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**Condensed Consolidated Interim Financial Statements  
Three Months Ended March 31, 2019 and 2018  
(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 three months ended March 31, 2019, and comparatives for the three months ended March 31, 2018, 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

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

	Note	2019	2018
<b>Operating Expenses</b>			
Administration	6	\$ -	\$ 15,000
Consulting	6	3,000	8,483
Exploration and evaluation	5 & 6	4,101	12,111
Investor relations	6	10,779	18,269
Office and general	6	6,124	5,001
Professional fees	6	1,585	8,250
Regulatory fees and taxes		6,744	5,976
Shareholders' communications		350	700
Transfer agent		823	826
Travel		2,261	-
		<b>35,767</b>	<b>74,616</b>
<b>Foreign exchange loss</b>			
		105	552
		<b>105</b>	<b>552</b>
<b>Net Loss and Comprehensive Loss for the Period</b>			
		\$ 35,872	\$ 75,168
Loss per share - basic and diluted			
		\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding			
		79,148,227	65,419,579

*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	March 31 2019	December 31 2018
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 1,793	\$ 6,661
Receivables		672	840
Prepays		2,067	7,865
		<b>4,532</b>	<b>15,366</b>
<b>Non-current</b>			
Mineral properties	5	586,331	586,331
Reclamation bonds		30,166	30,578
		<b>616,497</b>	<b>616,909</b>
		<b>\$ 621,029</b>	<b>\$ 632,275</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 470,612	\$ 467,592
Due to related parties	6	345,147	323,541
		<b>815,759</b>	<b>791,133</b>
<b>Deficit</b>			
Share capital	8	13,810,871	13,810,871
Share-based payments reserve		244,700	244,700
Warrant reserve		257,308	257,308
Deficit		(14,507,609)	(14,471,737)
		<b>(194,730)</b>	<b>(158,858)</b>
		<b>\$ 621,029</b>	<b>\$ 632,275</b>

## Approved on behalf of the Board

*"Lawrence Page"*

Lawrence Page, Q.C.  
Director

*"Edward Odishaw"*

Edward Odishaw  
Director

*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 Deficit

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		Warrant	Total
	Number	Amount	Payments	Reserve	Reserve	Deficit
	of Shares		Reserve			Deficit
<b>Balance as at December 31, 2017</b>	<b>64,988,820</b>	<b>\$ 13,449,358</b>	<b>\$ 227,608</b>	<b>\$ 201,290</b>	<b>\$ (14,187,468)</b>	<b>\$ (309,212)</b>
Issued						
Private placement	7,753,667	193,842	-	38,768	-	232,610
Share issue costs	-	(1,584)	758	-	-	(826)
Subscriptions received	-	7,500	-	-	-	7,500
Expiry of options and warrants	-	-	(15,323)	-	15,323	-
Net loss	-	-	-	-	(75,168)	(75,168)
<b>Balance as at March 31, 2018</b>	<b>72,742,487</b>	<b>\$ 13,649,116</b>	<b>\$ 213,043</b>	<b>\$ 240,058</b>	<b>\$ (14,247,313)</b>	<b>\$ (145,096)</b>
<b>Balance as at December 31, 2018</b>	<b>79,148,227</b>	<b>\$ 13,810,871</b>	<b>\$ 244,700</b>	<b>\$ 257,308</b>	<b>\$ (14,471,737)</b>	<b>\$ (158,858)</b>
Net loss	-	-	-	-	(35,872)	(35,872)
<b>Balance as at March 31, 2019</b>	<b>79,148,227</b>	<b>\$ 13,810,871</b>	<b>\$ 244,700</b>	<b>\$ 257,308</b>	<b>\$ (14,507,609)</b>	<b>\$ (194,730)</b>

