CANTERRA
MINERALS CORPORATION
TSX-V: CTM

Consolidated Financial Statements

For the Year Ended

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canterra Minerals Corporation

Opinion

We have audited the accompanying consolidated financial statements of Canterra Minerals Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements earnings (loss) and comprehensive earnings (loss), cash flows, and changes in shareholders' deficiency for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Canterra Minerals Corporation as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred ongoing losses and has no source of recurring revenue. These events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 23, 2019

CANTERRA MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

		December 31, 2018		December 31, 2017
ASSETS				
Current				
Cash	$	9,895	$	31,283
Marketable securities (Note 4)		1,898		2,998
Receivables (Note 5)		7,906		22,974
		19,699		57,255
Land use deposits (Note 6)		4,000		4,000
Mineral properties (Note 7)		-		50,500
	$	23,699	$	111,755
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities				
Accounts payable and accrued liabilities (Note 8, 9)	$	174,496	$	627,347
		174,496		627,347
Shareholders' deficit				
Share capital (Note 10)		106,149,846		106,016,123
Reserves (Note 10)		70,044		147,381
Deficit		(106,370,687)		(106,679,096)
		(150,797)		(515,592)
	$	23,699	$	111,755

Nature and continuance of operations (Note 1)
Subsequent Events (Note 16)

Approved and authorized by the Board on April 23, 2019

"Randy Turner"	*"James Eccott"*
Randy C. Turner, Director	James Eccott, Director

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

CANTERRA MINERALS CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

		2018		2017
Expenses				
Business development	$	1,952	$	1,445
Insurance		2,370		2,489
Legal, audit and accounting		29,378		27,115
Management fees (Note 9)		82,687		111,750
Office and miscellaneous		5,157		33,811
Regulatory and transfer agent fees		26,781		12,261
Rent (Note 9)		18,000		42,000
Wages and benefits		11,588		7,923
Exploration expenditures (Note 7)		23,486		74,855
		(201,399)		(313,649)
Interest income		62		279
Unrealized gain on marketable securities		500		3,508
Realized gain on marketable securities		850		3,275
Write-down of mineral properties (Note 7)		(52,500)		(352,465)
Write-off of accounts payable (Note 10b)		483,559		56,420
		432,471		(288,983)
Net earnings (loss) and comprehensive earnings (loss) for the year	$	231,072	$	(602,632)
Basic and diluted earning (loss) per common share	$	0.00	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted		85,814,389		84,442,786

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

CANTERRA MINERALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

	2018	2017
Cash flows from operating activities		
Earnings (loss) for the year	$ 231,072	$ (602,632)
Items not affecting cash:		
Realized gain on marketable securities	(850)	(3,275)
Unrealized gain on marketable securities	(500)	(3,508)
Write-down of mineral properties	52,500	352,465
Write-off of accounts payable	(483,559)	(56,420)
Changes in non-cash working capital items:		
Decrease (increase) in receivables	15,068	(13,909)
Increase in accounts payable and accrued liabilities	112,431	232,030
Net cash used in operating activities	(73,838)	(95,249)
Cash flows from investing activities		
Proceeds on sale of marketable securities	2,450	31,675
Net cash provided by investing activities	2,450	31,675
Cash flows from financing activities		
Proceeds received from related party (Note 9)	50,000	50,000
Net cash provided by financing activities	50,000	50,000
Change in cash during the year	(21,388)	(13,574)
Cash, beginning of the year	31,283	44,857
Cash, end of the year	$ 9,895	$ 31,283

Supplemental disclosure with respect to cash flows (Note 12)

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

CANTERRA MINERALS CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

	Share Capital				
	Number	Amount	Reserves	Deficit	Total
Balance, December 31, 2016	84,395,937	$ 106,012,623	$ 156,367	$ (106,085,450)	$ 83,540
Issued for mineral properties (Note 7)	100,000	3,500	-	-	3,500
Reserves transferred on expired options (Note 10c)	-	-	(8,986)	8,986	-
Loss for the year	-	-	-	(602,632)	(602,632)
Balance, December 31, 2017	84,495,937	$ 106,016,123	$ 147,381	$ (106,679,096)	$ (515,592)
Issued for mineral properties (Note 7)	100,000	2,000	-	-	2,000
Issued for debt (Note 10b)	5,268,933	131,723	-	-	131,723
Reserves transferred on expired options (Note 10c)	-	-	(77,337)	77,337	-
Net earnings for the year	-	-	-	231,072	231,072
Balance, December 31, 2018	89,864,870	$ 106,149,846	$ 70,044	$ (106,370,687)	$ (150,797)

1. NATURE AND CONTINUANCE OF OPERATIONS

Canterra Minerals Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company's head office and principal address is 1020 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

These consolidated financial statements have been prepared by management 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 for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties, monetizing marketable securities or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

		2018		**2017**
Deficit	$	(106,370,687)	$	(106,679,096)
Working capital deficiency	$	(154,797)	$	(570,092)

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Consolidation and Presentation

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries (Note 9). All significant intercompany transactions and balances have been eliminated upon consolidation.

