



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

Condensed Consolidated Interim Financial Statements
Three Months Ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)
(Unaudited)

<u>Index</u>	<u>Page</u>
Notice of No Auditor Review	2
Condensed Consolidated Interim Financial Statements	
Condensed Consolidated Interim Statements of Comprehensive Loss	3
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Changes in Equity (Deficit)	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7-14

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2021, and comparatives for the three months ended March 31, 2020, 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, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	Note	2021	2020
Operating Expenses			
Administration	8	\$ 15,000	\$ -
Consulting	8	13,463	3,000
Exploration and evaluation	5 & 8	820	171
Investor relations	8	24,591	34,975
Office and general	8	5,490	5,779
Professional fees	8	20,336	-
Regulatory fees and taxes		7,863	6,806
Share-based payments		1,938	-
Shareholders' communications		1,250	350
Transfer agent		5,020	1,644
		95,771	52,725
Foreign Exchange (Gain) Loss			
		(3,185)	11,095
Unrealized Gain on Marketable Securities			
	6	(450)	-
		(3,635)	11,095
Net Loss and Comprehensive Loss for the Period			
		\$ 92,136	\$ 63,820
Loss per share - basic and diluted			
		\$ 0.00	\$ 0.01
Weighted average number of common shares outstanding			
		61,635,144	9,375,155

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 2021	December 31 2020
Assets			
Current			
Cash		\$ 274,978	\$ 368,106
Receivables	6	9,783	7,306
Marketable securities	6	3,600	-
Prepays		5,948	9,809
		294,309	385,221
Non-current			
Mineral properties	5	-	-
Reclamation bonds	6	12,000	29,667
Loan	7	2,103,500	2,028,500
		2,115,500	2,058,167
		\$ 2,409,809	\$ 2,443,388
Liabilities			
Current			
Accounts payable and accrued liabilities	5	\$ 647,553	\$ 651,893
Due to related parties	8	526,845	465,886
		1,174,398	1,117,779
Equity			
Share capital	9	17,247,842	17,247,842
Share-based payments reserve		610,641	609,461
Warrant reserve		218,540	257,308
Deficit		(16,841,612)	(16,789,002)
		1,235,411	1,325,609
		\$ 2,409,809	\$ 2,443,388

Approved on behalf of the Board

"Lawrence Page"

"Brian McGrath"

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)

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based			Total
	Number	Amount	Payments	Warrant	Deficit	Equity
	of Shares		Reserve	Reserve		(Deficit)
Balance as at December 31, 2019	9,375,155	\$ 14,170,805	\$ 245,695	\$ 257,308	\$ (15,590,708)	\$ (916,900)
Net loss	-	-	-	-	(63,820)	(63,820)
Balance as at March 31, 2020	9,375,155	\$ 14,170,805	\$ 245,695	\$ 257,308	\$ (15,654,528)	\$ (980,720)
Balance as at December 31, 2020	61,635,144	\$ 17,247,842	\$ 609,461	\$ 257,308	\$ (16,789,002)	\$ 1,325,609
Share-based payments	-	-	1,938	-	-	1,938
Fair value of warrants expired	-	-	(758)	(38,768)	39,526	-
Net loss	-	-	-	-	(92,136)	(92,136)
Balance as at March 31, 2021	61,635,144	\$ 17,247,842	\$ 610,641	\$ 218,540	\$ (16,841,612)	\$ 1,235,411

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, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

	2021	2020
Operating Activities		
Net loss	\$ (92,136)	\$ (63,820)
Items Not Involving Cash:		
Interest on related party loan	-	1,772
Share-based payments	1,938	-
Fair value of marketable securities received	(3,150)	-
Unrealized gain on fair value of marketable securities	(450)	-
Unrealized foreign exchange	(1,799)	(1,574)
	(95,597)	(63,622)
Changes in Non-Cash Working Capital		
Receivables	(2,477)	649
Prepays	3,861	23,716
Accounts payable and accrued liabilities	(2,515)	(2,663)
Due to related parties	60,959	10,142
	59,828	31,844
Cash Used in Operating Activities	(35,769)	(31,778)
Investing Activities		
Reclamation bond	17,641	-
Loan	(75,000)	-
Cash Used in Investing Activities	(57,359)	-
Financing Activities		
Related party loan received	-	30,000
Cash Provided by Financing Activities	-	30,000
Decrease in Cash During the Period	(93,128)	(1,778)
Cash, Beginning of the Period	368,106	9,654
Cash, End of the Period	\$ 274,978	\$ 7,876

