



# CANTERRA

MINERALS CORPORATION

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TSX-V: CTM

**Consolidated Financial Statements**

**For the Year Ended**

**December 31, 2023**

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

## 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, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit 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 audit 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 incurred ongoing losses and has no source of recurring revenue. As stated in Note 1, these events and conditions 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.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that the matter described below to be a key audit matter to be communicated in our auditor's report.

### ***Assessment of Impairment Indicators of Mineral Properties***

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's Mineral Properties was \$15,598,134 as of December 31, 2023. As more fully described in Note 3 to the consolidated financial statements, management assesses Mineral Properties for indicators of impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.



The principal considerations for our determination that the assessment of impairment indicators of the Mineral Properties is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the Mineral Properties, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the Mineral Properties.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the Mineral Properties through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the Mineral Properties are in good standing.

### ***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 Accounting 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 24, 2024

**CANTERRA MINERALS CORPORATION**

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2023 and 2022 (Expressed in Canadian Dollars)

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,821,239	\$ 653,679
Marketable securities (Note 4)	121	69
Receivables (Note 5)	19,048	32,987
Prepaid expenses	60,917	-
	<u>1,901,325</u>	<u>686,735</u>
<b>Land use deposits</b> (Note 6)	4,000	4,000
<b>Mineral Properties</b> (Note 7)	15,958,134	4,418,068
	<u>\$ 17,863,459</u>	<u>\$ 5,108,803</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8,9)	\$ 279,044	\$ 897,085
	<u>279,044</u>	<u>897,085</u>
<b>Shareholders' equity</b>		
Share capital (Note 10)	120,169,273	116,267,566
Reserves (Note 10)	11,698,235	2,497,594
Deficit	<u>(114,283,093)</u>	<u>(114,553,442)</u>
	<u>17,584,415</u>	<u>4,211,718</u>
	<u>\$ 17,863,459</u>	<u>\$ 5,108,803</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 16)

Approved and authorized by the Board on April 24, 2024

*"Chris Pennimpede"*

Chris Pennimpede, CEO

*"Andrew Farncomb"*

Andrew Farncomb, Chairman

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, 2023 and 2022 (Expressed in Canadian Dollars)

	<u>2023</u>	<u>2022</u>
<b>Expenses</b>		
Business development	\$ 37,907	\$ 53,286
Insurance	20,760	20,434
Legal, audit and accounting	152,942	65,058
Consulting fees (Note 9)	157,922	84,000
Office and miscellaneous	45,867	30,904
Regulatory and transfer agent fees	44,491	72,098
Rent (Note 9)	16,080	16,080
Share-based compensation (Note 10c)	261,432	526,830
Travel	312	-
Wages and benefits	190,911	232,360
Exploration expenditures (Note 7)	94,467	2,646,563
	<u>(1,023,091)</u>	<u>(3,747,613)</u>
<b>Flow-through premium (Note 10)</b>	-	109,757
<b>Unrealized gain (loss) on marketable securities</b>	52	(828)
<b>Interest income</b>	9,669	-
	<u>9,721</u>	<u>108,929</u>
<b>Net loss and comprehensive loss for the year</b>	\$ <u>(1,013,370)</u>	\$ <u>(3,638,684)</u>
<b>Basic and diluted loss per common share</b>	\$ <u>(0.01)</u>	\$ <u>(0.05)</u>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	94,445,057	76,979,799

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, 2023 and 2022 (Expressed in Canadian Dollars)

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Loss for the year	\$ (1,013,370)	\$ (3,638,684)
Items not affecting cash:		
Share-based compensation	261,432	526,830
Unrealized gain (loss) on marketable securities	(52)	828
Flow-through premium	-	(109,757)
Changes in non-cash working capital items:		
Decrease in receivables	13,939	181,287
(Increase) decrease in prepaid expenses	(60,917)	37,848
(Decrease) increase in accounts payable and accrued liabilities	(618,041)	623,203
Net cash used in operating activities	<u>(1,417,009)</u>	<u>(2,378,445)</u>
<b>Cash flows from investing activities</b>		
Acquisition of mineral properties	(9,250)	(25,285)
Net cash used in investing activities	<u>(9,250)</u>	<u>(25,285)</u>
<b>Cash flows from financing activities</b>		
Issuance of common shares (net of share issuance costs)	2,593,819	(1,843)
Net cash provided by (used in) financing activities	<u>2,593,819</u>	<u>(1,843)</u>
<b>Change in cash during the year</b>	1,167,560	(2,405,573)
<b>Cash, beginning of the year</b>	653,679	3,059,252
<b>Cash, end of the year</b>	\$ <u>1,821,239</u>	\$ <u>653,679</u>

