CANTERRA
MINERALS CORPORATION
TSX-V: CTM

Consolidated Financial Statements

For the Year Ended

December 31, 2017

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Canterra Minerals Corporation

We have audited the accompanying consolidated financial statements of Canterra Minerals Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Canterra Minerals Corporation as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Canterra Minerals Corporation's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 18, 2018

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

	December 31 2017	December 31 2016
ASSETS		
Current		
Cash	$ 31,283	$ 44,857
Marketable securities (Note 4)	2,998	27,890
Receivables (Note 5)	22,974	9,065
	57,255	81,812
Land use deposits (Note 6)	4,000	4,000
Mineral properties (Note 7)	50,500	399,465
	$ 111,755	$ 485,277
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 8, 9)	$ 627,347	$ 401,737
	627,347	401,737
Shareholders' equity (deficit)		
Share capital (Note 10)	106,016,123	106,012,623
Reserves (Note 10)	147,381	156,367
Deficit	(106,679,096)	(106,085,450)
	(515,592)	83,540
	$ 111,755	$ 485,277

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on April 18, 2017

" Randy C 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 LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

	2017	2016
Expenses		
Business development	$ 1,445	$ 5,782
Insurance	2,489	31,570
Legal, audit and accounting	27,115	30,545
Management fees (Note 9)	111,750	118,250
Office and miscellaneous	33,811	42,719
Regulatory and transfer agent fees	12,261	22,613
Rent (Note 9)	42,000	42,000
Share-based compensation (Note 10e)	-	54,360
Travel	-	2,639
Wages and benefits	7,923	40,205
Exploration expenditures (Note 7)	74,855	284,927
	(313,649)	(675,610)
Interest income	279	166
Unrealized gain on marketable securities (Note 4)	3,508	102,075
Realized (loss)/gain on marketable securities (Note 4)	3,275	(53,062)
Write-down of mineral properties (Note 7)	(352,465)	(351,760)
Write-off of accounts payable	56,420	-
Flow through premium (Note 10c)	-	14,759
	(288,983)	(287,822)
Loss and comprehensive loss for the year	$ (602,632)	$ (963,432)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	84,442,786	82,996,483

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, 2017 and 2016 (Expressed in Canadian Dollars)

		2017		2016
Cash flows from operating activities				
Loss for the year	$	(602,632)	$	(963,432)
Items not affecting cash:				
Share-based compensation		-		54,360
Write-down of mineral properties		352,465		351,760
Realized (gain)/loss on marketable securities		(3,275)		53,062
Unrealized gain on marketable securities		(3,508)		(102,075)
Flow through premium		-		(14,759)
Write-off of accounts payable		(56,420)		-
Changes in non-cash working capital items:				
(Increase)/decrease in receivables		(13,909)		16,654
Increase in accounts payable and accrued liabilities		282,030		166,290
Net cash used in operating activities		(45,249)		(438,140)
Cash flows from investing activities				
Proceeds on sale of marketable securities		31,675		65,020
Acquisition of mineral properties		-		(65,000)
Net cash provided by investing activities		31,675		20
Change in cash during the year		(13,574)		(438,120)
Cash, beginning of the year		44,857		482,977
Cash, end of the year	$	31,283	$	44,857

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' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars)

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, December 31, 2015	82,195,937	$ 105,840,623	$ 125,023	$ (105,145,034)	$ 820,612
Issued for mineral properties (Note 7)	2,200,000	172,000	-	-	172,000
Share-based compensation (Note 10e)	-	-	54,360	-	54,360
Reserves transferred on expired options (Note 10d)	-	-	(23,016)	23,016	-
Loss for the year	-	-	-	(963,432)	(963,432)
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 10d)	-	-	(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)

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

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.

		2017		**2016**
Deficit	$	(106,679,096)	$	(106,085,450)
Working Capital/(Deficiency)	$	(570,092)	$	(319,925)

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 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 Loss and Comprehensive 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

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash and marketable securities are included in this category.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Receivables and land use deposits are included in this category.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provision for environmental rehabilitation *(continued)*

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.

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.

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, 2017:

IFRS 9, Financial Instruments:
IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2018.

The Company expects that this new IFRS standard will have an insignificant effect on its consolidated financial statements other than increased note disclosure.

