1100 – 1199 West Hastings Street,
Vancouver, BC, V6E 3T5
Tel: 604-684-9384   Fax: 604-688-4670

Condensed Interim Financial Statements
Three Months Ended March 31, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company for the three months ended March 31, 2016, and comparatives for the three months ended March 31, 2015, were prepared by management and have not been reviewed or audited by the Company's auditors.

Valterra Resource Corporation

(An Exploration Stage Company)
Condensed Interim Statements of Comprehensive Loss
Three Months Ended March 31, 2016 and 2015
(Expressed in Canadian Dollars, Unaudited)

	Note		2016		2015
Operating Expenses					
Consulting		$	3,000	$	3,000
Exploration and evaluation	5		-		500
Investor relations			1,946		3,783
Office and general			1,046		5,061
Regulatory fees and taxes			5,200		5,859
Shareholders' communications			147		190
Transfer agent			637		1,050
Net Loss and Comprehensive Loss for the Period		**$**	**11,976**	**$**	**19,443**
Loss per share - basic and diluted		$	0.00	$	0.00
Weighted average number of common shares outstanding			32,735,925		32,735,925

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

Valterra Resource Corporation

(An Exploration Stage Company)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars, Unaudited)

As at	Note		March 31 2016		December 31 2015
Assets					
Current					
Cash		$	866	$	-
Receivables			299		10,174
			1,165		**10,174**
Non-current					
Mineral properties	5		-		-
			-		**-**
		$	**1,165**	**$**	**10,174**
Liabilities					
Current					
Accounts payable and accrued liabilities		$	460,048	$	460,081
Due to related parties	6		54,358		51,358
			514,406		**511,439**
Deficit					
Share capital	7		12,212,977		12,212,977
Share-based payments reserve			235,896		237,867
Deficit			(12,962,114)		(12,952,109)
			(513,241)		**(501,265)**
		$	**1,165**	**$**	**10,174**

Approved on behalf of the Board

"Lawrence Page"	"Edward Odishaw"
Lawrence Page, Q.C.	Edward Odishaw
Director	Director

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

Valterra Resource Corporation
(An Exploration Stage Company)
Condensed Interim Statements of Changes in Deficit
Three Months Ended March 31, 2016 and 2015
(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		
	Number of Shares	Amount	Payment Reserve	Deficit	Total Deficit
Balance as at December 31, 2014	**32,735,925**	**$ 12,212,977**	**$ 240,708**	**$ (12,525,937)**	**$ (72,252)**
Expiry of options and warrants	-	-	(2,841)	2,841	-
Net loss	-	-	-	(19,443)	(19,443)
Balance as at March 31, 2015	**32,735,925**	**$ 12,212,977**	**$ 237,867**	**$ (12,542,539)**	**$ (91,695)**
Balance as at December 31, 2015	**32,735,925**	**$ 12,212,977**	**$ 237,867**	**$ (12,952,109)**	**$ (501,265)**
Expiry of options and warrants	-	-	(1,971)	1,971	-
Net loss	-	-	-	(11,976)	(11,976)
Balance as at March 31, 2016	**32,735,925**	**$ 12,212,977**	**$ 235,896**	**$ (12,962,114)**	**$ (513,241)**

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

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Three Months Ended March 31, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

		2016		2015
Operating Activities				
Net loss	$	(11,976)	$	(19,443)
		(11,976)		(19,443)
Changes in Non-Cash Working Capital				
Receivables		9,875		2,583
Prepaid and deposits		-		1,801
Bank indebtedness		-		531
Accounts payable and accrued liabilities		(33)		12,630
Due to related parties		3,000		3,000
		12,842		20,545
Cash Provided by Operating Activities		**866**		**1,102**
Increase in Cash During the Period		**866**		**1,102**
Cash, Beginning of the Period		-		3,756
Cash, End of the Period	$	**866**	$	**4,858**

Supplemental cash flow information (Note 9)

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

1. Nature of Operations and Going Concern

Valterra Resource Corporation (the "Company") was incorporated in Alberta on September 26, 1996, continued to the Yukon on May 8, 1997 and subsequently to British Columbia on February 22, 2008.

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed interim financial statements were prepared 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. As at March 31, 2016, the Company had a working capital deficit of $513,241 (December 31, 2015 - $501,265). The Company incurred a net loss of $11,976 for the three months ended March 31, 2016 (2015 - $19,443) and had an accumulated deficit of $12,962,114 as at March 31, 2016 (December 31, 2015 - $12,952,109).