Supplemental cash flow information (Note 10)

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, 2021 and 2020

(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 March 31, 2021, the Company had a working capital deficit of \$880,089 (December 31, 2020 - \$732,558). The Company incurred a net loss of \$92,136 for the three months ended March 31, 2021 (2020 - \$63,820) and had an accumulated deficit of \$16,841,612 as at March 31, 2021 (December 31, 2020 - \$16,789,002).

As at March 31, 2021, 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 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.

In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in world markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development of vaccines, the situation remains uncertain and its impact on the Company depends to a large extent on future developments and new information that may emerge regarding COVID-19 and the pandemic, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the duration of the situation or its ultimate impact on the Company.

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.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

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, 2020. The Company's functional and presentation currency is the Canadian dollar. The financial statements of the Company consolidate 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 27, 2021.

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, marketable securities, reclamation bond, loan, accounts payable and accrued liabilities and due to related parties. Marketable securities are recognized in accordance with Level 1 of the fair value hierarchy. The loan and reclamation bond are non-interest-bearing, have no maturity date and carrying values approximate fair value. The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity.

5. Mineral Properties

Mineral property acquisition costs as at March 31, 2021 were:

	Swift Katie	Los Reyes	Total
	\$	\$	\$
Balance as at December 31, 2019	-	-	-
Additions, net of recoveries	153,107	160,077	313,184
Impairments	(153,107)	(160,077)	(313,184)
Balance as at December 31, 2020	-	-	-
Balance as at March 31, 2021	-	-	-

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

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, during the year ended December 31, 2020.

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 (paid in full to date).

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.

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:

- US\$200,000 plus applicable local taxes of 16% on August 11, 2021;
- US\$300,000 plus applicable local taxes of 16% on August 11, 2022; and
- US\$3,250,000 plus applicable local taxes of 16% on August 11, 2023.

The property is subject to a 2% royalty payable to a third party. The balance of a finder's fee is also payable upon payment of the above as to 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 10(b)).

Weepah

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.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three months ended March 31, 2021 and 2020 were:

	Swift Katie		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$
	2021	2020	2021	2020	2021	2020
Project supervision	160	-	824	-	984	-
Other	-	-	489	171	489	171
	<u>160</u>	<u>-</u>	<u>1,313</u>	<u>171</u>	<u>1,473</u>	<u>171</u>
General, net of recoveries					(653)	-
					<u>820</u>	<u>171</u>

6. Marketable Securities

Pursuant to a finder's fee agreement with respect to the termination of the Weepah property, the Company is entitled to receive 5,000 common shares of Eminent Gold Corp. ("Eminent") (issued on December 23, 2020 with a fair value of \$3,150) and US\$5,000 in cash (received subsequent to the period end). The Company also assigned a reclamation bond held and received \$17,641.

As at March 31, 2021, the fair market value of the 5,000 common shares held was \$3,600 (December 31, 2020 - \$nil). During the three months ended March 31, 2021 an unrealized gain of \$450 was recognized (2020 - \$nil).

7. Loan

On June 2, 2020, the Company entered into a Letter of Intent to acquire Poconé Mining Mineração Ltda ("PMM") a private company incorporated under the laws of Brazil. The acquisition was formalized into a definitive purchase agreement on September 3, 2020, under which the Company will issue 8,000,000 shares and 8,000,000 warrants to the quota holders of PMM, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

During May 2021, the Company approved the sale of PMM to Pilar Gold Inc. ("Pilar Gold"). The terms of the sale agreement are as follows:

- Pilar Gold will issue 4,000,000 common shares at a deemed price of \$0.60 per share, representing a purchase price of \$2,400,000, subject to adjustment contingent upon the issue price of Pilar Gold's proposed Initial Public Offering; and
- Issuance by the Company of 4,500,000 common shares at a deemed price of \$0.05 per share in respect of consulting agreements compensation between the Company and the PMM quota holders.