2. BASIS OF PREPARATION *(continued)*

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the depreciation of equipment, recoverability of mineral properties, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation costs

Management has determined that exploration, evaluation, and related costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in *IAS 21, The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Flow-through shares

The issuance of flow-through common shares results in the tax deductibility of the qualifying resource expenditures funded from the proceeds of the sale of such shares being transferred to the purchasers of the shares. Under IFRS, on the issuance of such shares, the Company bifurcates the flow-through shares into a flow-through share premium, equal to the estimated premium that investors pay for the flow-through feature, which is recognized as a liability, and share capital. As the related exploration expenditures are incurred, the Company derecognizes the liability and the premium is recognized through the Statement of Earnings (Loss) and Comprehensive Earnings (Loss).

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against the deficit.

Marketable securities

Investments in marketable securities have been designated as fair value through profit or loss and are recorded at fair value. Fair value through profit or loss investments are determined by reference to the last bid price on the date of the statement of financial position. Changes in fair value are recognized in profit or loss during the period for which they occur.

Financial instruments

The Company adopted all of the requirements of IFRS 9 – *Financial Instruments* ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of earnings (loss) and comprehensive earnings (loss) in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with *IFRS 6, Exploration for and Evaluation of Mineral Resources*. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation costs are expensed prior to the determination of economically recoverable reserves. Exploration and evaluation expenditures relate to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluating the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company does not have any significant environmental rehabilitation provisions.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended, December 31, 2018:

IFRS 16, Leases:
On January 13, 2016 the IASB issued IFRS – Leases. The standard is effective for periods beginning on or after January 1, 2019. The objective of the new standard is to report all leases on the statement of financial position and to define how leases and lease liabilities are measured.

The Company expects that this new IFRS standard will have an insignificant effect on its consolidated financial statements.

4. MARKETABLE SECURITIES

As at December 31, 2018, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

	December 31, 2018		December 31, 2017	
	# of shares	value	# of shares	value
Margaret Lake Diamonds Inc. (Note 7)	34,500	$ 1,898	54,500	$ 2,998
		$ 1,898		**$ 2,998**

5. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2018	December 31, 2017
GST receivable	$ 1,505	$ 2,338
Other receivable	6,401	20,636
Total	**$ 7,906**	**$ 22,974**

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

6. LAND USE DEPOSITS

Land use deposits are interest-bearing and are held by major financial intuitions on behalf of mining regulators. These deposits are held primarily for prospecting permits and will be released upon the Company incurring certain exploration expenditures on specific mineral properties. Land use deposits surrendered to mining regulators are expensed.

7. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties, and to the best of its knowledge, title to all of its properties are in good standing.

The Company holds interest in various mineral claims located in Canada, the carrying value of which are as follows:

	December 31, 2018	December 31, 2017
Northwest Territories, Canada		
Hilltop/Cache Property	$ -	$ -
A 100% interest/An 80% interest. During fiscal 2017, the Company wrote-down acquisition costs of $290,232 associated with this property.		
King Property	-	-
A 100% interest. During fiscal 2015, the Company wrote-down acquisition costs of $80,588 associated to this property.		
Marlin Property	-	-
A 100% interest. (Note 7a)		
Rex Property	-	-
A 100% Interest. During fiscal 2017, the Company wrote-down acquisition costs of $37,721 associated with this property.		
CL25 Property	-	50,500
On September 5, 2018, the option agreement with Mr. Magrum was terminated and the Company wrote-down acquisition costs of $52,500 associated with this property. (Note 7b)		
Alberta Canada		
Buffalo Hills Property	-	-
A 33% interest. During fiscal 2013, the Company wrote-down acquisition costs of $8,278,519 associated with this property.		
Saskatchewan, Canada		
West Carswell Property *(Note 7c)*	-	-
Total Mineral Properties	**$ -**	**$ 50,500**

a) During fiscal 2014, the Company entered into an option agreement with Margaret Lake Diamonds ("MLD") granting MLD the right to acquire up to a 49% interest in the Marlin Property. To acquire an initial 30% interest, MLD was required to make cash payments of $80,000 ($60,000 received to date), issue 300,000 common shares (300,000 received to date at a value of $44,000) and incur $1,000,000 in exploration expenditures. During fiscal 2016, the option agreement with MLD was terminated.