*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

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

	2019		2018
<b>Operating Activities</b>			
Net loss	\$ (35,872)	\$	(75,168)
<b>Items not involving cash:</b>			
Unrealized foreign exchange	412		-
	(35,460)		(75,168)
<b>Changes in Non-Cash Working Capital</b>			
Receivables	168		292
Prepays	5,798		4,570
Accounts payable and accrued liabilities	3,020		5,859
Due to related parties	16,106		55,238
	25,092		65,959
<b>Cash Used in Operating Activities</b>	<b>(10,368)</b>		<b>(9,209)</b>
<b>Investing Activities</b>			
Acquisition of mineral property	-		(61,913)
<b>Cash Used in Investing Activities</b>	<b>-</b>		<b>(61,913)</b>
<b>Financing Activities</b>			
Shares issued for cash, net	-		199,784
Subscriptions received	-		7,500
Loans received from related parties	5,500		-
<b>Cash Provided by Financing Activities</b>	<b>5,500</b>		<b>207,284</b>
<b>(Decrease) Increase in Cash During the Period</b>	<b>(4,868)</b>		<b>136,162</b>
<b>Cash, Beginning of the Period</b>	<b>6,661</b>		<b>8,672</b>
<b>Cash, End of the Period</b>	<b>\$ 1,793</b>	<b>\$</b>	<b>144,834</b>

Supplemental cash flow information (Note 7)

*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

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

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## 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 March 31, 2019, the Company had a working capital deficit of \$811,227 (December 31, 2018 - \$775,767). The Company incurred a net loss of \$35,872 for the three months ended March 31, 2019 (2018 - \$75,168) and had an accumulated deficit of \$14,507,609 as at March 31, 2019 (December 31, 2018 - \$14,471,737).

As at March 31, 2019, 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 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. 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 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. The Company's functional and presentation currency is the Canadian dollar.

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, 2018.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(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 May 28, 2019.

### 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, 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 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 March 31, 2019, were as follows:

	Swift Katie	Weepah	Los Reyes	Total
	\$	\$	\$	\$
Balance as at December 31, 2017	194,897	109,286	-	304,183
Additions	59,781	109,554	112,813	282,148
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
<b>Balance as at March 31, 2019</b>	<b>254,678</b>	<b>218,840</b>	<b>112,813</b>	<b>586,331</b>

#### *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.



## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

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### 5. Mineral Properties, continued

#### *Swift Katie, continued*

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 - deferred).

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.

#### *Weepah*

Pursuant to an agreement dated June 23, 2017, as amended on May 7, 2019, the Company has the right to acquire a 100% interest in certain unpatented and patented mining claims in Esmeralda County, Nevada. To acquire the interest, the Company is required to make the following remaining payments:

- US\$35,000 on June 23, 2019;
- US\$65,000 on December 23, 2019 (contractual not optional);
- US\$300,000 on June 23, 2020; and
- US\$400,000 on June 23, 2021.

A portion of the property is subject to a 3% NSR royalty, of which the Company may reduce to 1% for US\$2,500,000, with the remainder of the property being subject to 3% NSR royalty, of which the Company may reduce to 2% for US\$1,500,000. AMR payments of US\$10,000 are due annually and further AMR payments will be due upon the anniversary of the option exercise as follows: US\$25,000 on first, second and third anniversaries, and US\$35,000 on subsequent anniversaries.

On May 7, 2019, the Company signed a Letter of Intent with Ginguero Gold Pty Ltd (“Ginguero”) whereby Ginguero may earn up to an 80% interest in the property. Ginguero may earn the interest by paying the Company US\$10,000 (received subsequent to period end) and incurring exploration expenditures of US\$1,050,000 over three years as follows:

- US\$400,000 on or before July 1, 2020;
- US\$650,000 on or before July 1, 2021; and
- US\$1,050,000 on or before July 1, 2022

All payments made by Ginguero pursuant to the original option agreement shall form part of the expenditures. Within 90 days of completion of the earn-in, the parties will negotiate to structure a transaction for the purchase of the remaining 20% interest in the property or form a joint venture with initial ownership interests in the property as to 80% to Ginguero and 20% to the Company.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

### 5. Mineral Properties, continued

#### *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, the Company is required to make the following remaining payments, plus applicable local taxes of 16%:

- US\$100,000 on August 11, 2019;
- US\$100,000 on August 11, 2020;
- 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:

- 300,000 common shares upon payment of US\$50,000 due on August 11, 2018 (issued on August 16, 2018 with a fair value of \$0.025 per share);
- 300,000 common shares upon payment of US\$100,000 due on August 11, 2019; and
- 1,200,000 common share purchase warrants exercisable to purchase one common share at an exercise price of \$0.05 per share (issued on August 16, 2018 with a weighted average fair value of \$0.02 per warrant) as:
  - a) 300,000 common share purchase warrants for a period of two years upon payment of US\$100,000 due on August 11, 2020;
  - b) 300,000 common share purchase warrants for a period of two years upon payment of US\$200,000 due on August 11, 2021;
  - c) 300,000 common share purchase warrants for a period of two years upon payment of US\$300,000 due on August 11, 2022; and
  - d) 300,000 common share purchase warrants for a period of two years upon payment of US\$3,250,000 due on August 11, 2023.