As at March 31, 2016, the Company does not have sufficient working capital to meet its administrative overheads and continue with its exploration programs. The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company will be required to issue share capital to finance future activities through private placements and the exercise of options and warrants and is actively seeking additional equity financing. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

These condensed interim financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

2. Basis of Preparation

These condensed interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* using historical cost, except for cash flow information and financial instruments measured at fair value.

The Company's functional and presentation currency is the Canadian dollar.

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2015.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 26, 2016.

3. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed interim financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards of the results for the interim periods presented.

4. Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities and due to related parties.

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity.

5. Mineral Properties

Mineral property acquisition costs as at March 31, 2016, were as follows:

	Swift Katie $	Total $
Balance as at December 31, 2014	388,175	388,175
Impairments	(388,175)	(388,175)
Balance as at December 31, 2015	-	-
Balance as at March 31, 2016	**-**	**-**

Swift Katie

Pursuant to an agreement dated July 21, 2006, as amended, Manex Resource Group Inc. ("Manex"), a private company controlled by a director of the Company, acquired an option to purchase the property located near Salmo, British Columbia. The option was subsequently assigned by Manex to the Company for $2,500.

5. Mineral Properties, continued

Swift Katie, continued

The optionors of the property retain a 3% net smelter royalty ("NSR") interest. The Company has the option to purchase one-half of the NSR (1.5%) for $1,000,000 per 1% and the option to purchase a further one-sixth (0.5%) for an additional $1,500,000 at any time prior to the commencement of commercial production.

Beginning December 31, 2010 and annually thereafter, the Company is required to make an annual advance minimum royalty ("AMR") payment of $50,000. These payments will be adjusted annually according to the Consumer Price Index base of December 31, 2006 and are deductible from future NSR payments.

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 250,000 common shares to the optionors and if the Company achieves commercial production, the Company will issue 500,000 common shares to the optionors.

During the year ended December 31, 2015, agreement was obtained that the AMR due on December 31, 2014 would be deferred to March 31, 2015 with interest compounded at 2% per month from April 1, 2015 (unpaid). The AMR due on December 31, 2015 remains unpaid.

As the Company continues to assess planned courses of action with respect to the property it has determined this to be an indicator of impairment. Accordingly, an impairment provision was recognized against all capitalized costs totalling $388,175 during the year ended December 31, 2015.

Exploration and Evaluation Expenditures

The Company incurred no exploration and evaluation expenditures specifically related to its properties in the three months ended March 31, 2016 and 2015.

6. Related Party Balances and Transactions

In addition to those transactions disclosed elsewhere in these condensed interim financial statements, the Company entered into the following related party transactions:

(a) Under a service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was previously charged for office accommodation and other personnel services. Effective October 1, 2013, the Company received notice that it was in default of the service agreement and that such services would no longer be provided until the default was remedied. Amounts payable as at March 31, 2016 were $11,025 (December 31, 2015 - $11,025).

(b) Fees relating to legal and consulting services of $nil (2015 - $nil) were charged by a private company controlled by a director and officer of the Company. Amounts payable as at March 31, 2016 were $4,373 (December 31, 2015 - $4,373).

(Expressed in Canadian Dollars, Unaudited)

6. Related Party Balances and Transactions, continued

(c) Fees relating to consulting services of $3,000 (2015 - $3,000) were charged by an officer of the Company. Amounts payable as at March 31, 2016 were $33,500 (December 31, 2015 - $30,500).

(d) Loans totalling $5,460 (December 31, 2015 - $5,460) are payable to directors of the Company with respect to funds advanced.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, included in (b) and (c) above, is as follows:

		2016		**2015**
Short-term benefits	$	3,000	$	3,000
Total	$	3,000	$	3,000

7. Share Capital

(a) Authorized

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(b) Stock Options

Stock options outstanding and exercisable as at March 31, 2016 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2015	Balance March 31, 2016
$1.00	November 17, 2016	20,000	20,000
$0.10	July 19, 2017	480,000	480,000
$0.12	December 17, 2017	1,375,000	1,375,000
$0.17	March 1, 2018	100,000	100,000
		1,975,000	**1,975,000**
Weighted average exercise price		$0.13	$0.13
Weighted average contractual life remaining (years)		1.86	1.61

(Expressed in Canadian Dollars, Unaudited)

7. Share Capital, continued

(c) Share Purchase Warrants

Share purchase warrants outstanding as at March 31, 2016 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2015	Expired	Balance March 31, 2016
$1.00	January 31, 2016	5,000	5,000	-
$0.05	February 20, 2017	3,105,000	-	3,105,000
$0.05	February 21, 2017	785,650	-	785,650
$0.05	June 10, 2017	1,000,000	-	1,000,000
$0.05	August 12, 2017	100,000	-	100,000
		4,995,650	**5,000**	**4,990,650**
Weighted average exercise price		$0.05	$1.00	$0.05
Weighted average contractual life remaining (years)		1.21		0.96

8. Segmented Information

The Company has one operating segment, the exploration of mineral properties in Canada. As at March 31, 2016, the Company's non-current assets are all located in Canada.

