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Condensed Interim Financial Statements
Nine Months Ended September 30, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited)

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NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2016, and comparatives for the nine months ended September 30, 2015, were prepared by management and have not been reviewed or audited by the Company's auditors.

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Comprehensive Loss

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2016	2015	2016	2015
Operating Expenses					
Administration		\$ 10,000	\$ -	\$ 10,000	\$ -
Consulting		9,110	3,000	15,110	9,000
Exploration and evaluation	5	43,644	-	43,644	1,015
Investor relations		47,852	-	49,798	4,068
Office and general		3,691	1,237	7,062	10,054
Professional fees		46,238	3,257	63,511	19,101
Regulatory fees and taxes		6,507	-	15,009	8,502
Shareholders' communications		1,401	-	1,548	190
Transfer agent		714	526	1,977	2,324
		169,157	8,020	207,659	54,254
Gain on settlement of debt		(5,200)	-	(5,200)	-
		(5,200)	-	(5,200)	-
Net Loss and Comprehensive Loss for the Period		\$ 163,957	\$ 8,020	\$ 202,459	\$ 54,254
Loss per share - basic and diluted		\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding		32,735,925	32,735,925	32,735,925	32,735,925

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

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars, Unaudited)

As at	Note	September 30 2016	December 31 2015
Assets			
Current			
Cash	10	\$ 700,967	\$ -
Receivables		4,057	10,174
Prepays		2,785	-
Deferred financing costs		37,475	-
		745,284	10,174
Non-current			
Mineral properties	5	3,155	-
Reclamation bond	6	12,000	-
		15,155	-
		\$ 760,439	\$ 10,174
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 427,384	\$ 460,081
Due to related parties	7	126,279	51,358
		553,663	511,439
Equity (Deficit)			
Share capital	8	12,212,977	12,212,977
Subscriptions received	11	910,500	-
Share-based payments reserve		235,896	237,867
Deficit		(13,152,597)	(12,952,109)
		206,776	(501,265)
		\$ 760,439	\$ 10,174

Approved on behalf of the Board*"Lawrence Page"*

 Lawrence Page, Q.C.
 Director

"Edward Odishaw"

 Edward Odishaw
 Director

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Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Deficit

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Subscriptions Received	Share-based Payment	
	Number of Shares	Amount		Reserve	Deficit
Balance as at December 31, 2014	32,735,925	\$ 12,212,977	\$ -	\$ 240,708	\$ (12,525,937)
Expiry of options and warrants	-	-	-	(2,841)	2,841
Net loss	-	-	-	-	(54,254)
Balance as at September 30, 2015	32,735,925	\$ 12,212,977	\$ -	\$ 237,867	\$ (12,577,350)
Balance as at December 31, 2015	32,735,925	\$ 12,212,977	\$ -	\$ 237,867	\$ (12,952,109)
Subscriptions received - flow-through	-	-	277,500	-	-
Subscriptions received - non flow-through	-	-	633,000	-	-
Expiry of options and warrants	-	-	-	(1,971)	1,971
Net loss	-	-	-	-	(202,459)
Balance as at September 30, 2016	32,735,925	\$ 12,212,977	\$ 910,500	\$ 235,896	\$ (13,152,597)

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

Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

	2016	2015
Operating Activities		
Net loss	\$ (202,459)	\$ (54,254)
Items not involving cash:		
Gain on settlement of debt	(5,200)	-
	(207,659)	(54,254)
Changes in Non-Cash Working Capital		
Receivables	6,117	2,767
Prepays	(2,785)	2,681
Bank indebtedness	-	(197,944)
Accounts payable and accrued liabilities	(27,497)	228,534
Due to related parties	73,921	9,000
	49,756	45,038
Cash Used in Operating Activities	(157,903)	(9,216)
Investing Activities		
Acquisition of mineral properties	(3,155)	-
Reclamation bond	(12,000)	-
Cash Used in Investing Activities	(15,155)	-
Financing Activities		
Subscriptions received, net	873,025	-
Loans received from related parties	1,000	5,460
Cash Provided by Financing Activities	874,025	5,460
Increase (Decrease) in Cash During the Period	700,967	(3,756)
Cash, Beginning of the Period	-	3,756
Cash, End of the Period	\$ 700,967	\$ -

Supplemental cash flow information (Note 10)

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

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(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 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 September 30, 2016, the Company had working capital of \$191,621 (December 31, 2015 - working capital deficit of \$501,265). The Company incurred a net loss of \$202,459 for the nine months ended September 30, 2016 (2015 - \$54,254) and had an accumulated deficit of \$13,152,597 as at September 30, 2016 (December 31, 2015 - \$12,952,109).