#### *Exploration and Evaluation Expenditures*

Exploration and evaluation expenditures for the three months ended March 31, 2019 and 2018, were as follows:

	Swift Katie		Weepah		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2019	2018	2019	2018	2019	2018	2019	2018
Geological services	-	255	3,589	759	-	-	3,589	1,014
Other	-	-	-	-	512	-	512	-
Project supervision	-	6,828	-	-	-	-	-	6,828
	-	7,083	3,589	759	512	-	4,101	7,842
General							-	4,269
							4,101	12,111

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

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### 6. 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 were charged by a company controlled by a director and officer of the Company as follows:

- \$nil (2018 - \$15,000) for office space and administration services;
- \$nil (2018 - \$4,043) for consulting services;
- \$nil (2018 - \$8,250) for professional services;
- \$nil (2018 - \$11,808) for investor relations services;
- \$nil (2018 - \$8,613) for geological consulting services; and
- \$1,213 (2018 - \$738) for mark-up on out of pocket expenses.

Effective November 1, 2018, the Company received notice that it was in default of the agreement under which these services were provided. Amounts payable as at March 31, 2019 were \$287,805 (December 31, 2018 - \$278,443).

(b) Fees in the amount of \$nil (2018 - \$nil) were charged by or accrued to a law firm controlled by a director and officer of the Company and included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at March 31, 2019 were \$30,514 (December 31, 2018 - \$30,514).

(c) Fees in the amount of \$3,000 (2018 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at March 31, 2019 were \$17,325 (December 31, 2018 - \$14,175).

(d) Fees in the amount of US\$2,700 (2018 - US\$600) were charged by a director of the Company for geological consulting services. Amounts payable as at March 31, 2019 were \$4,003 (US\$3,000) (December 31, 2018 - \$409 (US\$300)).

(e) Loans totalling \$5,500 (December 31, 2018 - \$nil) are payable to a company controlled by a director and officer 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, including amounts in (c) and (d) above, was as follows:

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	2019	2018
Short-term benefits	\$ 6,589	\$ 3,759
Total	\$ 6,589	\$ 3,759

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## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

### 7. Supplemental Cash Flow Information

	2019	2018
Cash Items		
Income tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -
Interest received	\$ -	\$ -
Non-Cash Items		
Investing Activities		
Mineral property acquisition in accounts payable	\$ 4,021	\$ 4,021
Mineral property acquisition in due to related parties	\$ 700	\$ 8,032
Financing Activities		
Subscriptions receivable	\$ -	\$ 32,000

### 8. Share Capital

#### (a) Authorized

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

#### (b) Equity Financings

*Three Months Ended March 31, 2018*

On March 28, 2018, the Company closed the first tranche of a non-brokered private placement and issued 7,753,667 units at a price of \$0.03 per unit for gross proceeds of \$232,610. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable to purchase one common share at an exercise price of \$0.05 per share for a period of three years.

The Company also issued 29,190 finders' share purchase warrants exercisable to purchase one common share at an exercise price of \$0.05 for a period of three years (Note 8(e)).

#### (c) Stock Options

Stock options outstanding and exercisable as at March 31, 2019 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2018	Balance March 31, 2019
\$0.05	March 27, 2022	4,200,000	4,200,000
		<b>4,200,000</b>	<b>4,200,000</b>
Weighted average exercise price		\$0.05	\$0.05
Weighted average contractual life remaining (years)		3.24	2.99

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

### 8. Share Capital, continued

#### (d) Share Purchase Warrants

Share purchase warrants outstanding as at March 31, 2019 were as follows:

Exercise Price	Expiry Date	Balance		
		December 31, 2018	Expired	
\$0.05	February 20, 2019	3,105,000	3,105,000	-
\$0.05	June 10, 2019	1,000,000	-	1,000,000
\$0.10	October 5, 2021	16,584,000	-	16,584,000
\$0.10	October 5, 2021	3,545,000	-	3,545,000
\$0.10	October 5, 2021	120,000	-	120,000
\$0.10	December 29, 2021	2,815,107	-	2,815,107
\$0.10	December 29, 2021	105,600	-	105,600
\$0.05	March 28, 2021	7,753,667	-	7,753,667
\$0.05	March 28, 2021	29,190	-	29,190
\$0.05	April 23, 2021	3,450,000	-	3,450,000
\$0.05	April 23, 2021	140,000	-	140,000
		<b>38,647,564</b>	<b>3,105,000</b>	<b>35,542,564</b>
Weighted average exercise price		\$0.08	\$0.05	\$0.08
Weighted average contractual life remaining (years)		2.36		2.31