As at March 31, 2021, the Company had advanced a total of \$2,103,500 (December 31, 2020 - \$2,028,500) to PMM. The loan bears no interest and has no formal terms of repayment. The purchase and sale agreements both remain subject to regulatory approval.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

8. Related Party Balances and Transactions

Except as disclosed elsewhere, the Company entered into the following related party transactions:

(a) Pursuant to a reinstated service agreement effective September 1, 2020, between the Company and a private company controlled by a director and officer of the Company, the Company was charged as:

- \$15,000 (2020 - \$nil) for office space and general administration services;
- \$8,250 (2020 - \$nil) for professional services;
- \$10,463 (2020 - \$nil) for consulting services;
- \$10,475 (2020 - \$nil) for investor relations services;
- \$2,813 (2020 - \$nil) for geological services; and
- \$304 (2020 - \$836) for the mark-up on out-of-pocket expenses.

Amounts payable as at March 31, 2021 were \$378,585 (December 31, 2020 - \$326,606).

(b) Fees in the amount of \$nil (2020 - \$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 March 31, 2021 were \$99,920 (December 31, 2020 - \$99,920).

(c) Fees in the amount of \$3,000 (2020 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at March 31, 2021 were \$14,450 (December 31, 2020 - \$11,300).

(d) Fees in the amount of US\$4,950 (2020 - US\$nil) were charged by a director of the Company for geological consulting services. Amounts payable as at March 31, 2021 were \$33,890 (US\$26,950 (December 31, 2020 - \$28,060 (US\$22,000))).

(e) Loans bearing interest at 5% per annum totalling \$nil (2020 - \$30,000) were advanced by a company controlled by a director and officer of the Company.

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:

	2021	2020
Short-term benefits	\$ 9,269	\$ 3,000
Total	\$ 9,269	\$ 3,000

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

9. Share Capital

(a) Authorized

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

(b) Share Purchase Warrants

Share purchase warrants outstanding as at March 31, 2021 were:

Exercise Price	Expiry Date	Balance		Balance March 31, 2021
		December 31, 2020	Expired	
\$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
\$0.125	March 28, 2021	775,366	775,366	-
\$0.50	March 28, 2021	2,919	2,919	-
\$0.125	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
\$0.125	November 30, 2023	3,610,167	-	3,610,167
\$0.125	November 30, 2023	6,650	-	6,650
\$0.125	December 14, 2023	7,333,334	-	7,333,334
		44,616,446	778,285	43,838,161
Weighted average exercise price		\$0.18	\$0.13	\$0.15
Weighted average contractual life remaining (years)		3.12		2.92

Share purchase warrants issued and contingently exercisable as at March 31, 2021 were:

Exercise Price	Expiry Date	Balance	
		December 31, 2020	Balance March 31, 2021
\$0.50	August 11, 2022	30,000	30,000
\$0.50	Note 1	30,000	30,000
\$0.50	Note 2	30,000	30,000
\$0.50	Note 3	30,000	30,000
		120,000	120,000
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		3.13	2.89

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

9. Share Capital, continued

(b) Share Purchase Warrants, continued

- (1) Expire two years from Los Reyes property payment of US\$200,000 due on August 11, 2021
- (2) Expire two years from Los Reyes property payment of US\$300,000 due on August 11, 2022
- (3) Expire two years from Los Reyes property payment of US\$3,250,000 due on August 11, 2023

(c) Stock Options

Stock options outstanding and exercisable as at March 31, 2021 were:

Exercise Price	Expiry Date	Balance December 31, 2020	Balance March 31, 2021
\$0.50	March 27, 2022	390,000	390,000
\$0.08	October 19, 2025	100,000	100,000
\$0.10	December 21, 2025	4,550,000	4,550,000
		5,040,000	5,040,000
Weighted average exercise price - outstanding		\$0.13	\$0.13
Weighted average exercise price - exercisable		\$0.13	\$0.13
Weighted average contractual life remaining (years) - outstanding		4.68	4.44
Weighted average contractual life remaining (years) - exercisable		4.68	4.43

10. Supplemental Cash Flow Information

	2021	2020
Non-Cash Items		
Investing Activities		
Mineral property acquisition in accounts payable	\$ 128,234	\$ 134,351
Mineral property acquisition in due to related parties	\$ -	\$ 700

11. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As at March 31, 2021, the Company's non-current assets were located in Canada (December 31, 2020 - Canada (\$12,000), the United States of America (\$17,667)).