9. Supplemental Cash Flow Information

	2016	2015
Cash Items		
Income tax paid	$ -	$ -
Interest paid	-	2,054
Interest received	-	-

10. Events after the Reporting Period

Other than events disclosed elsewhere in these condensed interim financial statements, no further significant events occurred subsequent to March 31, 2016.

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Management's Discussion and Analysis
For the Three Months Ended March 31, 2016
Dated: May 26, 2016

A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Valterra Resource Corporation (the "Company") is for the three months ended March 31, 2016, and is dated May 26, 2016. This MD&A was prepared to conform to National Instrument 52-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended March 31, 2016, and the Company's audited financial statements for the year ended December 31, 2015, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares are listed on the TSX Venture Exchange under the symbol "VQA.V" and the Frankfurt Stock Exchange under the symbol "3VA.F".

The Company's functional and presentation currency is the Canadian dollar and all amounts included herein are in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at www.valterraresource.com and on SEDAR at www.sedar.com.

B. Qualified Person

Robert W. J. Macdonald, P. Geo., is the qualified person under National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

C. Conversion Tables

Precious metal units and conversion factors

ppb	- Part per billion	1	ppb	=	0.0010	ppm	=	0.000030	oz/t
ppm	- Part per million	100	ppb	=	0.1000	ppm	=	0.002920	oz/t
oz	- Ounce (troy)	10,000	ppb	=	10.0000	ppm	=	0.291670	oz/t
oz/t	- Ounce per ton (avdp.)	1	ppm	=	1.0000	ug/g	=	1.000000	g/tonne
g	- Gram								
g/t	- Gram per metric ton	1	oz/t	=	34.2857	ppm			
mg	- Milligram	1	Carat	=	41.6660	mg/g			
kg	- Kilogram	1	ton (avdp.)	=	907.1848	kg			
ug	- Microgram	1	oz (troy)	=	31.1035	g			

Information from www.onlineconversion.com

D. Summary of Mineral Properties

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements and its current focus is in British Columbia, Canada.

Swift Katie

The Swift Katie Cu-Au-porphyry property comprises more than 83 square kilometres and is located near Salmo, British Columbia in an area that, historically, has hosted several important mining districts, and is underlain by rocks considered very favourable for the discovery of porphyry-style mineralization.

Since acquisition, the Company has completed 15 drill holes (4,866m) and returned several encouraging intercepts indicative of bulk-tonnage Cu-Au-Ag from the main Katie Zone. Mineralization occurs in volcano-sedimentary rocks of the Rossland Group which hosts numerous precious-metal and polymetallic past-producers in the region.

The drilling outlines a Cu-Au-Ag inventory measuring approximately 600 metres of strike length by 400 metres width, and up to 300 metres depth; being open in several directions. Inventory review work included surveying of historic drill collars, an assessment of the historic QA/QC protocols, and drill spacing with the ultimate goal being to develop a NI 43-101 compliant bulk-tonnage Cu-Au-Ag resource. A previous soil sampling program identified geochemical anomalies (copper, gold, silver and potassium) within anomalous resistivity and magnetic signatures. These geophysical and geochemical anomalies are coincident with host rocks which are of a prospective age and lithology for hosting mineralization.

The Swift target lies immediately south of the Katie deposit which hosts alkalic porphyry copper-gold mineralization. Alkalic porphyry mineralization commonly occurs in clusters, thus the Swift area presents a compelling target.

A previous reconnaissance drilling program consisted of five diamond drill holes totaling 1,423 metres. These holes tested soil and resistivity anomalies over a 1 square kilometre area. Spacing between drill hole collars ranged from 350 metres to 900 metres. The program encountered numerous zones of precious metal mineralization which include 23.4 g/t gold, 0.621% copper and 435 g/t silver over 1.5 metre, and an adjacent 2 metre, interval grading 5.69 g/t gold, 0.128% copper and 26.6 g/t silver from hole SK14-002.