As at September 30, 2016, the Company does not have sufficient working capital to meet its administrative overheads and continue with its exploration programs. The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company will be required to issue share capital to finance future activities through private placements and the exercise of options and warrants. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

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

2. Basis of Preparation

These condensed interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* using historical cost, except for cash flow information and financial instruments measured at fair value. The Company's functional and presentation currency is the Canadian dollar.

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

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on November 24, 2016.

3. Summary of Significant Accounting Policies

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

4. Financial Instruments

The Company's financial instruments include cash, reclamation bond, 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 bond is non-interest-bearing, has no maturity date and carrying value approximates fair value.

5. Mineral Properties

Mineral property acquisition costs as at September 30, 2016, were as follows:

	Swift Katie	Total
	\$	\$
Balance as at December 31, 2014	388,175	388,175
Impairments	(388,175)	(388,175)
Balance as at December 31, 2015	-	-
Additions	3,155	3,155
Balance as at September 30, 2016	3,155	3,155

Swift Katie

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

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

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

5. Mineral Properties, continued

Swift Katie, continued

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. AMR payments originally due on December 31, 2014 and December 31, 2015 were paid subsequent to the period end plus accrued interest.

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.

An impairment provision was recognized against all capitalized costs totalling \$388,175 during the year ended December 31, 2015 as the Company continued to assess planned courses of action with respect to the property and determined this to be an indicator of impairment.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the nine months ended September 30, 2016 and 2015, were as follows:

	Swift Katie		Total	
	\$	\$	\$	\$
	2016	2015	2016	2015
Equipment rental and field supplies	3,476	-	3,476	-
Geological services	2,421	-	2,421	-
Project supervision	33,555	-	33,555	-
Travel	2,930	-	2,930	-
	<u>42,382</u>	-	<u>42,382</u>	-
General exploration			<u>1,262</u>	<u>1,015</u>
			<u>43,644</u>	<u>1,015</u>

6. Reclamation Bond

The Company has posted a non-interest-bearing reclamation bond against any potential land restoration costs that may be incurred in the future. The funds are held in trust and may be released after required reclamation is satisfactorily completed.

As at September 30, 2016, the amount on deposit was \$12,000 (December 31, 2015 - \$nil).

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

7. Related Party Balances and Transactions

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

(a) Fees were charged by a private company controlled by a director and officer of the Company as follows:

- \$10,000 (2015 - \$nil) for office space and administration services;
- \$6,110 (2015 - \$nil) for consulting services;
- \$5,500 (2015 - \$nil) for professional services;
- \$3,200 (2015 - \$nil) for investor relations services;
- \$20,805 (2015 - \$nil) for geological consulting services; and
- \$762 (2015 - \$nil) for mark-up on out of pocket expenses.

Accounts payable as at September 30, 2016 were \$58,921 (December 31, 2015 - \$11,025).

(b) Fees in the amount of \$44,500 (2015 - \$nil) were accrued to a law firm controlled by a director and officer of the Company and included in professional fees, mineral property expenditures and share issue costs where applicable. Amounts payable as at September 30, 2016 were \$48,873 (December 31, 2015 - \$4,373).

(c) Fees in the amount of \$9,000 (2015 - \$9,000) were charged by an officer of the Company for consulting services. Amounts payable as at September 30, 2016 were \$1,000 (December 31, 2015 - \$30,500).

(d) Fees in the amount of \$12,750 (2015 - \$nil) were charged by a director of the Company for geological consulting services. Amounts payable as at September 30, 2016 were \$11,025 (December 31, 2015 - \$nil).