Share purchase warrants issued but not exercisable as at March 31, 2019 were as follows:

Exercise Price	Expiry Date	Balance	
		December 31, 2018	March 31, 2019
\$0.05	Note 1	300,000	300,000
\$0.05	Note 2	300,000	300,000
\$0.05	Note 3	300,000	300,000
\$0.05	Note 4	300,000	300,000
		<b>1,200,000</b>	<b>1,200,000</b>
Weighted average exercise price		\$0.05	\$0.05
Weighted average contractual life remaining (years)		5.15	4.90

(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

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars, Unaudited)

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### 8. Share Capital, continued

#### (e) Fair Value Determination

The weighted average fair value of finders warrants issued was \$nil (2018 - \$0.03). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	N/A	1.92%
Expected share price volatility	N/A	185.83%
Expected life (years)	N/A	3.00
Expected dividend yield	N/A	0.00%

The expected volatility assumptions have been developed taking into consideration historical volatility of the Company's share price. The total calculated fair value of share-based payments recognized was as follows:

	2019	2018
Consolidated Statements of Changes in Deficit		
Finders' warrants	-	758
Total	\$ -	\$ 758

### 9. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As at March 31, 2019, the Company's non-current assets were located in Canada (\$266,678), the United States of America (\$237,006) and Mexico (\$112,813).

### 10. Events after the Reporting Period

Other than disclosed elsewhere, no significant events occurred subsequent to March 31, 2019.



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**Management's Discussion and Analysis  
For the Three Months Ended March 31, 2019  
Dated: May 28, 2019**

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# Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2019

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## 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 three months ended March 31, 2019, and is dated May 28, 2019. 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 three months ended March 31, 2019, and the Company's audited financial statements for the year ended December 31, 2018, 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](http://valterraresource.com) and at [sedar.com](http://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 at Swift Katie and Los Reyes. 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.

Joseph A. Kizis, Jr., AIPG Certified Professional Geologist No. CPG-11513, 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 program at Weepah. Mr. Kizis graduated from University of Colorado with a M.S. in Geology and from Kent State University with a B.S. in Geology, and has many years of experience in minerals exploration both with major mining and junior exploration companies.

## 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	



## Valterra Resource Corporation

(An Exploration Stage Company)

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### 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.

#### 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.

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### D. Summary of Mineral Properties, continued

#### Weepah

The property consists of 76 lode mining claims and one patented claim, totaling approximately 590 hectares, and is accessible from Highway 95 approximately 32 kilometres southwest of the town of Tonopah, Nevada. The property lies within the prolific Walker Lane Gold belt in western Nevada and is surrounded by active advanced exploration and development gold projects with growing mineral resources and reserves.

Historical production occurred from shallow underground mines and a small open pit during two separate time intervals. From 1935 to 1939, Weepah Nevada Mining Co. produced gold from 305,000 metric tonnes grading 5.8g/t. From 1986 to 1987, Sunshine Mining Co. produced at various grades approximately 60,000 oz. of additional gold with accessory silver. Historic production figures are from several published and unpublished company reports; however, a qualified person has not done sufficient work to verify these grades and tonnages, and the Company cautions that these historic production figures should not be relied upon.

Gold mineralization occurs within two broad shear zones. The western shear zone was exploited by the small open pit and adjacent underground workings. The eastern shear zone was exploited by historic workings and was extended by recent drilling. The zones have been traced for several hundred meters along strike and variably down dip. Portions of the shear zones are exposed at surface or in workings and portions have been traced by widely spaced drill holes beneath shallow gravel cover, which is generally less than 10 metres to 30 metres thick. Vein textures and geochemistry suggest the mineralization is similar to many other mesothermal vein deposits along the western margin of North America.

