	\$ 21,430	\$ 13,650

Included in accounts payable and accrued liabilities as at June 30, 2021 is \$50,605 (December 31, 2020: \$69,681) due to companies with common directors and/or officers. During the six months ended June 30, 2021, the Company received \$Nil (June 30, 2020: \$50,000) from Rand Explorations Ltd. ("Rand Explorations").

On December 31, 2019, the Company entered into an unsecured loan agreement with Rand Explorations Ltd. ("Rand Explorations") to acknowledge the advances Rand Exploration has provided to the Company. The principal amount of \$155,000 was recognized with simple interest accruing at a rate of 5% maturing in December 2024. The outstanding principle and interest was resolved with a debt settlement agreement between Rand Explorations Ltd. and Canterra on December 17, 2020.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2021 (Expressed in Canadian Dollars)

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

On June 29, 2021, the Company issued 13,581,000 units at \$0.20 per unit in connection with a private placement for total gross proceeds of \$2,716,200. Each unit consisted of one common share and one-half common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.30 until June 29, 2023. The Company paid \$162,972 in finders fees and issued an aggregate of 407,430 finder's warrants to an arm's length party. Each finder's warrant entitles the holder to acquire one common share at an exercise price of \$0.20 until June 29, 2023. The finder's warrants issued as part of the placement have been recorded at a fair market valued at \$141,792 using the Black Scholes option pricing model.

On May 5, 2021, the Company issued 250,000 common shares to Sokoman Minerals Corp. with a fair value of \$61,250. This issuance was pursuant to an option agreement to acquire 100% of the East Alder gold project (part of the Wilding Lake Gold Project) in central Newfoundland.

On December 17, 2020, the Company issued 21,150,000 flow-through common shares at \$0.13 per share and 10,000,000 common shares at \$0.12 per unit in connection with a private placement for aggregate proceeds of \$3,949,500. Each unit is comprised of one common share and one half of a common share purchase warrant, with each whole warrant exercisable to acquire one common share at a price of \$0.24 for a period of 24 months from December 17, 2020. A value of \$371,164 was assigned to the private placement warrants using the residual value method.

On December 17, 2020, the Company issued 9,677,250 common shares and 4,398,750 share purchase warrants to acquire Teton (Note 4). Each warrant is exercisable to acquire one common share at a price of \$0.24 for a period of 24 months from December 17, 2020. A value of \$590,946 was assigned to the warrants using the Black Scholes pricing method with the following assumptions:

Risk-free interest rate	0.24%
Expected life of options	2 years
Annualized volatility	244.96%
Weighted average FV	\$ 0.15
Expected dividend rate	0%

On December 17, 2020, the Company and Rand Explorations Ltd., a company with common directors and/or officer, entered into a debt settlement agreement whereby the Company issued 2,841,530 common shares valued at \$426,230 to settle \$340,985 of outstanding debt. In connection with the debt settlement, a loss of \$85,245 was recognized.

On July 22, 2020, the Company completed a 10:1 share consolidation.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2021 (Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (continued)

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, 2021, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
2,382,500	\$0.34	March 19, 2026
2,382,500		

Stock option transactions are summarized as follows:

	June 30, 2021		December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the period	107,000	\$ 0.80	159,500	\$0.80
Granted	2,382,500	\$0.34	-	-
Expired	(107,000)	\$0.80	(52,500)	0.80
Balance, end of the period	2,382,500	\$0.34	107,000	\$0.80
Options exercisable, end of the period	2,382,500	\$0.34	107,000	\$0.80

On May 2, 2021, 107,000 stock options expired unexercised with a fair value of \$31,959.

d) Warrants

As at June 30, 2021, the Company had outstanding share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
4,398,750	\$0.24	December 17, 2022
5,000,000	\$0.24	December 17, 2022
6,790,500	\$0.30	June 29, 2023
407,430	\$0.20	June 29, 2023
16,596,680		

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2021 (Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES *(continued)*

Share purchase warrant transactions were as follows:

	June 30, 2021		December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the period	9,398,750	\$ 0.24	-	\$ -
Issued	<u>7,197,930</u>	0.29	<u>9,398,750</u>	0.24
Balance, end of the period	16,596,680	0.26	9,398,750	0.24
Warrants exercisable, end of the period		\$ 0.26	9,398,750	\$ 0.24