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

4. MARKETABLE SECURITIES

As at December 31, 2017, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

	December 31, 2017		**December 31, 2016**	
	# of shares	**value**	**# of shares**	**value**
Skyharbour Resources Ltd. (Note 7)	-	$ Nil	53,000	$ 17,490
Margaret Lake Diamonds Inc. (Note 7)	54,500	2,998	65,000	10,400
		$ 2,998		**$ 27,890**

5. RECEIVABLES

The Company's receivables are as follows:

	December 31, 2017	**December 31, 2016**
GST receivable	$ 2,338	$ 2,176
Other receivable	20,636	6,889
Total	**$ 22,974**	**$ 9,065**

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.

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

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 interests in various mineral claims located in Canada, the acquisition costs of which are as follows:

	December 31 2017	December 31 2016
Northwest Territories, Canada		
Hilltop/Cache Property	$ -	$ 290,232
A 100% interest/An 80% interest. (Note 7a)		
King Property	-	-
A 100% interest. During fiscal 2015, the Company wrote-down acquisition costs of $80,588 associated to this property.		
Gwen Property	-	24,512
A 100% interest. (Note 7a)		
Marlin Property	-	-
A 100% interest. 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 must make cash payments of $80,000 ($60,000 received), issue 300,000 common shares (300,000 received at a value of $44,000) and incur $1,000,000 in exploration expenditures. During fiscal 2016, the option agreement with MLD was terminated.		
Rex Property	-	37,721
A 100% interest. (Note 7a)		
CL-25 Property	50,500	47,000
Up to a 70% interest. 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 (300,000 issued to date with an aggregate value of $15,500) and incur $1,000,000 in exploration expenditures ($7,393 incurred to date) by June 27, 2019. Upon completion of the initial 60% earn-in, the Company will have the right to exercise a second option for an additional 10% interest by making a cash payment of $100,000, issuing 500,000 shares and incurring further work commitments of $1,000,000 prior to June 27, 2021. After the Company has either earned 60% or if elected, the 70% earn-in, the Company and Magrum will form a joint venture for the purpose of continuing exploration and development of the Property. Upon formation, the joint venture has agreed to pay Magrum a 3% gross overriding royalty (the "GORR") on the appraised value of diamonds resulting from the property. The joint venture will have the right to purchase up to two-thirds of the GORR, exercisable at any time, by paying $1,000,000 for each 1%, for an aggregate purchase price of $2,000,000.		
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	$ -	$ -
Up to a 70% interest. 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 totaling $100,000 ($30,000 paid to date), issuing 2,000,000 million shares (2,000,000 issued to date with an aggregate value of $160,000) and incurring $1,000,000 in exploration expenditures ($73,525 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.		
Total Mineral Properties:	$ 50,500	$ 399,465

7a. During fiscal 2017, the Company wrote-down acquisition costs of $352,465 (December 31, 2016 - $351,760) associated with the Rex property, Gwen property and the Hilltop/Cache property.

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

7. MINERAL PROPERTIES *(continued)*

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**

During the year ended December 31, 2016, 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	$ 18,605	$ -	$ -	$ 17,861	$ 496	$ 2,152	$ 243	$ (11,720)	**$ 27,637**
NWT									
Hilltop/Cache	77,749	1,306	-	9,704	12,269	-	-	(57,674)	**43,354**
King	913	-	-	15,323	1,732	-	-	-	**17,968**
Carat	255	-	-	4,762	-	-	-	-	**5,017**
Gwen	375	1,868	-	1,568	3,581	-	-	-	**7,392**
Marlin	4,358	27,301	-	4,424	10,637	-	-	-	**46,720**
Prism	2,386	352	-	7,760	6,724	-	-	-	**17,222**
Rex	3,536	38,098	-	625	3,287	-	761	-	**46,307**
ONTARIO									
Other	31	-	-	592	-	-	-	-	**623**
SASKATCHEWAN									
West Carswell	57,237	14,911	-	-	539	-	-	-	**72,687**
	$ 165,445	**$ 83,836**	**$ -**	**$ 62,619**	**$ 39,265**	**$ 2,152**	**$ 1,004**	**$ (69,394)**	**$ 284,927**

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	December 31, 2017	December 31, 2016
Trade payables	$ 614,847	$ 340,067
Accrued liabilities	12,500	61,670
Total	**$ 627,347**	**$ 401,737**

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 includes 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, 2017	Year ended December 31, 2016
Management fees	$ 111,750	$ 118,250
Geological consulting fees	18,000	18,000
Share-based compensation*	-	47,042
Total	**$ 129,750**	**$ 183,292**

** Share-based compensation consists of options granted to key management.*
The value shown above is calculated using the Black-Scholes fair value method and does not represent actual amounts received.