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**  
(Expressed in Canadian Dollars)

	<u>Share Capital</u>				
	<u>Number</u>	<u>Amount</u>	<u>Reserves</u>	<u>Deficit</u>	<u>Total</u>
Balance, December 31, 2021	76,803,772	\$ 115,838,245	\$ 2,932,874	\$ (111,505,704)	\$ 7,265,415
Issued for mineral properties	250,000	60,000	-	-	60,000
Share Issuance costs (Note 10b)	-	(1,843)	-	-	(1,843)
Share-based compensation (Note 10c)	-	-	526,830	-	526,830
Reserves transferred on expired warrants (Note 10d)	-	371,164	(962,110)	590,946	-
Loss for the year	-	-	-	(3,638,684)	(3,638,684)
Balance, December 31, 2022	77,053,772	\$ 116,267,566	\$ 2,497,594	\$ (114,553,442)	\$ 4,211,718
Issued for mineral properties	25,260,000	1,889,250	-	-	1,889,250
Issued on private placements (Note 10b)	46,301,353	2,688,599	-	-	2,688,599
Warrants issued on private placement (Note 10d)	-	(515,611)	515,611	-	-
Warrants issued for mineral properties	-	-	9,641,566	-	9,641,566
Share Issuance costs (Note 10b)	200,000	(160,531)	65,751	-	(94,780)
Share-based compensation (Note 10c)	-	-	261,432	-	261,432
Reserves transferred on expired warrants (Note 10d)	-	-	(1,022,057)	1,022,057	-
Reserves transferred on cancelled options (Note 10c)	-	-	(261,662)	261,662	-
Loss for the year	-	-	-	(1,013,370)	(1,013,370)
Balance, December 31, 2023	<u>148,815,125</u>	<u>\$ 120,169,273</u>	<u>\$ 11,698,235</u>	<u>\$ (114,283,093)</u>	<u>\$ 17,584,415</u>

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

# CANTERRA MINERALS CORPORATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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### 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 580 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company’s registered and records office is 2200 – 885 W Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

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.

	<b>2023</b>	<b>2022</b>
Deficit	\$ (114,283,093)	\$ (114,553,442)
Working capital (deficiency)	\$ 1,622,281	\$ (210,350)

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting 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 subsidiary. 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 subsidiary (Note 9). All significant intercompany transactions and balances have been eliminated upon consolidation.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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## 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 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:

### Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

### 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.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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### 3. MATERIAL ACCOUNTING POLICIES

#### 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.

#### 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 net 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 fair value of all share-based awards granted is recorded, at the measurement date fair value, as an asset or a charge to profit or loss and as a credit to contributed surplus under the graded attribution method.

The fair value of share-based awards granted to employees and others providing similar services which vest immediately is recorded at the date of grant. The fair value of share-based awards which vest in the future is recognized over the vesting period, as adjusted for the expected level of vesting of the options. The fair value of share-based awards is estimated using the Black-Scholes pricing model, with estimated volatility based on the historical volatility of the Company's share price.

Share-based awards granted to parties other than employees and those providing similar services are measured at the fair value of the goods and services received on the date of receipt. If the fair value of the goods and services received cannot be reliably measured, their value is estimated using the Black-Scholes option pricing model, with estimated volatility based on the historical volatility of the Company's share price.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 3. MATERIAL ACCOUNTING POLICIES *(continued)*

Any consideration received on the exercise of share-based awards together with the related portion of contributed surplus attributed to the exercised share-based awards is credited to share capital. When share-based awards expire unexercised the amounts recorded in contributed surplus with respect to those share-based awards are not reclassified within equity.

##### **Unit offerings**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued based on the relative fair value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

##### **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 applies the requirements of IFRS 9 – *Financial Instruments* (“IFRS 9”) which utilizes a model for recognition and measurement of financial instruments and a single, forward-looking “expected credit loss” impairment model.