The high-grade gold-silver vein intercepts warrant further exploration and follow-up, as the primary exploration objective to date has only focused on the large-scale copper-gold porphyry potential of the Swift target.

The two zones associated with the high-grade precious metals include 20-40 centimetre wide pyrite-pyrrhotite-chalcopyrite veins at the contact between andesite and a diorite intrusive and sit within a much broader zone of elevated copper mineralization (>100ppm Cu) with zones of strongly anomalous gold and silver. The interval in SK14-002 from 179.5 metres to 181 metres has associated polymetallic mineralization including 0.6% lead. This polymetallic mineralization may be an indication of a porphyry transitional environment.

D. Summary of Mineral Properties, continued

Swift Katie, continued

Drill holes SK14-001 and SK14-003 did not intersect significant copper or gold values, however hydrothermal alteration in the form of chlorite, epidote, calcite, pyrite and magnetite were intercepted in both holes. In addition, indicators of porphyry–style mineralization have been intersected, including zones of potassic alteration (biotite and magnetite) in SK14-002, SK14-004 and SK14-005.

The results support the belief that there is a hydrothermal system associated with porphyry Cu-Au at Swift and are being evaluated along with property-scale targets to determine the next phase of work.

The Company also believes that the drill results are positive in finding gold mineralization and alkalic porphyry Cu-Au style alteration. Further work may expand these mineralized widths and over a half dozen targets remain to be tested on the property.

Acquisition Costs

Mineral property acquisition costs are capitalized, net of recoveries.

Mineral property acquisition costs as at March 31, 2016, were as follows:

	Swift Katie $	Total $
Balance as at December 31, 2014	388,175	388,175
Impairments	(388,175)	(388,175)
Balance as at December 31, 2015	-	-
Balance as at March 31, 2016	**-**	**-**

As the Company continues to assess planned courses of action with respect to the Swift Katie property it has determined this to be an indicator of impairment. Accordingly, an impairment provision was recognized against all capitalized costs totalling $388,175 during the year ended December 31, 2015.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are expensed as incurred.

The Company incurred no exploration and evaluation expenditures specifically related to its properties in the three months ended March 31, 2016 and 2015.

E. Results of Operations

During the three months ended March 31, 2016, the Company reported a net loss and comprehensive loss of $11,976 (2015 - $19,443). A summary of variances is as follows:

	2016	2015	Increase/(Decrease)	
	$	$	$	%
Consulting	3,000	3,000	-	0%
Exploration and evaluation	-	500	(500)	(100%)
Investor relations	1,946	3,783	(1,837)	(49%)
Office and general	1,046	5,061	(4,015)	(79%)
Regulatory fees and taxes	5,200	5,859	(659)	(11%)
Shareholders communications	147	190	(43)	(23%)
Transfer agent	637	1,050	(413)	(39%)

The Company continues to focus its efforts on financing and other strategic initiatives in order that it may continue with its mandate to acquire, explore, and develop mineral resource properties.

Wherever possible, the Company has been reducing general and administration costs.

F. Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for the last eight quarters:

	Mar 31 2016 $	Dec 31 2015 $	Sept 30 2015 $	Jun 30 2015 $	Mar 31 2015 $	Dec 31 2014 $	Sept 30 2014 $	Jun 30 2014 $
Net loss	11,976	374,759	8,020	26,791	19,443	154,991	24,665	47,938
Basic and diluted loss per share	$0.00	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Due to the nature of its current operation, the Company earned no revenue during the periods presented.

Quarterly fluctuations mainly relate to mineral property exploration expenditures and impairments which occur as projects are identified and results are analyzed or other indicators arise. Significant impairment charges were recognized in the three months ended December 31, 2015 and 2014.

G. Financial Condition, Liquidity and Capital Resources

As at March 31, 2016, the Company had a working capital deficit of $513,241 (December 31, 2015 - $501,265).

G. Financial Condition, Liquidity and Capital Resources, continued

Where possible, the Company has been negotiating extended payment terms of its trade payables and reviewing its capital expenditure plan and future commitments to identify opportunities to reduce or delay spending and payments. However, the Company does not generate any revenue from operations and, without further financing, the Company does not have sufficient capital to meet the requirements for its administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months.

For the foreseeable future, the Company will need to rely on raising capital in the equity markets and/or enter into joint venture agreements with third parties to provide working capital and to finance its mineral property acquisition and exploration activities.

