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Condensed Consolidated Interim Financial Statements
Six Months Ended June 30, 2020 and 2019
(Expressed in Canadian Dollars)
(Unaudited)

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NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2020, and comparatives for the six months ended June 30, 2019, were prepared by management and have not been reviewed or audited by the Company's auditors.

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2020	2019	2020	2019
Operating Expenses					
Consulting	7	\$ 3,000	\$ 3,000	\$ 6,000	6,000
Exploration and evaluation	5 & 7	18,380	6,135	18,551	10,236
Investor relations	7	19,125	753	54,100	11,532
Office and general	7	5,933	5,078	11,712	11,202
Professional fees	7	65,344	21,698	65,344	23,283
Regulatory fees and taxes		2,905	3,290	9,711	10,034
Shareholders' communications		1,750	700	2,100	1,050
Transfer agent		922	667	2,566	1,490
Travel		-	-	-	2,261
		117,359	41,321	170,084	77,088
Foreign exchange loss (gain)					
		(5,121)	(8)	5,974	97
		(5,121)	(8)	5,974	97
Net Loss and Comprehensive Loss for the Period					
		\$ 112,238	\$ 41,313	\$ 176,058	\$ 77,185
Loss per share - basic and diluted					
		\$ 0.01	\$ 0.01	\$ 0.02	0.01
Weighted average number of common shares outstanding					
		10,932,737	7,914,823	10,153,946	7,914,823

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

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars, Unaudited)

As at	Note	June 30 2020	December 31 2019
Assets			
Current			
Cash		\$ 593,218	\$ 9,654
Receivables		3,572	1,245
Prepays		18,929	58,678
		615,719	69,577
Non-current			
Mineral properties	5	-	-
Reclamation bonds		30,862	29,649
Loan	6	575,000	-
		605,862	29,649
		\$ 1,221,581	\$ 99,226
Liabilities			
Current			
Accounts payable and accrued liabilities	5	\$ 635,174	\$ 595,603
Due to related parties	7	532,507	420,523
		1,167,681	1,016,126
Equity (Deficit)			
Share capital	9	15,307,482	14,170,805
Share-based payments reserve		255,876	245,695
Warrant reserve		257,308	257,308
Deficit		(15,766,766)	(15,590,708)
		53,900	(916,900)
		\$ 1,221,581	\$ 99,226

Approved on behalf of the Board

"Lawrence Page"

Lawrence Page, Q.C.

"Edward Odishaw"

Edward Odishaw

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

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity (Deficit)

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		Warrant	Deficit	Total
	Number	Amount	Payments	Reserve	Reserve	Deficit	Equity
	of Shares		Reserve				(Deficit)
Balance as at December 31, 2018	7,914,823	\$ 13,810,871	\$ 244,700	\$ 257,308	\$ (14,471,737)	\$ (158,858)	
Net loss	-	-	-	-	(77,185)	(77,185)	
Balance as at June 30, 2019	7,914,823	\$ 13,810,871	\$ 244,700	\$ 257,308	\$ (14,548,922)	\$ (236,043)	
Balance as at December 31, 2019	9,375,155	\$ 14,170,805	\$ 245,695	\$ 257,308	\$ (15,590,708)	\$ (916,900)	
Issued							
Private placement	7,260,000	363,000	-	-	-	363,000	
Share issue costs	-	(37,323)	10,181	-	-	(27,142)	
Subscriptions received	-	811,000	-	-	-	811,000	
Net loss	-	-	-	-	(176,058)	(176,058)	
Balance as at June 30, 2020	16,635,155	\$ 15,307,482	\$ 255,876	\$ 257,308	\$ (15,766,766)	\$ 53,900	

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

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

	2020	2019
Operating Activities		
Net loss	\$ (176,058)	\$ (77,185)
Items not involving cash:		
Interest on related party loan	3,050	-
Unrealized foreign exchange	2,925	752
	(170,083)	(76,433)
Changes in Non-Cash Working Capital		
Receivables	(2,327)	(731)
Prepays	39,749	1,796
Accounts payable and accrued liabilities	35,433	17,581
Due to related parties	78,934	26,784
	151,789	45,430
Cash Used in Operating Activities	(18,294)	(31,003)
Investing Activities		
Recovery of mineral property	-	13,382
Loan	(575,000)	-
Cash Provided by Investing Activities	(575,000)	13,382
Financing Activities		
Shares issued for cash, net	335,858	-
Subscriptions received	811,000	-
Related party loan	30,000	17,500
Cash Provided by Financing Activities	1,176,858	17,500
Increase (Decrease) in Cash During the Period	583,564	(121)
Cash, Beginning of the Period	9,654	6,661
Cash, End of the Period	\$ 593,218	\$ 6,540