12. Events after the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to March 31, 2021:

- On April 23, 2021, 345,000 share purchase warrants exercisable at \$0.125, and 14,000 share purchase warrants exercisable at \$0.50, expired unexercised.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars, Unaudited)

12. Events after the Reporting Period, continued

- During May 2021, the Company applied to reprice the following three series of warrants issued in connection with three separate private placements to \$0.125; warrants issued on October 5, 2016 at \$1.00 with expiry date October 5, 2021; warrants issued on December 29, 2016 at \$1.00 with expiry date December 29, 2021; and warrants issued on August 1, 2019 and September 18, 2019 at \$0.50 with expiry dates August 1, 2023 and September 18, 2023, respectively. Subsequent to the reprice, these warrants will be subject to an accelerated exercise period provision whereby if the closing price of the common shares is \$0.165 or higher for 10 consecutive trading days (the "Premium Trading Days"), warrant holders will have 30 calendar days, commencing 7 calendar days after the last Premium Trading Day, to exercise the warrants. The application remains subject to regulatory approval.



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

**Management's Discussion and Analysis
For the Three Months Ended March 31, 2021
Dated: May 27, 2021**

A	Introduction	2
B	Qualified Persons	2
C	Conversion Tables	2
D	Summary of Mineral Properties	2
E	Results of Operations	6
F	Summary of Quarterly Results	6
G	Financial Condition, Liquidity and Capital Resources	7
H	Related Party Transactions	7
I	Outstanding Equity and Convertible Securities	8
J	Financial Instruments	10
K	Events After the Reporting Period and Outlook	10
L	Off-balance Sheet Arrangements	10
M	Disclosure Controls and Procedures	10
N	Risks and Uncertainties	11
O	Proposed Transactions	13
P	Forward-Looking Statements	14

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

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, 2021, and is dated May 27, 2021. 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, 2021, and the Company's audited financial statements for the year ended December 31, 2020, 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 Three Months Ended March 31, 2021

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 Three Months Ended March 31, 2021

D. Summary of Mineral Properties, continued

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.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

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 March 31, 2021 were:

	Swift Katie	Los Reyes	Total
	\$	\$	\$
Balance as at December 31, 2019	-	-	-
Additions, net of recoveries	153,107	160,077	313,184
Impairments	(153,107)	(160,077)	(313,184)
Balance as at December 31, 2020	-	-	-
Balance as at March 31, 2021	-	-	-

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures for the three months ended March 31, 2021 and 2020 were:

	Swift Katie		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$
	2021	2020	2021	2020	2021	2020
Project supervision	160	-	824	-	984	-
Other	-	-	489	171	489	171
	160	-	1,313	171	1,473	171
General, net of recoveries					(653)	-
					820	171

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

E. Results of Operations

The Company incurred a net loss of \$92,136 for the three months ended March 31, 2021 (2020 - \$63,820). A summary of variances is as follows:

	2021	2020	Change
	\$	\$	\$
Administration	15,000	-	15,000
Consulting	13,463	3,000	10,463
Exploration and evaluation	820	171	649
Investor relations	24,591	34,975	(10,384)
Office and general	5,490	5,779	(289)
Professional fees	20,336	-	20,336
Regulatory fees and taxes	7,863	6,806	1,057
Share-based payments	1,938	-	1,938
Shareholders communications	1,250	350	900
Transfer agent	5,020	1,644	3,376
Foreign exchange (gain) loss	(3,185)	11,095	(14,280)
Unrealized gain on marketable securities	(450)	-	(450)

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 September 1, 2020, a service agreement for provision of office accommodation and other personnel services that was previously in default, was reinstated (*H - Related Party Transactions*). Investor relations expenses fluctuate as marketing and other investor outreach is undertaken. Professional fees also increased due to the ongoing proposed acquisition of Poconé Mining Mineração Ltda ("*PMM*") (*O - Proposed Transactions*).