The following is the Company’s 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.

##### *Measurement*

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.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 3. MATERIAL ACCOUNTING POLICIES *(continued)*

##### *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 loss and comprehensive 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.

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 loss and comprehensive loss.

##### *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 loss and comprehensive loss.

##### **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.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 3. MATERIAL ACCOUNTING POLICIES *(continued)*

##### **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.

##### **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

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 3. MATERIAL ACCOUNTING POLICIES *(continued)*

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.

##### **IFRS 16 Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

The Company has elected not to recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less or any leases of low dollar value. For the year ended December 31, 2023, rent expense of \$16,080 (2022 - \$15,220) has been incurred.

##### **New standards and standards not yet adopted**

*The Company adopted the following amendments to accounting standards, which are be effective for annual reporting periods beginning on or after January 1, 2023:*

*Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

*Definition of Accounting Estimates (Amendments to IAS 8)* – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company has not early adopted any other new accounting standards or amendments that have been issued but not yet effective.

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

**4. MARKETABLE SECURITIES**

As at December 31, 2023, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

	December 31, 2023		December 31, 2022	
	# of shares	value	# of shares	value
Margaret Lake Diamonds Inc.	3,450	\$ 121	3,450	\$ 69

**5. RECEIVABLES**

The Company's receivables are as follows:

	December 31, 2023		December 31, 2022	
Accounts receivable	\$	19,048	\$	32,987

**6. LAND USE DEPOSITS**

Land use deposits are interest-bearing and are held by major financial institutions 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.

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

**7. MINERAL PROPERTIES (continued)**

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

	December 31, 2023	December 31, 2022
<b>Newfoundland, Canada</b>		
<b>Wilding Lake</b>	\$ 2,401,918	\$ 2,379,318
<i>A 100% interest (up to 3.5% NSR)</i>		
<b>Lemarchant</b>	2,038,750	2,038,750
<i>A 100% interest (up to 2.0% NSR)</i>		
<b>Buchans Mine</b>	8,056,871	-
<i>A 100% interest (up to 3.0% NSR)</i>		
<b>South Tally Pond</b>	1,219,982	-
<i>A 100% interest</i>		
<b>Tulks South</b>	955,726	-
<i>A 100% interest (up to 2.0% NSR on the Boomerang deposit)</i>		
<b>Lake Douglas</b>	383,171	-
<i>A 100% interest</i>		
<b>Silver Pond</b>	378,767	-
<i>A 100% interest</i>		
<b>Tulks North</b>	215,809	-
<i>A 100% interest (up to 1.5% NSR on Daniel's Pond deposit and up to 3.0% NSR on the Bobby's Pond deposit)</i>		
<b>Gander</b>	211,405	-
<i>A 100% interest</i>		
<b>Tulks Hill</b>	88,085	-
<i>A 100% interest (up to 3.5% NSR)</i>		
<b>Ontario, Canada</b>		
<b>Ring of Fire</b>	7,650	-
<i>A 100% interest.</i>		
<b>Northwest Territories, Canada</b>		
<b>Marlin Property</b>	-	-
<i>A 100% interest.</i>		
<b>Alberta, Canada</b>		
<b>Buffalo Hills Property</b>	-	-
<i>A 50% interest. During fiscal 2013, the Company wrote-down acquisition costs of \$8,278,519 associated with this property.</i>		
<b>Total Mineral Properties</b>	<b>\$ 15,598,134</b>	<b>\$ 4,418,068</b>

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 7. MINERAL PROPERTIES *(continued)*

##### **Newfoundland, Canada**

On December 17, 2020, the Company acquired Teton Opportunities Inc. ("Teton"), a private company incorporated under the laws of British Columbia, Canada which held an option agreement with Altius Resources Inc. ("Altius") for the Wilding Lake Project ("Wilding Lake") located in the Province of Newfoundland, Canada. The total purchase price of \$2,042,533 was effected by way of share exchange whereby the Company issued 9,677,250 common shares and 4,398,750 warrants in exchange for all the issued and outstanding securities held by Teton shareholders. Teton is now a wholly owned subsidiary of the Company and the Company satisfied the option agreement to own 100% of the property. The property is subject to a 2% Net Smelter Return ("NSR") payable to Altius and 1.5% NSR payable to the original property owners. The Company may buyback 1% of the NSR held by the original property owners by payment of \$1,000,000.