Supplemental cash flow information (Note 8)

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

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

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 consolidated 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 June 30, 2020, the Company had a working capital deficit of \$551,962 (December 31, 2019 - \$946,549). The Company incurred a net loss of \$176,058 for the six months ended June 30, 2020 (2019 - \$77,185) and had an accumulated deficit of \$15,766,766 as at June 30, 2020 (December 31, 2019 - \$15,590,708).

As at June 30, 2020, the Company does not have sufficient capital to meet the requirements for its administrative overhead or maintaining its mineral interests. The Company has relied mainly upon the issuance of share capital and short-term debt to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. In order to finance future activities the Company will be required to issue further share capital through private placements and the exercise of options and warrants or obtain additional short-term debt. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts significant doubt over the Company's ability to continue as a going concern.

These condensed consolidated 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. Such adjustments could be material.

2. Basis of Preparation

These condensed consolidated 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. These condensed consolidated 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 consolidated financial statements for the year ended December 31, 2019. The Company's functional and presentation currency is the Canadian dollar.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

The financial statements of the Company consolidates entities controlled by the Company as follows:

Entity	Country of Incorporation	Principal Activity
Valterra Resource (US) Corporation	USA	Mineral exploration - 100% owned by the Company
Minera Reyterra S.A de C.V.	Mexico	Mineral exploration - 100% owned by the Company

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 31, 2020.

3. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed consolidated interim financial statements as for the most recent audited annual consolidated 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, reclamation bonds, loan, 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. The loan and reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value.

5. Mineral Properties

Mineral property acquisition costs as at June 30, 2020 were:

	Swift Katie	Weepah	Los Reyes	Total
	\$	\$	\$	\$
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
Additions, net of recoveries	-	162,776	153,135	315,911
Impairments	(254,678)	(381,616)	(265,948)	(902,242)
Balance as at December 31, 2019	-	-	-	-
Balance as at June 30, 2020	-	-	-	-

During the year ended December 31, 2019, management considered the ability of the Company to raise sufficient financing to be an indicator of impairment and therefore recorded an impairment provision against all of its properties in accordance with Level 3 of the fair value hierarchy.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

Swift Katie

Pursuant to an agreement dated July 21, 2006, as amended, 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 to the Company for \$2,500.

The property is subject to a 3% net smelter royalty ("NSR") of which the Company has the option to purchase one-half (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 (2018 & 2019 - unpaid).

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 2,500 common shares to the optionors and if the Company achieves commercial production, the Company will issue 5,000 common shares to the optionors.

Weepah

Pursuant to an agreement dated June 23, 2017, as amended, the Company had the right to acquire a 100% interest in certain unpatented and patented mining claims in Esmeralda County, Nevada. On June 23, 2020, the Company terminated the option agreement. A contractual obligation remains outstanding of US\$98,750 and is included in accounts payable and accrued liabilities.

Los Reyes

Pursuant to an agreement dated June 11, 2018, as amended, the Company has the right to acquire a 100% interest in two claims in Chihuahua, Mexico.

To acquire the interest, and for consideration for amending the agreement, the Company is required to issue 40,000 common shares (to be issued upon TSX Venture Exchange approval) and make the following remaining payments, plus applicable local taxes of 16%:

- US\$100,000 on August 11, 2020 (paid subsequent to period end);
- US\$200,000 on August 11, 2021;
- US\$300,000 on August 11, 2022; and
- US\$3,250,000 on August 11, 2023.

The property is subject to a 2% royalty payable to a third party. A finder's fee is also payable upon payment of the above as follows:

- 30,000 common shares on December 31, 2019 (unissued); and
- 120,000 common share purchase warrants contingently exercisable to purchase one common share at an exercise price of \$0.50 per share (issued on August 16, 2018 - Note 9(c)).

