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**Condensed Interim Financial Statements  
Three Months Ended March 31, 2017 and 2016  
(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 three months ended March 31, 2017, and comparatives for the three months ended March 31, 2016, were prepared by management and have not been reviewed or audited by the Company's auditors.

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Comprehensive Loss

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

	Note	2017	2016
<b>Operating Expenses</b>			
Administration	6	\$ 15,000	\$ -
Consulting	6	5,729	3,000
Exploration and evaluation	5 & 6	34,172	-
Investor relations	6	46,957	1,946
Office and general	6	4,692	1,046
Professional fees	6	18,624	-
Regulatory fees and taxes		7,584	5,200
Share-based payments	7	201,803	-
Shareholders' communications		588	147
Transfer agent		1,345	637
		<b>336,494</b>	<b>11,976</b>
<b>Reversal of flow-through premium</b>			
	10	(728)	-
		<b>(728)</b>	<b>-</b>
<b>Net Loss and Comprehensive Loss for the Period</b>		<b>\$ 335,766</b>	<b>\$ 11,976</b>
Loss per share - basic and diluted		\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding		62,390,140	32,735,925

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

# Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars, Unaudited)

As at	Note	March 31 2017	December 31 2016
<b>Assets</b>			
<b>Current</b>			
Cash	9	\$ 369,357	\$ 534,194
Receivables		5,272	20,118
Prepays		14,351	2,785
		<b>388,980</b>	<b>557,097</b>
<b>Non-current</b>			
Mineral property	5	194,197	194,197
Reclamation bond		12,000	12,000
		<b>206,197</b>	<b>206,197</b>
		<b>\$ 595,177</b>	<b>\$ 763,294</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 429,983	\$ 460,902
Due to related parties	6	52,726	55,961
		<b>482,709</b>	<b>516,863</b>
<b>Equity (Deficit)</b>			
Share capital	7	13,371,398	13,371,398
Share-based payments reserve		427,677	225,874
Warrant reserve		201,290	201,290
Deficit		(13,887,897)	(13,552,131)
		<b>112,468</b>	<b>246,431</b>
		<b>\$ 595,177</b>	<b>\$ 763,294</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 interim financial statements*

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Equity (Deficit)

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based	Warrant		Total
	Number	Amount	Payments	Reserve	Deficit	Equity
	of Shares		Reserve	Reserve		(Deficit)
Balance as at December 31, 2015	32,735,925	\$ 12,212,977	\$ 237,867	\$ -	\$ (12,952,109)	\$ (501,265)
Expiry of options and warrants	-	-	(1,971)	-	1,971	-
Net loss	-	-	-	-	(11,976)	(11,976)
Balance as at March 31, 2016	32,735,925	\$ 12,212,977	\$ 235,896	\$ -	\$ (12,962,114)	\$ (513,241)
Balance as at December 31, 2016	62,390,140	\$ 13,371,398	\$ 225,874	\$ 201,290	\$ (13,552,131)	\$ 246,431
Share-based payments	-	-	201,803	-	-	201,803
Net loss	-	-	-	-	(335,766)	(335,766)
Balance as at March 31, 2017	62,390,140	\$ 13,371,398	\$ 427,677	\$ 201,290	\$ (13,887,897)	\$ 112,468

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

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

	2017	2016
<b>Operating Activities</b>		
Net loss	\$ (335,766)	\$ (11,976)
<b>Items not involving cash:</b>		
Reversal of flow-through premium	(728)	-
Share-based payments	201,803	-
	(134,691)	(11,976)
<b>Changes in Non-Cash Working Capital</b>		
Receivables	14,846	9,875
Prepays	(11,566)	-
Accounts payable and accrued liabilities	(30,191)	(33)
Due to related parties	(3,235)	3,000
	(30,146)	12,842
<b>Cash (Used in) Provided by Operating Activities</b>	<b>(164,837)</b>	<b>866</b>
<b>(Decrease) Increase in Cash During the Period</b>	<b>(164,837)</b>	<b>866</b>
<b>Cash, Beginning of the Period</b>	534,194	-
<b>Cash, End of the Period</b>	<b>\$ 369,357</b>	<b>\$ 866</b>

Supplemental cash flow information (Note 9)

*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

Three Months Ended March 31, 2017 and 2016

(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 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, 2017, the Company had a working capital deficit of \$93,729 (December 31, 2016 - working capital of \$40,234). The Company incurred a net loss of \$335,766 for the three months ended March 31, 2017 (2016 - \$11,976) and had an accumulated deficit of \$13,887,897 as at March 31, 2017 (December 31, 2016 - \$13,552,131).

As at March 31, 2017, 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 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 adjustment could be material.

## 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, 2016.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

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### 2. Basis of Preparation, continued

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on May 29, 2017.

### 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 Property

Mineral property acquisition costs as at March 31, 2017, were as follows:

	Swift Katie	Total
	\$	\$
Balance as at December 31, 2015	-	-
Additions	194,197	194,197
Balance as at December 31, 2016	194,197	194,197
<b>Balance as at March 31, 2017</b>	<b>194,197</b>	<b>194,197</b>

#### *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

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

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### 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.

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.