On November 15, 2021, the Company completed the previously announced acquisition of mineral rights to four resource staged projects in central Newfoundland, adding 67 km<sup>2</sup> to the Newfoundland property position. The projects were acquired from NorZinc Ltd. and its affiliate NorZinc-Newfoundland Ltd. ("NorZinc") for \$250,000 in cash and 6,625,000 common shares valued at \$1,788,750.

On April 18, 2022, the Company issued 250,000 shares to Sokoman Minerals Corp. as part of the East Alder agreement, with a fair value of \$60,000. In the second quarter of 2022, the Company staked additional ground at Wilding Lake for \$22,750 and at Noel-Paul for \$2,535.

On April 18, 2023, the Company issued 250,000 shares to Sokoman Minerals Corp. as part of the East Alder agreement, with a fair value of \$15,000, and a further 100,000 shares, with a fair value of \$6,000 on June 27, 2023, as part of an amendment to the East Alder agreement. In the third quarter of 2023, the Company paid holding costs at Noel Paul for \$1,600.

On December 20, 2023, the Company completed an asset purchase agreement (the "APA") with Buchans Resources Limited and its subsidiary Buchans Minerals Corporation, whereby various critical and precious metals projects in central Newfoundland were acquired for total consideration of \$11,509,816 consisting of 24,910,000 common shares valued at \$1,868,250 and warrants to acquire 128,554,216 common shares valued at \$9,641,566 (note 10b).

##### **Ontario, Canada**

The Company holds 100% interest in the Ring of Fire property which was staked in July 2023 for \$7,650.

##### **Northwest Territories, Canada**

The Company holds 100% interest in the Marlin property which have been written down to a value of \$nil in prior years.

##### **Alberta, Canada**

On May 11, 2023 the Company increased its interest in the Buffalo Hills property, located in Alberta, Canada, from 33.34% to 50%, due to a Quitclaim, Surrender and Assignment of Interest Agreement signed by Ovintiv Canada ULC.

**CANTERRA MINERALS CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

**7. MINERAL PROPERTIES (continued)**

During the year ended December 31, 2023, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the year
<b>NEWFOUNDLAND</b>								
Wilding Lake	\$ 7,377	\$ -	\$ -	\$ 2,097	\$ 23,697	\$ -	\$ (77,400)	\$ (44,229)
Noel-Paul	-	-	-	2,096	9,128	-	-	11,224
VMS Projects	33,139	-	19,396	20,146	48,586	-	-	121,267
<b>ALBERTA</b>								
Buffalo Hills	-	-	-	17,187	-	-	(14,779)	2,408
<b>ONTARIO</b>								
Ring of Fire	-	-	-	-	3,797	-	-	3,797
	<b>\$ 40,516</b>	<b>\$ -</b>	<b>\$ 19,396</b>	<b>\$ 41,526</b>	<b>\$ 85,208</b>	<b>\$ -</b>	<b>\$ (92,179)</b>	<b>\$ 94,467</b>

During the year ended December 31, 2022, the Company incurred exploration expenditures as follows:

	Geology & Geophysics	Field Sampling	Drilling	Land Use & Tenure	Data Evaluation	Safety & Reclamation	Recoveries	Total for the year
<b>NEWFOUNDLAND</b>								
Wilding Lake	\$ 581,345	\$ 120,637	\$ 956,298	\$ 44,248	\$ 387,854	\$ -	\$ (60,350)	\$ 2,030,032
Noel-Paul	175,870	21,114	-	9,506	61,347	-	-	267,836
VMS Projects	232,602	-	23,359	65,893	58,949	-	(31,327)	349,476
<b>ALBERTA</b>								
Buffalo Hills	-	-	-	17,069	-	-	(17,850)	(781)
	<b>\$ 989,817</b>	<b>\$ 141,751</b>	<b>\$ 979,657</b>	<b>\$ 136,716</b>	<b>\$ 508,150</b>	<b>\$ -</b>	<b>\$ (109,527)</b>	<b>\$ 2,646,563</b>

**8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	December 31, 2023	December 31, 2022
Trade payables	\$ 182,044	\$ 865,998
Accrued liabilities	97,000	31,087
<b>Total</b>	<b>\$ 279,044</b>	<b>\$ 897,085</b>

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

#### 9. RELATED PARTY TRANSACTIONS

These consolidated financial statements also include the Company's wholly owned subsidiary, Teton Opportunities Inc. ("Teton").