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the six months ended June 30, 2020 and 2019 were:

	Swift Katie		Weepah		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2020	2019	2020	2019	2020	2019	2020	2019
Equipment rental and field supplies	-	3,400	-	-	-	-	-	3,400
Geological services	-	-	-	5,195	-	-	-	5,195
Project supervision	-	-	1,455	-	8,575	-	10,030	-
Other	-	-	384	-	171	1,033	555	1,033
	-	-	1,839	5,195	8,746	1,033	10,585	9,628
General							7,966	608
							18,551	10,236

6. Loan

On June 2, 2020, the Company entered into a Letter of Intent to acquire Poconé Mining Mineracao Ltda ("PMM") a private company incorporated under the laws of Brazil. PMM has the rights to acquire two mineral properties, Lima and Livramento, both of which are subject to NSR royalties. The acquisition will be formalized into a definitive purchase agreement under which the Company will issue 8,000,000 shares and 8,000,000 warrants to the owners of PMM, subject to regulatory approval.

To assist in the purchase of Lima, the Company advanced a total of \$575,000 to PMM. The loan bears no interest and has no formal terms of repayment.

7. Related Party Balances and Transactions

Except as disclosed elsewhere in these condensed consolidated interim financial statements, the Company entered into the following related party transactions:

- (a) Fees in the amount of \$2,254 (2019 - \$1,919) were charged by a company controlled by a director and officer of the Company for mark-up on out of pocket expenses. Effective November 1, 2018, the Company received notice that it was in default of an agreement under which office space and administration, consulting, professional fees, investor relations and geological consulting services were provided. Amounts payable as at June 30, 2020 were \$320,500 (December 31, 2019 - \$303,107).
- (b) Fees in the amount of \$40,660 (2019 - \$nil) were charged by a law firm controlled by a director and officer of the Company. Fees are included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at June 30, 2020 were \$66,054 (December 31, 2019 - \$20,514).

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

7. Related Party Balances and Transactions, continued

- (c) Fees in the amount of \$6,000 (2019 - \$6,000) were charged by an officer of the Company for consulting services. Amounts payable as at June 30, 2020 were \$22,575 (December 31, 2019 - \$16,275).
- (d) Fees in the amount of US\$6,900 (2019 - US\$4,350) were charged by a director of the Company for geological consulting services. Amounts payable as at June 30, 2020 were \$15,728 (US\$11,550) (December 31, 2019 - \$6,027 (US\$4,650)).
- (e) Fees in the amount of \$nil (2019 - \$nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at June 30, 2020 were \$2,100 (December 31, 2019 - \$2,100).
- (f) Loans totalling \$105,550 (December 31, 2019 - \$72,500) are payable to a company controlled by a director and officer of the Company with respect to funds advanced of \$102,500 and interest accrued of \$3,050 at an interest rate of 5% per annum.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. With the exception of interest-bearing loans, 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, including amounts in (c) and (d) above, was as follows:

	2020	2019
Short-term benefits	\$ 15,418	\$ 11,802
Total	\$ 15,418	\$ 11,802

8. Supplemental Cash Flow Information

	2020	2019
Non-Cash Items		
Investing Activities		
Mineral property acquisition in accounts payable	\$ 138,489	\$ 4,021
Mineral property acquisition in due to related parties	\$ 700	\$ 700

9. Share Capital

(a) Authorized

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

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

9. Share Capital, continued

(b) Equity Financings

Six months June 30, 2020

On June 15, 2020, the Company closed the first tranche of a non-brokered private placement and issued 7,260,000 units at a price of \$0.05 per unit for gross proceeds of \$363,000. Each unit consisted of one common share and one share purchase warrant whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

The Company also issued 177,800 finders' warrants, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years (Note 9(e)).

(c) Share Purchase Warrants

Share purchase warrants outstanding as at June 30, 2020 were:

Exercise Price	Expiry Date	Balance		
		December 31, 2019	Issued	
				Balance June 30, 2020
\$1.00	October 5, 2021	1,658,400	-	1,658,400
\$1.00	October 5, 2021	354,500	-	354,500
\$1.00	October 5, 2021	12,000	-	12,000
\$1.00	December 29, 2021	281,510	-	281,510
\$1.00	December 29, 2021	10,560	-	10,560
\$0.50	March 28, 2021	775,366	-	775,366
\$0.50	March 28, 2021	2,919	-	2,919
\$0.50	April 23, 2021	345,000	-	345,000
\$0.50	April 23, 2021	14,000	-	14,000
\$0.50	August 1, 2023	390,000	-	390,000
\$0.50	August 1, 2023	5,600	-	5,600
\$0.50	September 18, 2023	1,070,340	-	1,070,340
\$0.10	June 15, 2024	-	7,260,000	7,260,000
\$0.10	June 15, 2024	-	177,800	177,800
		4,920,195	7,437,800	12,357,995
Weighted average exercise price		\$0.74	\$0.10	\$0.35
Weighted average contractual life remaining (years)		2.23		3.08