Work conducted by the Company to date includes data compilation, 3D modeling, and identification of drill targets. Confirmation sampling in the open pit yielded results similar to those reported by others and highlights include:

- South Pit face - Chip-channel samples of up to 3m of 9.01 g/t Au and 7m of 5.67 g/t Au in two adjacent samples,
- North Pit face - Chip-channel samples of up to 8m of 3.50 g/t Au and 1.2m of 2.81 g/t Au in two adjacent samples, and
- Center of Pit – A float sample returned 16.2g/t Au and 10.6g/t Ag.

Historic data provided with the property includes various geophysical surveys, geological mapping, bedrock sampling, interpretation of satellite imagery, and 4,300 metres in twenty-four reverse circulation drill holes. Based on historic drilling, CSAMT & magnetics, the two approximately 50-metre-wide mineralized structural zones have a combined strike potential of approximately 2,000 metres. Other advantages of the property include excellent infrastructure, low topography, and minimal cultural and environmental concerns.

On May 7, 2019, the Company signed a Letter of Intent with Ginguro Gold Pty Ltd ("Ginguro") whereby Ginguro may earn up to an 80% interest in the property. Ginguro may earn the interest by paying the Company US\$10,000 (received subsequent to period end) and incurring exploration expenditures of US\$1,050,000 over three years.

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### **D. Summary of Mineral Properties, continued**

#### **Weepah, continued**

All payments made by Ginguro pursuant to the original option agreement shall form part of the expenditures. Within 90 days of completion of the earn-in, the parties will negotiate to structure a transaction for the purchase of the remaining 20% interest in the property or form a joint venture with initial ownership interests in the property as to 80% to Ginguro and 20% to the Company.

#### **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.

*This data is historical in nature and has not been independently verified by the Company and should not be relied on as such.*

A proposed exploration program includes surface mapping and sampling to be followed by a short IP geophysical program over the target area and an initial program of six core holes totalling 3,000 metres to test along a 600-metre strike length of the target Cu-Au skarn. The Company is initially targeting a five to ten million tonne, shallow high-grade Cu-Au resource localized along the 800 metre strike length of the exposed skarn zone. Further work will examine the deeper potential of the mineralizing system and a potential porphyry Cu-Au source for the shallow high-grade mineralization.

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### D. Summary of Mineral Properties, continued

#### Acquisition Costs

Mineral property acquisition costs as at March 31, 2019, were as follows:

	Swift Katie	Weepah	Los Reyes	Total
	\$	\$	\$	\$
Balance as at December 31, 2017	194,897	109,286	-	304,183
Additions	59,781	109,554	112,813	282,148
Balance as at December 31, 2018	254,678	218,840	112,813	586,331
<b>Balance as at March 31, 2019</b>	<b>254,678</b>	<b>218,840</b>	<b>112,813</b>	<b>586,331</b>

#### Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three months ended March 31, 2019 and 2018, were as follows:

	Swift Katie		Weepah		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
	2019	2018	2019	2018	2019	2018	2019	2018
Geological services	-	255	3,589	759	-	-	3,589	1,014
Other	-	-	-	-	512	-	512	-
Project supervision	-	6,828	-	-	-	-	-	6,828
	-	7,083	3,589	759	512	-	4,101	7,842
General							-	4,269
							4,101	12,111

### E. Results of Operations

The Company incurred a net loss and comprehensive loss of \$35,872 for the three months ended March 31, 2019 (2018 - \$75,168).

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*). Other fluctuations in consulting, investor relations and professional fees occur as such services are utilized.

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company continues to invest in its mineral properties subject to available resources.

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### E. Results of Operations, continued

A summary of variances is as follows:

	2019	2018	Change
	\$	\$	\$
Administration	-	15,000	(15,000)
Consulting	3,000	8,483	(5,483)
Exploration and evaluation	4,101	12,111	(8,010)
Investor relations	10,779	18,269	(7,490)
Office and general	6,124	5,001	1,123
Professional fees	1,585	8,250	(6,665)
Regulatory fees and taxes	6,744	5,976	768
Shareholders communications	350	700	(350)
Transfer agent	823	826	(3)
Travel	2,261	-	2,261
Foreign exchange loss	105	552	(447)

### F. Summary of Quarterly Results

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

	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30
	2019	2018	2018	2018	2018	2017	2017	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	35,872	26,592	83,830	114,002	75,168	74,340	303,793	121,507
Basic and diluted loss per share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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 (*G - Related Party Transactions*).

### G. Financial Condition, Liquidity and Capital Resources

As at March 31, 2019, the Company had a working capital deficit of \$811,227 (December 31, 2018 - \$775,767).