#### *Exploration and Evaluation Expenditures*

Exploration and evaluation expenditures incurred for the three months ended March 31, 2017 and 2016, were as follows:

	Swift Katie		Total	
	\$	\$	\$	\$
	2017	2016	2017	2016
Assays and analysis	17,626	-	17,626	-
Equipment rental and field supplies	1,700	-	1,700	-
Geological services	333	-	333	-
Project supervision	14,513	-	14,513	-
	<b>34,172</b>	<b>-</b>	<b>34,172</b>	<b>-</b>

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

- \$15,000 (2016 - \$nil) for office space and administration services;
- \$2,729 (2016 - \$nil) for consulting services;
- \$7,750 (2016 - \$nil) for professional services;
- \$18,408 (2016 - \$nil) for investor relations services;
- \$9,623 (2016 - \$nil) for geological consulting services; and
- \$2,095 (2016 - \$nil) for mark-up on out of pocket expenses.

Accounts payable as at March 31, 2017 were \$36,122 (December 31, 2016 - \$21,939).

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

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### 6. Related Party Balances and Transactions, continued

- (b) Fees in the amount of \$10,000 (2016 - \$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 expenditures and share issue costs where applicable. Amounts payable as at March 31, 2017 were \$14,373 (December 31, 2016 - \$16,862).
- (c) Fees in the amount of \$3,000 (2016 - \$3,000) were charged by an officer of the Company for consulting services. Amounts payable as at March 31, 2017 were \$1,050 (December 31, 2016 - \$1,000).
- (d) Fees in the amount of \$5,625 (2016 - \$nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at March 31, 2017 were \$1,181 (December 31, 2016 - \$16,160).

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) above, was as follows:

	2017	2016
Short-term benefits	\$ 3,000	\$ 3,000
Share-based payments	115,316	-
Total	\$ 118,316	\$ 3,000

### 7. Share Capital

#### (a) Authorized

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

#### (b) Stock Options

On March 27, 2017, a total of 4,200,000 fully vested stock options, exercisable for a period of five years with an exercise price of \$0.05 per share, were granted to directors, officers and consultants.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

### 7. Share Capital, continued

#### (b) Stock Options, continued

Stock options outstanding and exercisable as at March 31, 2017 were as follows:

Exercise Price	Expiry Date	Balance		Balance March 31, 2017
		December 31, 2016	Granted	
\$0.10	July 19, 2017	445,000	-	445,000
\$0.12	December 17, 2017	1,265,000	-	1,265,000
\$0.17	March 1, 2018	100,000	-	100,000
\$0.05	March 27, 2022	-	4,200,000	4,200,000
		<b>1,810,000</b>	<b>4,200,000</b>	<b>6,010,000</b>
Weighted average exercise price		\$0.12	\$0.05	\$0.07
Weighted average contractual life remaining (years)		0.87		3.68

#### (c) Share Purchase Warrants

Share purchase warrants outstanding as at March 31, 2017 were as follows:

Exercise Price	Expiry Date	Balance		Balance March 31, 2017
		December 31, 2016	Expired	
\$0.05	February 20, 2019	3,105,000	-	3,105,000
\$0.05	February 21, 2017	785,650	785,650	-
\$0.05	June 10, 2019	1,000,000	-	1,000,000
\$0.05	August 12, 2017	100,000	-	100,000
\$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
\$0.05	November 14, 2017	350,000	-	350,000
\$0.10	December 29, 2021	2,815,107	-	2,815,107
\$0.10	December 29, 2021	105,600	-	105,600
		<b>28,510,357</b>	<b>785,650</b>	<b>27,724,707</b>
Weighted average exercise price		\$0.09	\$0.05	\$0.09
Weighted average contractual life remaining (years)		3.94		4.10

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

### 7. Share Capital, continued

#### (d) Fair Value Determination

The weighted average fair value of options granted was \$0.05 (2016 - \$nil). Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2017
Risk-free interest rate	1.09%
Expected share price volatility	183.59%
Expected life (years)	5.00
Expected dividend yield	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:

	2017
Condensed Interim Statements of Comprehensive Loss	
Directors and officers	\$ 115,316
Consultants	86,487
Total	\$ 201,803

### 8. Segmented Information

The Company has one operating segment, the exploration of mineral properties in Canada. As at March 31, 2017, the Company's non-current assets are all located in Canada.

### 9. Supplemental Cash Flow Information

	2017	2016
Cash comprised of:		
Cash	\$ 114,405	\$ -
Cash reserved for flow-through expenditures	254,952	-
Total Cash	\$ 369,357	\$ -
Cash Items		
Income tax paid	\$ -	\$ -
Interest paid	-	-
Interest received	-	-

## **Valterra Resource Corporation**

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Three Months Ended March 31, 2017 and 2016

(Expressed in Canadian Dollars, Unaudited)

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### **10. Flow-through Expenditures**

As at March 31, 2017, the Company had completed its remaining commitment to incur qualifying Canadian Exploration Expenditures of \$7,278 with respect to a private placement of flow-through shares completed during October 2016.

As at March 31, 2017, the Company had completed \$26,559 of qualifying Canadian Exploration Expenditures with respect to a private placement of flow-through shares completed during December 2016. The Company has a remaining commitment of \$254,952 to be incurred by December 31, 2017.

### **11. Events after the Reporting Period**

No significant events occurred subsequent to March 31, 2017.