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

9. Share Capital, continued

(c) Share Purchase Warrants, continued

Share purchase warrants issued and contingently exercisable as at June 30, 2020 were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance June 30, 2020
\$0.50	Note 1	30,000	30,000
\$0.50	Note 2	30,000	30,000
\$0.50	Note 3	30,000	30,000
\$0.50	Note 4	30,000	30,000
		120,000	120,000
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		4.15	3.65

(1) Expiry date two years from Los Reyes property payment of US\$100,000 due on August 11, 2020

(2) Expiry date two years from Los Reyes property payment of US\$200,000 due on August 11, 2021

(3) Expiry date two years from Los Reyes property payment of US\$300,000 due on August 11, 2022

(4) Expiry date two years from Los Reyes property payment of US\$3,250,000 due on August 11, 2023

(d) Stock Options

Stock options outstanding and exercisable as at June 30, 2020 were:

Exercise Price	Expiry Date	Balance December 31, 2019	Balance June 30, 2020
\$0.50	March 27, 2022	420,000	420,000
		420,000	420,000
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		2.24	1.74

(e) Fair Value Determination

The weighted average fair value of finders warrants issued was \$0.06 (2019 - \$nil). Fair value was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free interest rate - 0.36%; Expected share price volatility - 142.53%; Expected life - 4 years and Expected dividend yield - nil. The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2020 and 2019

(Expressed in Canadian Dollars, Unaudited)

9. Share Capital, continued

(e) Fair Value Determination, continued

The total calculated fair value of share-based payments recognized was:

	2020	2019
Consolidated Statements of Changes in Equity (Deficit)		
Finders' warrants	10,181	-
Total	\$ 10,181	\$ -

10. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As at June 30, 2020, the Company's non-current assets were located in Canada (\$12,000) and the United States of America (\$18,862) (December 31, 2019 - Canada (\$12,000), the United States of America (\$17,649)).

11. Events after the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to June 30, 2020:

- On July 9, 2020, the Company closed the final tranche of a non-brokered private placement and issued 20,910,000 units at a price of \$0.05 per unit for gross proceeds of \$1,045,500. Each unit consisted of one common share and one share purchase warrant whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

The Company also issued 398,300 finders' warrants, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

- Beginning in late 2019, the outbreak of a novel strain of coronavirus ("COVID-19") spread rapidly to many parts of the world. In March 2020, the World Health Organization declared COVID-19 a pandemic. The pandemic resulted in measures to contain the virus including quarantines, travel restrictions, and the temporary closure of stores and facilities in most of the world. The negative economic impact of these measures together with the uncertainty of the situation led to significant volatility in equity markets.

While governmental initiatives to reduce the economic impact and more recent measures to reopen the economy may mitigate volatility, the impact on the Company will depend, to a large extent, on future developments and new information that may emerge regarding COVID-19, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the ultimate impact or duration of the situation on the Company.



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**Management's Discussion and Analysis
For the Six Months Ended June 30, 2020
Dated: August 31, 2020**

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Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Six Months Ended June 30, 2020

A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the consolidated operating results and financial condition of Valterra Resource Corporation (the "Company") is for the six months ended June 30, 2020, and is dated August 31, 2020. 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 consolidated interim financial statements for the six months ended June 30, 2020, and the Company's audited financial statements for the year ended December 31, 2019, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's functional and presentation currency is the Canadian dollar and all amounts included herein are in Canadian dollars, unless otherwise indicated.

The Company's shares are listed on the TSX Venture Exchange ("VQA.V"), the Frankfurt Stock Exchange ("3VA.F") and the OTCQB Marketplace ("VRSCF").

Additional information relating to the Company is available at valterraresource.com and at sedar.com.

B. Qualified Persons

Robert Macdonald, MSc. P. Geo., is the qualified person as defined by 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		

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.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Six Months Ended June 30, 2020

D. Summary of Mineral Properties, continued

Swift Katie

The property consists of 19 contiguous MTO mineral claims, covering over 83 square kilometres, and is located near Salmo, British Columbia. The area has hosted several important mining districts and is underlain by rocks considered very favourable for the discovery of gold-quartz veins and porphyry-style mineralization.