Non-cash share-based payments expense is recognized as stock options are granted and vest. Foreign exchange gains and losses fluctuate based on the US and Canadian dollar exchange rate and the extent of transactions and balances denominated in US dollars.

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
	2021	2020	2020	2020	2020	2019	2019	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	92,136	720,413	316,237	112,238	63,820	1,011,040	30,746	41,313
Basic and diluted loss per share	\$0.00	\$0.02	\$0.01	\$0.01	\$0.01	\$0.11	\$0.00	\$0.01

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

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, and share-based payments expense, which is recognized as stock options are granted and vest. Certain costs increased effective September 1, 2020 as a result of a reinstated services agreement (*H - Related Party Transactions*) that was previously in default from effective November 1, 2018. Significant impairment charges were recognized in three months ended December 31, 2019 and September 30, 2020 and significant share-based payments expense was recognized in three months ended December 31, 2020.

G. Financial Condition, Liquidity and Capital Resources

As at March 31, 2021, the Company had a working capital deficit of \$880,089 (December 31, 2020 - \$732,558). 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 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) Pursuant to a reinstated service agreement effective September 1, 2020, between the Company and a private company controlled by a director and officer of the Company, the Company was charged as:

- \$15,000 (2020 - \$nil) for office space and general administration services;
- \$8,250 (2020 - \$nil) for professional services;
- \$10,463 (2020 - \$nil) for consulting services;
- \$10,475 (2020 - \$nil) for investor relations services;
- \$2,813 (2020 - \$nil) for geological services; and
- \$304 (2020 - \$836) for the mark-up on out-of-pocket expenses.

Amounts payable as at March 31, 2021 were \$378,585 (December 31, 2020 - \$326,606).

(b) Fees in the amount of \$nil (2020 - \$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 March 31, 2021 were \$99,920 (December 31, 2020 - \$99,920).

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

H. Related Party Transactions, continued

- (c) Fees in the amount of \$3,000 (2020 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at March 31, 2021 were \$14,450 (December 31, 2020 - \$11,300).
- (d) Fees in the amount of US\$4,950 (2020 - US\$nil) were charged by a director of the Company for geological consulting services. Amounts payable as at March 31, 2021 were \$33,890 (US\$26,950 (December 31, 2020 - \$28,060 (US\$22,000))).
- (e) Loans bearing interest at 5% per annum totalling \$nil (2020 - \$30,000) were advanced by a company controlled by a director and officer of the Company.

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:

	2021		2020	
Short-term benefits	\$	9,269	\$	3,000
Total	\$	9,269	\$	3,000

I. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at May 27, 2021, the Company had 61,635,144 common shares issued and outstanding.

ii) Stock Options

As at May 27, 2021, stock options outstanding and exercisable were:

Exercise Price	Expiry Date	Balance	Balance
		March 31, 2021	May 27, 2021
\$0.50	March 27, 2022	390,000	390,000
\$0.08	October 19, 2025	100,000	100,000
\$0.10	December 21, 2025	4,550,000	4,550,000
		5,040,000	5,040,000
Weighted average exercise price - outstanding		\$0.13	\$0.13
Weighted average contractual life remaining (years) - outstanding		4.44	4.28
Weighted average exercise price - exercisable		\$0.13	\$0.13
Weighted average contractual life remaining (years) - exercisable		4.43	4.28

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

I. Outstanding Equity and Convertible Securities, continued

iii) Share Purchase Warrants

As at May 27, 2021, share purchase warrants outstanding were:

Exercise Price	Expiry Date	Balance		Balance May 27, 2021
		March 31, 2021	Expired	
\$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
\$0.125	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
\$0.125	November 30, 2023	3,610,167	-	3,610,167
\$0.125	November 30, 2023	6,650	-	6,650
\$0.125	December 14, 2023	7,333,334	-	7,333,334
		43,838,161	359,000	43,479,161
Weighted average exercise price		\$0.15	\$0.14	\$0.17
Weighted average contractual life remaining (years)		2.92		2.79