b) On June 17, 2016, the Company entered into an Option and Joint Venture Agreement with Mr. Michael Magrum ("Magrum") to acquire up to a 70% interest in the CL-25 Property. Pursuant to the agreement, the Company can acquire a 60% interest in the CL-25 Property by making a cash payment of $35,000 (paid), issue 400,000 shares (400,000 issued to date with an aggregate value of $17,500) and incur $1,000,000 in exploration expenditures ($7,392 incurred to date) by June 27, 2019. On August 30, 2018, the Company issued 100,000

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

7. MINERAL PROPERTIES *(continued)*

common shares with aggregate value of $2,000 pursuant to the agreement. On September 5, 2018, the Option and Joint Venture Agreement with Mr. Michael Magrum was formally terminated, and the Company wrote-down acquisition costs of $52,500 associated with this property.

c) On August 16, 2016 the Company entered into a Property Option and Joint Venture Agreement with CanAlaska Uranium Ltd. ("CanAlaska") to acquire up to a 70% interest in the West Carswell Property. Pursuant to the agreement, the Company can acquire a 50% interest in the West Carswell Property by making staged cash payments totalling $100,000 ($30,000 paid to date), issuing 2,000,000 common shares (2,000,000 issued to date with an aggregate value of $160,000) and incurring $1,000,000 in exploration expenditures ($73,469 incurred to date) by August 16, 2019. During fiscal 2016, the Company wrote-down acquisition costs of $190,000 associated with this property. On May 10, 2017 the Property Option and Joint Venture Agreement with CanAlaska was formally terminated.

During the year ended December 31, 2018, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Mineralogy	Safety & Reclamation	Recoveries	Total for the year
ALBERTA									
Buffalo Hills	$ 9,452	$ -	$ -	$ 17,856	$ -	$ -	$ -	$(11,380)	**$ 15,928**
NWT									
King	1,232	-	-	5,132	-	-	-	-	**6,364**
ONTARIO									
Other	566	-	-	628	-	-	-	-	**1,194**
	$ 11,250	**$ -**	**$ -**	**$ 23,616**	**$ -**	**$ -**	**$ -**	**$(11,380)**	**$ 23,486**

During the year ended December 31, 2017, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Mineralogy	Safety & Reclamation	Recoveries	Total for the year
ALBERTA									
Buffalo Hills	$ 26,942	$ -	$ -	$ 17,747	$ -	$ -	$ -	$ (11,902)	**$ 32,787**
NWT									
Hilltop/Cache	5,030	-	-	-	-	-	-	-	**5,030**
King	1,355	-	-	5,174	-	-	-	-	**6,529**
Marlin	3,688	-	-	-	-	-	-	-	**3,688**
Prism	3,745	-	-	-	-	-	-	-	**3,745**
CL-25	7,392								**7,392**
ONTARIO									
Other	8,764	-	-	607	-	-	-	-	**9,371**
Reconnaissance	4,694	-	-	-	-	-	-	-	**4,694**
SASKATCHEWAN									
West Carswell	839	-	-	-	-	-	-	-	**839**
NUNAVUT									
Reconnaissance	780	-	-	-	-	-	-	-	**780**
	$ 63,229	**$ -**	**$ -**	**$ 23,528**	**$ -**	**$ -**	**$ -**	**$ (11,902)**	**$ 74,855**

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2018	December 31, 2017
Trade payables	$ 156,996	$ 614,847
Accrued liabilities	17,500	12,500
Total	**$ 174,496**	**$ 627,347**

9. RELATED PARTY TRANSACTIONS

These consolidated financial statements include the financial statements of Canterra Minerals Corporation and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership	Principal Activity
Triex Minerals Corporation	British Columbia, Canada	100%	Holding company
Triex Minerals (US) Inc.	Nevada, USA	100%	Inactive

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Management fees	$ 82,688	$ 111,750
Geological consulting fees	11,250	18,000
Total	**$ 93,938**	**$ 129,750**

Amounts paid or payable to companies with officers and/or directors in common are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Rent	$ 18,000	$ 42,000
Accounting, investor relations, geology & other	12,915	75,364
Total	**$ 30,915**	**$ 117,364**

Included in accounts payable and accrued liabilities at December 31, 2018 is $150,389 (2017 - $606,175) due to companies with directors and/or officers in common. During the year ended December 31, 2018, the Company received a $50,000 advance (2017 - $50,000) from Rand Explorations Ltd ("Rand Explorations").

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares are fully paid.

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

b) Issued share capital

On August 30, 2018, the Company issued 100,000 common shares with an aggregate value of $2,000 as consideration towards the acquisition of the CL-25 property.