Most recently, drilling tested three areas along an approximate 1,000 metre strike length of the target structure which had been previously traced by a combination of surface rock and soil sampling, historical trenching, and shallow drilling from the 1980's and by the Company in 2016. Only part of the full strike-length of the structural target has been drill tested; several additional target areas have been prioritized for testing in future programs.

The previous drilling also successfully confirmed high-grade gold mineralization in two locations along the tested strike-length of the target structure and returned a significant cumulative thickness of +1g/t Au mineralization in hole SK17-015. Both gold-enriched areas are open along strike and down dip and require additional drill testing.

Drill highlights at Swift include:

- **30.9g/t Au and 17.8g/t Ag over 0.8m within a broader 2.5m zone averaging 11.5g/t Au and 6.7 g/t Ag from hole SK17-015;**
- **an additional 22.6m interval averaging 1.1g/t Au and 0.5g/t Ag from hole SK17-015;**
- **9.7g/t Au and 7.6g/t Ag over 1.4m within a broader 8.6m interval averaging 3.1g/t Au and 2.0g/t Ag from hole SK17-019;**
- **0.96 g/t Au over 6.6m in hole SK16-011;**
- **13.3 g/t Au, 201 g/t Ag & 0.33% Cu over 3.5m from hole SK14-002; and**
- **1.83 g/t Au over 10m from hole 87-6, including 5.15g/t Au over 2.0m***

** Historical assay results have not been verified and should not be relied upon as such.*

Higher grade gold values were returned from quartz veins and silicified intervals within a strongly foliated and quartz-carbonate-altered volcanic rock, which can form zones several tens of metres thick in any given drill hole. Alteration appears largely structurally controlled and forms an anastomosing network of northeast-striking shear zones that dip moderately to the southeast.

Gold mineralization has been intersected in relatively shallow drilling (<200 metre depth) with the thickness of some intercepts, particularly in hole SK17-015 comparable to mineralized intervals at Prize Mining's Kena Gold Project, located 30 kilometres to the northeast, which is currently modelled as a bulk-tonnage porphyry gold target.

Exploration results to date support the Company's belief that a widespread gold-enriched, vein system exists at the Swift target and a large alkali porphyry system exists at the Katie target. Further work will be designed to continue to expand the known mineral systems and to evaluate several other targets that remain to be tested on the property.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Six Months Ended June 30, 2020

D. Summary of Mineral Properties, continued

Weepah

On June 23, 2020, the Company gave notice of termination of the option agreement.

Los Reyes

The property consists of two claims totalling 45 hectares located 12 kilometres south of the city of Jimenez, Mexico and which cover a highly prospective Cu-Au Skarn target within La Faja de Plata, one of the world's most productive regions for polymetallic Skarn and Carbonate Replacement Deposits. The property is two kilometres from highway, power and rail. It is strategically located along a prominent northwest-trending regional structure formed along the western margin of the Sierra Madre Oriental that hosts numerous high-grade current and past operating mines including Naica (26Mt @ 213g/t Ag, 5.9% Pb, 5.6% Zn and 0.4% Cu) and the Velardena district (+15Mt @ 175g/t Ag, 0.5g/t Au, 4.0% Pb, 5.0% Zn, and 2.5% Cu).

The initial target is a +800 metre-long Cu-Au-rich skarn zone located at the eastern contact between a coarse-grained Tertiary-age granodiorite intrusion and Cretaceous-age limestones and shales. The exploration target is locally over 100 metres wide and contains multiple zones of strongly copper-enriched mineralization. The near-surface mineralization is strongly oxidized with copper-oxide minerals such as malachite occurring at surface and in mineral dumps at the edges of the historic workings. Several prospect pits and shallow shafts occur along the target skarn zone.

Historic reports indicate workings were developed to no more than 60 metres depth, which is likely the approximate base of the oxide zone. Individual ore bodies were irregular with some reported to be 60 metres wide and up to 125 metres thick. Records of historical data on the property are limited but indicate: surface high-grade copper values up to 8.0% Cu; a strong IP chargeability anomaly, only 100 metres to 200 metres depth below surface, which correlates with the target skarn zone; and indications of strong gold enrichment in the copper zones from limited drilling on the property.

(Data is historical in nature and has not been independently verified by the Company and should not be relied on as such).

In October 2019, crews mobilized for a surface exploration program comprising an approximate 4.8 kilometre DCIP geophysical survey, detailed surface mapping and sampling along the Cu-Au skarn target which is locally over 100 metres wide and contains multiple zones of strongly copper-enriched mineralization. Near surface mineralization, exposed in shallow artisanal workings and adjacent dump material, is strongly oxidized.