Although the Company has been successful in obtaining financing through the issuance of its securities, there can be no assurance that the Company will be able to obtain adequate financing in the future in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors.

Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of some properties and reduction or termination of operations.

Claims

A Notice of Claim filed in Small Claims Court regarding disputed amounts owed to a certain vendor remains outstanding in an amount of $25,000 plus interest and costs.

H. Related Party Transactions

The Company entered into the following related party transactions during the three months ended March 31, 2016:

(a) Under a service agreement between the Company and a private company controlled by a director and officer of the Company, the Company was previously charged for office accommodation and other personnel services. Effective October 1, 2013, the Company received notice that it was in default of the service agreement and that such services would no longer be provided until the default was remedied. Amounts payable as at March 31, 2016 were $11,025 (December 31, 2015 - $11,025).

(b) Fees relating to legal and consulting services of $nil (2015 - $nil) were charged by a private company controlled by a director and officer of the Company. Amounts payable as at March 31, 2016 were $4,373 (December 31, 2015 - $4,373).

(c) Fees relating to consulting services of $3,000 (2015 - $3,000) were charged by an officer of the Company. Amounts payable as at March 31, 2016 were $33,500 (December 31, 2015 - $30,500).

(d) Loans totalling $5,460 (December 31, 2015 - $5,460) are payable to directors of the Company with respect to funds advanced.

H. Related Party Transactions, continued

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, included in (b) and (c) above, is as follows:

		2016		2015
Short-term benefits	$	3,000	$	3,000
Total	$	3,000	$	3,000

I. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at March 31, 2016 and May 26, 2016, the Company had 32,735,925 common shares issued and outstanding.

ii) Stock Options

As at March 31, 2016 and May 26, 2016, stock options outstanding and exercisable were as follows:

Exercise Price	Expiry Date	Balance March 31, 2016	Balance May 26, 2016
$1.00	November 17, 2016	20,000	20,000
$0.10	July 19, 2017	480,000	480,000
$0.12	December 17, 2017	1,375,000	1,375,000
$0.17	March 1, 2018	100,000	100,000
		1,975,000	**1,975,000**
Weighted average exercise price		$0.13	$0.13
Weighted average contractual life remaining (years)		1.61	1.46

I. Outstanding Equity and Convertible Securities, continued

iii) Share Purchase Warrants

As at March 31, 2016 and May 26, 2016, share purchase warrants outstanding were as follows:

Exercise Price	Expiry Date	Balance March 31, 2016	Balance May 26, 2016
$0.05	February 20, 2017	3,105,000	3,105,000
$0.05	February 21, 2017	785,650	785,650
$0.05	June 10, 2017	1,000,000	1,000,000
$0.05	August 12, 2017	100,000	100,000
		4,990,650	**4,990,650**
Weighted average exercise price		$0.05	$0.05
Weighted average contractual life remaining (years)		0.96	0.81

J. Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities and due to related parties. The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Due to Related Parties	Other Financial Liabilities	Amortized Cost

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, any investments must be less than one year in duration.

K. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document.

The Company is confident that its property has potential warranting continued exploration. Activities over the ensuing year will focus on this. The Company expects to continue its strategy of collaborating with experienced mining companies to develop properties and to advance them to production.

L. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate entering into any such arrangements in the foreseeable future.

M. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors who meet at least quarterly with management and at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Audit Committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters.

The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

N. Risks and Uncertainties

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered:

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.

N. Risks and Uncertainties, continued

Exploration Stage Company, continued

Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

Operating History and Availability of Financial Resources

The Company has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Hence, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities.

Operations will continue to be financed primarily through the issuance of securities and such reliance on the issuance of securities for future financing may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favourable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

Price Volatility and Lack of Active Market

For some time, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources.

Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

N. Risks and Uncertainties, continued

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned.

The Company's mineral property interest may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits.

However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does not currently maintain "key-man" insurance in respect of any of its management.

Government Regulations and Environmental Risks and Hazards

The Company conducts exploration activities in Canada, and is subject to various federal and provincial laws, rules and regulations, including environmental legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. Environmental hazards may exist on the Company's properties, hazards that are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any existing environmental hazards related to any of its current or former property interests that may result in material liability to the Company.

O. Proposed Transactions

Other than normal course review of monthly submittals and on-going plans to raise finance, there are no other proposed transactions contemplated as at the date of this report.

P. Forward-Looking Statements

Some of the statements contained in this MD&A may be deemed "forward-looking statements."

These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence. Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.