During May 2021, the Company applied to reprice the following three series of warrants issued in connection with three separate private placements to \$0.125; warrants issued on October 5, 2016 at \$1.00 with expiry date October 5, 2021; warrants issued on December 29, 2016 at \$1.00 with expiry date December 29, 2021; and warrants issued on August 1, 2019 and September 18, 2019 at \$0.50 with expiry dates August 1, 2023 and September 18, 2023, respectively. Subsequent to the reprice, these warrants will be subject to an accelerated exercise period provision whereby if the closing price of the common shares is \$0.165 or higher for 10 consecutive trading days (the "Premium Trading Days"), warrant holders will have 30 calendar days, commencing 7 calendar days after the last Premium Trading Day, to exercise the warrants. The application remains subject to regulatory approval.

As at May 27, 2021, share purchase warrants issued and contingently exercisable were:

Exercise Price	Expiry Date	Balance	
		March 31, 2021	Balance May 27, 2021
\$0.50	August 11, 2022	30,000	30,000
\$0.50	Note 1	30,000	30,000
\$0.50	Note 2	30,000	30,000
\$0.50	Note 3	30,000	30,000
		120,000	120,000
Weighted average exercise price		\$0.50	\$0.50
Weighted average contractual life remaining (years)		2.89	2.73

1 Expire two years from Los Reyes property payment of US\$200,000 due on August 11, 2021 / 2 Expire two years from Los Reyes property payment of US\$300,000 due on August 11, 2022 / 3 Expire two years from Los Reyes property payment of US\$3,250,000 due on August 11, 2023

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

J. Financial Instruments

The Company's financial instruments include: cash, loan and reclamation bond 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. The loan and reclamation bond are non-interest-bearing, have no maturity date and carrying values approximate fair value.

The Company is exposed to credit risk in respect to managing its loan receivable and cash. The loan receivable is secured via a promissory note and the Company's maximum exposure is equal to the carrying value of the loan. Cash is held with a Canadian financial institution. The Company mitigates credit risk by risk management policies that require significant cash deposits be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. 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.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

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.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

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.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

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

In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in world markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development of vaccines, the situation remains uncertain and its impact on the Company depends to a large extent on future developments and new information that may emerge regarding COVID-19 and the pandemic, factors which are beyond the Company's control. Given the extent of the crisis, it is difficult to estimate the duration of the situation or its ultimate impact on the Company.

O. Proposed Transactions

On June 2, 2020, the Company entered into a Letter of Intent to acquire a private Brazilian company, Poconé Mining Mineração Ltda ("PMM"). PMM owns the Lima property and an option to purchase a 100% interest in the Livramento property. The acquisition was formalized into a definitive purchase agreement on September 3, 2020, under which the Company will issue 8,000,000 shares and 8,000,000 warrants to the owners of PMM, whereby each warrant is exercisable to purchase one common share at an exercise price of \$0.10 for a period of four years.

During May 2021, the Company approved the sale of PMM to Pilar Gold Inc. ("Pilar Gold"). The terms of the sale agreement are as follows:

- Pilar Gold will issue 4,000,000 common shares at a deemed price of \$0.60 per share, representing a purchase price of \$2,400,000, subject to adjustment contingent upon the issue price of Pilar Gold's proposed Initial Public Offering; and
- Issuance by the Company of 4,500,000 common shares at a deemed price of \$0.05 per share in respect of consulting agreements compensation between the Company and the PMM quota holders.

The purchase and sale agreements both remain subject to regulatory approval.

These transactions will enable continued maintenance of a presence in Brazil providing an opportunity to benefit from owning a substantial equity investment in an established miner with a history of successful production which can leverage its strong cashflow to expand the Livramento mine and develop Lima as its own stand-alone producer.

Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021

O. Proposed Transactions, continued

Pilar Gold Inc. is a private Canadian company focused entirely on Brazil. On 16 April 2021, Pilar Gold acquired the Pilar gold mine in the central Brazilian state of Goiás from Equinox Gold Corp. and plans to seek a public listing later this year.

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.