Surface sampling of waste dumps related to the artisanal workings and limited outcrop chip samples returned 22 of 28 samples with Cu values >1% Cu at an average grade of 3.1% Cu and up to 5.9% Cu. The anomalous samples contain elevated precious and base metal values up to 0.57g/t Au, 25.3g/t Ag, 0.47% Mo and 1.7% Zn (see Table 1). Anomalous samples were collected along the full 800m strike-length of the exploration target on the property with most of the samples collected in 5 clusters adjacent to open cuts and pits related to the historically mined portions of the trend.

The DCIP data was acquired on five survey lines with variable line spacing between 125 metres and 250 metres. Two lines were acquired simultaneously, with the off-line current injection data providing some 3D information between the survey lines. Both the 2D and the 3D data were inverted using UBC-GIF inversion codes.

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D. Summary of Mineral Properties, continued

Los Reyes, continued

A strong conductive response, identified along the intrusive contact, projects for 400m through four of the five main areas of historic workings and defines the primary target area for future drill targeting. Conductivity and chargeability anomalies in the 2D inversions are identified on each of the five survey lines and are spatially associated or immediately adjacent to areas of known historical surface mineralization which helps further refine drill targeting.

The Company is initially targeting a five to ten million tonne, shallow high-grade Cu-Au potential resource localized along the length of the exposed skarn zone. Further work will examine the deeper potential of the mineralizing system, including the potential for a porphyry Cu-Au deposit being the source for the shallow high-grade mineralization.

Acquisition Costs

Mineral property acquisition costs as at June 30, 2020 were:

	Swift Katie	Weepah	Los Reyes	Total
	\$	\$	\$	\$
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
Additions, net of recoveries	-	162,776	153,135	315,911
Impairments	(254,678)	(381,616)	(265,948)	(902,242)
Balance as at December 31, 2019	-	-	-	-
Balance as at June 30, 2020	-	-	-	-

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the six months ended June 30, 2020 and 2019 were:

	Swift Katie		Weepah		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2020	2019	2020	2019	2020	2019	2020	2019
Equipment rental and field supplies	-	3,400	-	-	-	-	-	3,400
Geological services	-	-	-	5,195	-	-	-	5,195
Project supervision	-	-	1,455	-	8,575	-	10,030	-
Other	-	-	384	-	171	1,033	555	1,033
	-	-	1,839	5,195	8,746	1,033	10,585	9,628
General							7,966	608
							18,551	10,236

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E. Results of Operations

The Company incurred a net loss of \$176,058 for the six months ended June 30, 2020 (2019 - \$77,185).

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company continues to invest in its mineral properties (*D - Summary of Mineral Properties*) subject to available resources.

Effective November 1, 2018, the Company received notice that it was in default of a service agreement for provision of office accommodation and other personnel services and that these services would no longer be provided until the default is remedied (*H - Related Party Transactions*). Investor relations increases were attributable to a marketing program and other investor outreach. Professional fees increased as a result of previously unbilled legal fees (*H - Related Party Transactions*) relative to corporate matters and the proposed acquisition of Poconé Mining Mineracao Ltda ("PMM") (*O - Proposed Transactions*).

Foreign exchange losses increased as a result of depreciation of the Canadian dollar relative to the US dollar during the period.

A summary of variances is as follows:

	2020	2019	Change
	\$	\$	\$
Consulting	6,000	6,000	-
Exploration and evaluation	18,551	10,236	8,315
Investor relations	54,100	11,532	42,568
Office and general	11,712	11,202	510
Professional fees	65,344	23,283	42,061
Regulatory fees and taxes	9,711	10,034	(323)
Shareholders communications	2,100	1,050	1,050
Transfer agent	2,566	1,490	1,076
Travel	-	2,261	(2,261)
Foreign exchange loss	5,974	97	5,877

F. Summary of Quarterly Results

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

	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30
	2020	2020	2019	2019	2019	2019	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	112,238	63,820	1,011,040	30,746	41,313	35,872	26,592	83,830
Basic and diluted loss per share	\$0.01	\$0.01	\$0.11	\$0.00	\$0.01	\$0.00	\$0.00	\$0.01

Valterra Resource Corporation

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Management's Discussion and Analysis

For the Six Months Ended June 30, 2020

F. Summary of Quarterly Results, continued

Due to the nature of its current operations, 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. Certain costs decreased effective November 1, 2018 as a result of a cessation of services agreement (*H - Related Party Transactions*). Significant impairment charges were recognized in three months ended December 31, 2019.