On October 2, 2018, the Company and Independence Gold Corp. ("Independence Gold"), a company with common directors and/or officers, entered into a debt settlement agreement whereby the Company issued 3,468,933 common shares with a fair value of $86,723 to Independence Gold for $173,447 of debt. As part of the debt settlement agreement, Independence Gold also forgave $96,836 of debt owed by the Company.

On October 2, 2018, the Company and Rand Explorations, a company with common directors and/or officer, entered into a debt settlement agreement whereby the Company issued 1,800,000 common shares with a fair value of $45,000 to Rand Explorations for $90,000 of debt. As part of the debt settlement agreement, Rand Explorations also forgave $255,000 of debt owed by the Company.

During the year ended December 31, 2017, the Company issued 100,000 common shares with an aggregate value of $3,500 as consideration towards the acquisition of the CL-25 property.

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at December 31, 2018, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
320,000	$0.15	August 14, 2019
1,595,000	$0.08	May 2, 2021
1,915,000		

Stock option transactions are summarized as follows:

	December 31, 2018		December 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the year	4,070,000	$ 0.10	4,295,000	$ 0.10
Expired/cancelled	(2,155,000)	0.10	(225,000)	0.11
Balance, end of the year	1,915,000	$0.09	4,070,000	$0.10
Options exercisable, end of the year	1,915,000	$0.09	4,070,000	$0.10

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

d) Warrants

As at December 31, 2018 the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	Exercise Price	Expiry Date
8,107,143	$0.10	July 29, 2019*
8,107,143		

(*) On July 10, 2018 the Company received TSX Venture Exchange approval to extend the expiry date of 8,107,143 outstanding share purchase warrants from July 29, 2018 to July 29, 2019. The Company received initial TSX Venture Exchange approval to extend the expiry date from July 29, 2016 to July 29, 2017 on June 27, 2016, and subsequent approval to extend the expiry date from July 29, 2017 to July 29, 2018 on July 6, 2017. No value was attributed to the warrant extension.

Share purchase warrant transactions were as follows:

	December 31, 2018		December 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the year	8,107,143	$0.10	11,817,465	$0.10
Expired/cancelled	-	-	(3,710,322)	$0.09
Balance, end of the year	8,107,143	$0.10	8,107,143	$0.10
Warrants exercisable, end of the year	8,107,143	$0.10	8,107,143	$0.10

11. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in Canada and the United States. All of the Company’s capital assets are located in Canada.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the year ended December 31, 2018 consisted of the issuance of 100,000 common shares valued at $2,000 pursuant to the option of CL-25 property option agreement (Note 7) and the issuance of 5,268,933 common shares valued at $131,723 pursuant to debt settlement agreement with Independence Gold and Rand Explorations (Note 10b).

Significant non-cash investing and financing transactions during the year ended December 31, 2017 consisted of the issuance of 100,000 common shares valued at $3,500 pursuant to the option of CL-25 property option agreement (Note 7).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash and marketable securities is measured based on level 1 of the fair value hierarchy. The fair values of receivables, land use deposits, accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by carrying short-term investments, if any, with investment grade ratings. The Company's receivables consist primarily of sales tax receivables due from federal and provincial government agencies and receivables from exploration partners with whom the Company has established credit policies. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash is invested in interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company is not exposed to any significant interest rate risk.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk - The Company is exposed to price risk with respect to commodity, equity and marketable security prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of diamonds and precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders equity, consisting of common shares, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars)

15. INCOME TAXES

A reconciliation of current income and deferred taxes at statutory rates with reported taxes follows:

		2018		2017
Earnings (loss) before income taxes	$	231,072	$	(602,632)
Income tax recovery (recovery)	$	62,000	$	(157,000)
Changes in tax rates and other		(1,000)		(841,000)
Non-deductible expenses and permanent differences		-		(1,000)
Adjustments to prior years provision versus statutory tax return		14,000		-
Changes in unrecognized deductible temporary differences		(75,000)		999,000
Income tax (expense) recovery	$	-	$	-

The Canadian income tax rate declined during the year due to changes in the law that reduced corporate income tax rates in Canada.

The unrecognized deductible and taxable temporary differences, unused tax losses and unused tax credits are as follows:

		2018	expiry dates		2017
Equipment	$	1,080,000	not applicable	$	1,079,000
Financing costs		2,000	2039		8,000
Investment tax credit		2,422,000	2026 to 2033		2,421,000
Mineral properties		69,122,000	not applicable		68,716,000
Losses available for future periods		13,205,000	2026 to 2038		13,541,000

16. SUBSEQUENT EVENTS

On March 14, 2019, the Company entered into an agreement for sale with Mr. Doug McDonald to attain 100% interest in the Minnitaki property in exchange for $10,000.