##### *Key Management Personnel and Directors*

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, 2023	Year ended December 31, 2022
Consulting fees	\$ 150,280	\$ 72,000
Wages & Salaries	121,262	87,806
Share-based compensation	228,059	369,919
Total	<b>\$ 499,601</b>	<b>\$ 529,725</b>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Rent	\$ 16,080	\$ 16,080
Accounting, investor relations, geology & other	28,100	61,749
Total	<b>\$ 44,180</b>	<b>\$ 77,829</b>

Included in accounts payable and accrued liabilities at December 31, 2023 is \$153,506 (December 31, 2022 - \$5,248) due to companies with directors and/or officers in common.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 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.

b) Issued share capital

On December 20, 2023, the Company completed a non-brokered private placement and issued 23,670,753 flow-through shares at \$0.065 for gross proceeds of \$1,538,599. The Company paid \$80,460 in finders fees, \$14,320 in legal and filing fees and issued an aggregate of 1,260,945 finder's warrants to arm's length parties valued at \$65,751 (Note 10(d)).

On December 20, 2023, the Company completed a mineral property purchase agreement with Buchans Resources Limited ("BRL"), an arms-length non-listed Reporting Issuer, and its subsidiary Buchans Minerals Corporation. The acquisition of the Properties (the "Acquisition") was a cashless transaction, with the consideration comprising (a) 24,910,000 common shares (the "Consideration Shares") of the Company valued at \$1,868,250, representing an approximate 19.9% ownership interest at closing, and (b) 128,554,216 common share purchase warrants (the "Consideration Warrants") of the Company valued at \$9,641,566 exchangeable for common shares of the Company within two years of closing (subject to extension in certain circumstances), for no additional consideration, upon (a) the transfer of the Properties that are considered material to the Company; (b) the approval by the TSX Venture Exchange (the "TSXV") and filing by the Company of an independent technical report on the historical Buchans mine and Lundberg deposit (the "Technical Report"); and (c) following subsequent actions of Buchans Minerals Corporation, the holder of the Consideration Warrants, and BRL, the distribution of up to all of the common shares to be received on exchange of the Consideration Warrants (the "Distributed Shares") to the shareholders of BRL (the "BRL Shareholders"), provided that: (i) such exchange and distribution will not result in a Change of Control of the Company or the creation of a new Control Person of the Company; (ii) in respect of the Distributed Shares, BRL directs the Company to issue such Distributed Shares directly to BRL Shareholders and shall not be a holder of such Distributed Shares at any time; and (iii) in the event that such exchange and distribution results in the creation of a new Insider, the BRL Shareholder shall have filed and obtained clearance of a personal information form or declaration, as applicable, with the TSXV.

On June 27, 2023, the Company issued 100,000 common shares to Sokoman Minerals Corp. with a fair value of \$6,000. This issuance was pursuant to an amendment to the East Alder gold project agreement (part of the Wilding Lake Gold Project) in central Newfoundland.

On April 24, 2023, the Company completed a non-brokered private placement and issued 1,847,000 flow-through shares at \$0.06 for gross proceeds of \$110,820 and 20,783,600 units at \$0.05 per unit for gross proceeds of \$1,039,180, for total gross proceeds of \$1,150,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.075 until April 24, 2028. The warrants were assigned a relative fair value of \$515,611 recorded in contributed surplus. In connection with the private placement, 200,000 common shares valued at \$12,000 were issued as finders' fees.

On April 18, 2023, the Company issued 250,000 common shares to Sokoman Minerals Corp. with a fair value of \$15,000. This issuance was pursuant to an option agreement to acquire 100% of the East Alder gold project (part of the Wilding Lake Gold Project) in central Newfoundland.

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

**10. SHARE CAPITAL AND RESERVES (continued)**

On April 18, 2022, the Company issued 250,000 common shares to Sokoman Minerals Corp. with a fair value of \$60,000. This issuance was pursuant to an option agreement to acquire 100% of the East Alder gold project (part of the Wilding Lake Gold Project) in central Newfoundland.