G. Financial Condition, Liquidity and Capital Resources

As at June 30, 2020, the Company had a working capital deficit of \$551,962 (December 31, 2019 - \$946,549).

Wherever possible, the Company has been negotiating its trade payables and reviewing its future commitments to identify opportunities to reduce or delay spending and payments. However, the Company does not generate any revenue from operations and does not have sufficient capital to meet the requirements for its administrative overhead and maintaining its mineral interests. 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 activities. There can be no assurance that the Company will be able to obtain adequate future financing. Failure to do so could result in delay or indefinite postponement of further exploration and reduction or termination of operations.

During June & July 2020, the Company closed two tranches of a non-brokered private placement and issued 28,170,000 units at a price of \$0.05 per unit for gross proceeds of \$1,408,500. Net proceeds are being used towards the costs associated with the acquisition of, and funding, PMM, certain other property maintenance payments and working capital.

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:

- (a) Fees in the amount of \$2,254 (2019 - \$1,919) were charged by a company controlled by a director and officer of the Company for mark-up on out of pocket expenses. Effective November 1, 2018, the Company received notice that it was in default of an agreement under which office space and administration, consulting, professional fees, investor relations and geological consulting services were provided. Amounts payable as at June 30, 2020 were \$320,500 (December 31, 2019 - \$303,107).
- (b) Fees in the amount of \$40,660 (2019 - \$nil) were charged by a law firm controlled by a director and officer of the Company. Fees are included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at June 30, 2020 were \$66,054 (December 31, 2019 - \$20,514).
- (c) Fees in the amount of \$6,000 (2019 - \$6,000) were charged by an officer of the Company for consulting services. Amounts payable as at June 30, 2020 were \$22,575 (December 31, 2019 - \$16,275).

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H. Related Party Transactions, continued

- (d) Fees in the amount of US\$6,900 (2019 - US\$4,350) were charged by a director of the Company for geological consulting services. Amounts payable as at June 30, 2020 were \$15,728 (US\$11,550) (December 31, 2019 - \$6,027 (US\$4,650)).
- (e) Fees in the amount of \$nil (2019 - \$nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at June 30, 2020 were \$2,100 (December 31, 2019 - \$2,100).
- (f) Loans totalling \$105,550 (December 31, 2019 - \$72,500) are payable to a company controlled by a director and officer of the Company with respect to funds advanced of \$102,500 and interest accrued of \$3,050 at an interest rate of 5% per annum.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. With the exception of interest-bearing loans, 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, including amounts in (c) and (d) above, was as follows:

	2020		2019	
Short-term benefits	\$	15,418	\$	11,802
Total	\$	15,418	\$	11,802

I. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at August 31, 2020, the Company had 37,545,155 common shares issued and outstanding.

ii) Stock Options

As at August 31, 2020, stock options outstanding and exercisable were:

Exercise Price	Expiry Date	Balance June 30, 2020	Cancelled / Expired	Balance August 31, 2020
\$0.50	March 27, 2022	420,000	100,000	320,000
		420,000	100,000	320,000
Weighted average exercise price		\$0.50	\$0.50	\$0.50
Weighted average contractual life remaining (years)		1.74		1.57

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I. Outstanding Equity and Convertible Securities, continued

iii) Share Purchase Warrants

As at August 31, 2020, share purchase warrants outstanding were:

Exercise Price	Expiry Date	Balance		Balance August 31, 2020
		June 30, 2020	Issued	
\$1.00	October 5, 2021	1,658,400	-	1,658,400
\$1.00	October 5, 2021	354,500	-	354,500
\$1.00	October 5, 2021	12,000	-	12,000
\$1.00	December 29, 2021	281,510	-	281,510
\$1.00	December 29, 2021	10,560	-	10,560
\$0.50	March 28, 2021	775,366	-	775,366
\$0.50	March 28, 2021	2,919	-	2,919
\$0.50	April 23, 2021	345,000	-	345,000
\$0.50	April 23, 2021	14,000	-	14,000
\$0.50	August 1, 2023	390,000	-	390,000
\$0.50	August 1, 2023	5,600	-	5,600
\$0.50	September 18, 2023	1,070,340	-	1,070,340
\$0.10	June 15, 2024	7,260,000	-	7,260,000
\$0.10	June 15, 2024	177,800	-	177,800
\$0.10	July 9, 2024	-	20,910,000	20,910,000
\$0.10	July 9, 2024	-	398,300	398,300
		12,357,995	21,308,300	33,666,295
Weighted average exercise price		\$0.35	\$0.10	\$0.19
Weighted average contractual life remaining (years)		3.08		3.51