(e) Loans totalling \$6,460 (December 31, 2015 - \$5,460) are payable to directors of the Company with respect to funds advanced. All loans were repaid subsequent to the period end.

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

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

	2016	2015
Short-term benefits	\$ 66,250	\$ 9,000
Total	\$ 66,250	\$ 9,000

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital

(a) Authorized

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

(b) Stock Options

Stock options outstanding and exercisable as at September 30, 2016 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2015	Balance September 30, 2016
\$1.00	November 17, 2016	20,000	20,000
\$0.10	July 19, 2017	480,000	480,000
\$0.12	December 17, 2017	1,375,000	1,375,000
\$0.17	March 1, 2018	100,000	100,000
		1,975,000	1,975,000
Weighted average exercise price		\$0.13	\$0.13
Weighted average contractual life remaining (years)		1.86	1.11

(c) Share Purchase Warrants

Share purchase warrants outstanding as at September 30, 2016 were as follows:

Exercise Price	Expiry Date	Balance December 31, 2015	Expired	Balance September 30, 2016
\$1.00	January 31, 2016	5,000	5,000	-
\$0.05	February 20, 2017	3,105,000	-	3,105,000
\$0.05	February 21, 2017	785,650	-	785,650
\$0.05	June 10, 2017	1,000,000	-	1,000,000
\$0.05	August 12, 2017	100,000	-	100,000
		4,995,650	5,000	4,990,650
Weighted average exercise price		\$0.05	\$1.00	\$0.05
Weighted average contractual life remaining (years)		1.21		0.46

9. Segmented Information

The Company has one operating segment, the exploration of mineral properties in Canada. As at September 30, 2016, the Company's non-current assets are all located in Canada.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

10. Supplemental Cash Flow Information

	2016	2015
Cash comprised of:		
Cash	\$ 432,494	\$ -
Cash reserved for flow-through expenditures	268,473	-
Total Cash	\$ 700,967	\$ -
Cash Items		
Income tax paid	\$ -	\$ -
Interest paid	-	2,594
Interest received	-	-

11. Events after the Reporting Period

Other than events disclosed elsewhere in these condensed interim financial statements, the following occurred subsequent to September 30, 2016:

- On October 5, 2016, the Company closed a non-flow-through private placement and issued 16,584,000 units at a price of \$0.05 per unit for gross proceeds of \$829,200 (subscriptions received of \$633,000 as at September 30, 2016). Each unit consisted of one common share and one share purchase warrant exercisable to purchase one common share at an exercise price of \$0.10 for a period of five years.

On October 5, 2016, the Company closed a flow-through private placement and issued 7,090,000 flow-through units at a price of \$0.05 per unit for gross proceeds of \$354,500 (subscriptions received of \$277,500 as at September 30, 2016). Each unit consisted of one flow-through common share and one half share purchase warrant, with each whole warrant exercisable to purchase one common share at an exercise price of \$0.10 for a period of five years.

The Company also issued 120,000 finders' share purchase warrants exercisable to purchase one common share for a period of five years at an exercise price of \$0.10 per share.

- On October 6, 2016, the Company announced a flow-through private placement to issue up to 10,000,000 flow-through units at a price of \$0.05 per unit to raise \$500,000. Each unit consists of one flow-through common share and one half share purchase warrant, with each whole warrant exercisable to purchase one common share at an exercise price of \$0.10 for a period of five years.

Finders' fees and commissions may be paid in relation to this issuance. The Company will make provision for an over-allotment option to allow a purchase of up to 10% additional units beyond the number of units in these offerings.

Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Nine Months Ended September 30, 2016 and 2015

(Expressed in Canadian Dollars, Unaudited)

11. Events after the Reporting Period, continued

- On October 24, 2016, a total of 35,000 stock options with an exercise price of \$0.10 per share and a total of 110,000 stock options with an exercise price of \$0.12 per share, were cancelled.
- On November 14, 2016, pursuant to a previous bank indebtedness guarantee extension agreement, the Company issued 350,000 units. Each unit consisted of one common share and one share purchase warrant exercisable to purchase one common share for a period of one year at an exercise price of \$0.05.
- On November 17, 2016, 20,000 stock options with an exercise price of \$1.00 per share, expired unexercised.