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

	Year ended December 31, 2017	Year ended December 31, 2016
Rent	$ 42,000	$ 42,000
Accounting, investor relations, geology & other	75,364	76,371
Total	**$ 117,364**	**$ 118,371**

Included in receivables at December 31, 2017 is $Nil (2016 - $Nil) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at December 31, 2017 is $606,175 (2016 - $353,510) due to companies with directors and/or officers in common.

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, 2017 and 2016 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

b) Issued share capital

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.

During the year ended December 31, 2016 the Company issued 200,000 common shares with an aggregate value of $12,000 as consideration towards the acquisition of the CL-25 property and 2,000,000 common shares with an aggregate value of $160,000 as consideration towards the acquisition of the West Carswell property.

c) Flow-through share premium liability

The following is a continuity schedule of the liability portion of the flow-through share issuances:

Balance at December 31, 2015	**$**	**14,759**
Flow through premium liability		-
Settlement of flow-through share premium liability pursuant to qualified expenditures		(14,759)
Balance at December 31, 2016	**$**	**-**
Flow through premium liability		-
Settlement of flow-through share premium liability pursuant to qualified expenditures		-
Balance at December 31, 2017	**$**	**-**

d) 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, 2017, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	**Exercise Price**	**Expiry Date**
1,705,000	$0.10	April 24, 2018
570,000	$0.15	August 14, 2019
1,795,000	$0.08	May 2, 2021
4,070,000		

Stock option transactions are summarized as follows:

	December 31, 2017		**December 31, 2016**	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Balance, beginning of the year	4,295,000	$ 0.10	3,130,000	$ 0.11
Granted	-	-	1,820,000	0.08
Exercised	-	-	-	-
Expired/cancelled	(225,000)	0.11	(655,000)	0.10
Balance, end of the year	4,070,000	$0.10	4,295,000	$0.10
Options exercisable, end of the year	4,070,000	$0.10	4,295,000	$0.10

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

e) Share-based compensation

During the year ended December 31, 2017, the Company granted Nil (2016 – 1,820,000) stock options with a fair value of $Nil (2016 - $54,360) or $Nil (2016 - $0.03) per option. All options vest immediately on grant.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the noted years:

	2017	2016
Risk-free interest rate	-	0.79%
Expected life of options	-	5 years
Annualized volatility	-	118.22%
Dividend rate	-	-
Weighted average FV	-	$0.03

f) Warrants

As at December 31, 2017 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, 2018*
8,107,143		

(*) On July 7, 2017 the Company received TSX Venture Exchange approval to further extend the expiry date of 8,107,143 outstanding share purchase warrants from July 29, 2017 to July 29, 2018. 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. No value was attributed to the warrant extension.

Share purchase warrant transactions were as follows:

	December 31, 2017		December 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the year	11,817,465	$0.10	25,020,231	$0.18
Granted	-	-	-	-
Expired/cancelled	(3,710,322)	$0.09	(13,202,766)	$0.25
Balance, end of the year	8,107,143	$0.10	11,817,465	$0.10
Warrants exercisable, end of the year	8,107,143	$0.10	11,817,465	$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, 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).

Significant non-cash investing and financing transactions during the year ended December 31, 2016 consisted of the issuance of 200,000 common shares valued at $12,000 pursuant to the CL-25 property option agreement, and the issuance of 2,000,000 common shares valued at $160,000 pursuant to the West Carswell 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.

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.

For the years ended December 31, 2017 and 2016 (Expressed in Canadian Dollars)

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.

15. INCOME TAXES

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

		2017		2016
Loss before income taxes	$	(602,632)	$	(963,432)
Income tax recovery (recovery)	$	(157,000)	$	(250,000)
Changes in tax rates and other		(841,000)		-
Non-deductible expenses and permanent differences		(1,000)		(4,000)
Impact of flow-through shares		-		15,000
Expiration of non-capital losses		-		158,000
Changes in unrecognized deductible temporary differences		999,000		(73,000)
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:

		2017	expiry dates		2016
Equipment	$	1,079,000	not applicable	$	1,079,000
Financing costs		8,000	2037 to 2039		10,000
Investment tax credit		2,421,000	2026 to 2033		2,421,000
Mineral properties		68,716,000	not applicable		68,452,000
Losses available for future periods		13,541,000	2026 to 2037		12,974,000