As at August 31, 2020, share purchase warrants issued and contingently exercisable were:

Exercise Price	Expiry Date	Balance	
		June 30, 2020	August 31, 2020
\$0.50	August 11, 2022 (Note 1)	30,000	30,000
\$0.50	Note 2	30,000	30,000
\$0.50	Note 3	30,000	30,000
\$0.50	Note 4	30,000	30,000
		120,000	120,000
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		3.65	3.47

(1) Expiry date two years from Los Reyes property payment of US\$100,000 due on August 11, 2020 (paid)

(2) Expiry date two years from Los Reyes property payment of US\$200,000 due on August 11, 2021

(3) Expiry date two years from Los Reyes property payment of US\$300,000 due on August 11, 2022

(4) Expiry date two years from Los Reyes property payment of US\$3,250,000 due on August 11, 2023

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Management's Discussion and Analysis

For the Six Months Ended June 30, 2020

J. Financial Instruments

The Company's financial instruments include: cash, loan and reclamation bonds which are classified as financial assets at amortized cost and accounts payable and accrued liabilities and due to related parties which are classified as financial liabilities at 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. Loan and reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require significant 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, all investments must be less than one year in duration.

K. Events After the Reporting Period and Outlook

Other than the proposed acquisition of PMM (*O - Proposed Transactions*), there are no other material events subsequent to the date of this document.

The Company is confident that its properties have potential warranting continued exploration and activities over the ensuing year will focus on this. The Company also expects to continue its strategy of acquiring properties and collaborating with experienced mining companies to develop such properties 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.

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Management's Discussion and Analysis

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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. 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.

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.

Operating History and Availability of Financial Resources

The Company currently has no operating revenues and, therefore, may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Until the Company begins generating positive cash flow, 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.

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Management's Discussion and Analysis

For the Six Months Ended June 30, 2020

N. Risks and Uncertainties, continued

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.

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.

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 interests 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.

Government Regulations and Environmental Risks and Hazards

The Company conducts exploration activities in Canada and Mexico and is planning for activities in Brazil. It is therefore subject to various federal, provincial, state laws, rules and regulations. 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.

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Management's Discussion and Analysis

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N. Risks and Uncertainties, continued

Environmental hazards may exist on the Company's properties, 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.

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.

COVID-19

Beginning in late 2019, the outbreak of a novel strain of coronavirus ("COVID-19") spread rapidly to many parts of the world. In March 2020, the World Health Organization declared COVID-19 a pandemic. The pandemic resulted in measures to contain the virus including quarantines, travel restrictions, and the temporary closure of stores and facilities in most of the world. The negative economic impact of these measures together with the uncertainty of the situation led to significant volatility in equity markets.

While governmental initiatives to reduce the economic impact and more recent measures to reopen the economy may mitigate volatility, the impact on the Company will depend, to a large extent, on future developments and new information that may emerge regarding COVID-19, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the ultimate impact or duration of the situation on the Company.

O. Proposed Transactions

On June 2, 2020, the Company entered into a Letter of Intent to acquire PMM a private company incorporated under the laws of Brazil. PMM has the rights to acquire two mineral properties, Lima and Livramento, both of which are subject to NSR royalties. The acquisition will be formalized into a definitive purchase agreement under which the Company will issue 8,000,000 shares and 8,000,000 warrants to the owners of PMM, subject to regulatory approval.

To assist in the purchase of Lima, the Company advanced a total of \$575,000 to PMM. The loan bears no interest and has no formal terms of repayment.

Gold deposits mined in the Lima and Livramento areas were formed by intense weathering that decomposed the rock around auriferous veins, concentrating resistive gold near the surface deposits where mining and processing are quite simple. Underlying hard rock vein mineralization is typically lower grade but can form much larger deposits. Gold mineralization in the Poconé area is part of a +100km long belt of producing laterite/saprolite deposits with little or no "Hard Rock" testing beneath the surface deposit, providing longer term exploration targets in addition to the near-term surface deposits.

Other than normal course review of monthly submittals there are no other proposed transactions contemplated as at the date of this report.

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For the Six Months Ended June 30, 2020

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.