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### **G. Financial Condition, Liquidity and Capital Resources, continued**

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.

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 were charged by a company controlled by a director and officer of the Company as follows:

- \$nil (2018 - \$15,000) for office space and administration services;
- \$nil (2018 - \$4,043) for consulting services;
- \$nil (2018 - \$8,250) for professional services;
- \$nil (2018 - \$11,808) for investor relations services;
- \$nil (2018 - \$8,613) for geological consulting services; and
- \$1,213 (2018 - \$738) for mark-up on out of pocket expenses.

Effective November 1, 2018, the Company received notice that it was in default of the agreement under which these services were provided. Amounts payable as at March 31, 2019 were \$287,805 (December 31, 2018 - \$278,443).

(b) Fees in the amount of \$nil (2018 - \$nil) were charged by or accrued to a law firm controlled by a director and officer of the Company and included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at March 31, 2019 were \$30,514 (December 31, 2018 - \$30,514).

(c) Fees in the amount of \$3,000 (2018 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at March 31, 2019 were \$17,325 (December 31, 2018 - \$14,175).

(d) Fees in the amount of US\$2,700 (2018 - US\$600) were charged by a director of the Company for geological consulting services. Amounts payable as at March 31, 2019 were \$4,003 (US\$3,000) (December 31, 2018 - \$409 (US\$300)).

(e) Loans totalling \$5,500 (December 31, 2018 - \$nil) are payable to a company controlled by a director and officer of the Company with respect to funds advanced.

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### 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, including amounts in (c) and (d) above, was as follows:

	2019	2018
Short-term benefits	\$ 6,589	\$ 3,759
Total	\$ 6,589	\$ 3,759

### I. Outstanding Equity and Convertible Securities

#### i) Issued and outstanding

As at May 28, 2019, the Company had 79,148,227 common shares issued and outstanding.

#### ii) Share Purchase Warrants

As at May 28, 2019, share purchase warrants outstanding were as follows:

Exercise Price	Expiry Date	Balance	Balance
		March 31, 2019	May 28, 2019
\$0.05	June 10, 2019	1,000,000	1,000,000
\$0.10	October 5, 2021	16,584,000	16,584,000
\$0.10	October 5, 2021	3,545,000	3,545,000
\$0.10	October 5, 2021	120,000	120,000
\$0.10	December 29, 2021	2,815,107	2,815,107
\$0.10	December 29, 2021	105,600	105,600
\$0.05	March 28, 2021	7,753,667	7,753,667
\$0.05	March 28, 2021	29,190	29,190
\$0.05	April 23, 2021	3,450,000	3,450,000
\$0.05	April 23, 2021	140,000	140,000
		<b>35,542,564</b>	<b>35,542,564</b>
Weighted average exercise price		\$0.08	\$0.08
Weighted average contractual life remaining (years)		2.31	2.15

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### I. Outstanding Equity and Convertible Securities, continued

#### ii) Share Purchase Warrants, continued

As at May 28, 2019, share purchase warrants issued but not exercisable were as follows:

Exercise Price	Expiry Date	Balance March 31, 2019	Balance May 28, 2019
\$0.05	Note 1	300,000	300,000
\$0.05	Note 2	300,000	300,000
\$0.05	Note 3	300,000	300,000
\$0.05	Note 4	300,000	300,000
		<b>1,200,000</b>	<b>1,200,000</b>
Weighted average exercise price		\$0.05	\$0.05
Weighted average contractual life remaining (years)		4.90	4.74

(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

#### iii) Stock Options

As at May 28, 2019, stock options outstanding and exercisable were as follows:

Exercise Price	Expiry Date	Balance March 31, 2019	Balance May 28, 2019
\$0.05	March 27, 2022	4,200,000	4,200,000
		<b>4,200,000</b>	<b>4,200,000</b>
Weighted average exercise price		\$0.05	\$0.05
Weighted average contractual life remaining (years)		2.99	2.83

### J. Financial Instruments

The Company's financial instruments include: cash 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. 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.



## **Valterra Resource Corporation**

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### **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 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.

### **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.

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### **N. Risks and Uncertainties, continued**

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 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.

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### **N. Risks and Uncertainties, continued**

#### *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, the United States and Mexico, and is 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.

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.

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### **O. Proposed Transactions**

Other than normal course review of monthly submittals 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.