## 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, 2023, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Options	Exercise Price	Expiry Date
1,872,500	\$0.34	March 19, 2026
2,067,500	\$0.31	October 18, 2026
3,000,000	\$0.07	May 11, 2028
250,000	\$0.07	June 7, 2028
<b>7,190,000</b>		

Stock option transactions are summarized as follows:

	December 31, 2023		December 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of the year	4,865,000	\$ 0.32	4,740,000	\$ 0.32
Granted	3,250,000	0.07	125,000	0.31
Expired/cancelled	(925,000)	0.31	-	-
Balance, end of the year	7,190,000	\$ 0.21	4,865,000	\$ 0.32
Options outstanding and exercisable, end of the year	7,190,000	\$ 0.21	4,148,125	\$ 0.32

During the year ended December 13, 2023, the Company granted 3,250,000 stock options (December 31, 2022: 125,000) with a fair value of \$222,175 (December 31, 2022: \$33,807). All options fully vested and \$261,432 was expensed in 2023 (December 31, 2022: \$526,830). The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2023	2022
Risk-free interest rate	1.66%	0.47%
Expected life of options	5.0 years	5.0 years
Annualized volatility	201.2-201.4%	215.0%
Weighted average FV	\$ 0.07	\$ 0.27
Expected dividend rate	0%	0%

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

**10. SHARE CAPITAL AND RESERVES (continued)**

## d) Warrants

As at December 31, 2023, the Company had outstanding share purchase warrants, enabling the holders to acquire further common shares as follows:

Number of Warrants	Exercise Price	Expiry Date
20,783,600	\$0.075	April 24, 2028
1,260,945	\$0.065	December 20, 2025
128,554,216	-	December 20, 2025
<b>150,598,761</b>		

Share purchase warrant transactions were as follows:

	December 31, 2023		December 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of the year	7,197,930	\$ 0.29	16,596,680	\$ 0.26
Issued	150,598,761	0.01	-	-
Expired	(7,197,930)	0.29	(9,398,750)	0.24
Balance, end of the year	150,598,761	0.01	7,197,930	0.29
Warrants exercisable, end of the year	150,598,761	\$ 0.01	7,197,930	\$ 0.29

On June 29 2023, 7,197,930 warrants expired unexercised related to the June 2021 private placement financing. The relative fair value of \$1,022,057 related to these warrants was reclassified to share capital on expiry.

The following weighted-average assumptions were used for the Black-Scholes valuation of share purchase warrants issued during the year:

	2023	2022
Risk-free interest rate	3.06 – 3.87%	-
Expected life of options	2 - 5 years	-
Annualized volatility	134.54 – 218.25%	-
Weighted average FV	\$0.05 – 0.06	-
Expected dividend rate	0%	-

**11. SEGMENT INFORMATION**

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

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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#### 12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the year ended December 31, 2023 consisted of the following:

- Issuance of 350,000 common shares with a fair value \$21,000 to Sokoman Minerals for mineral property interest (Note 10b).
- Issuance of 24,910,000 common shares with a fair value of \$1,868,250 to Buchans Resources Limited for mineral property interest (Note 10b).
- Value of \$65,751 was assigned to finders' warrants issued as part of a private placement (Note 10b)
- Value of \$9,641,566 was assigned to consideration warrants to Buchans Resources Limited for mineral property interest.
- Issuance of 200,000 common shares valued at \$12,000 as finders' fees on a private placement.

Significant non-cash investing and financing transactions during the year ended December 31, 2022 consisted of the following:

- Issuance of 250,000 common shares with a fair value \$60,000 for mineral property interest (Note 10b).

#### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

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 and 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 receivable 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.

## CANTERRA MINERALS CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

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

*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.

**CANTERRA MINERALS CORPORATION**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022 (Expressed in Canadian Dollars)

**15. INCOME TAXES**

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

	<b>2023</b>	<b>2022</b>
Loss before income taxes	\$ (1,013,370)	\$ (3,638,684)
Income tax recovery (recovery)	\$ (274,000)	\$ (982,000)
Changes in tax rates and other	(1,000)	(1,000)
Permanent differences	71,000	112,000
Impact of flow through shares	-	299,000
Share issue cost	(29,000)	-
Adjustments to prior years provision versus statutory tax return	1,636,000	432,000
Changes in unrecognized deductible temporary differences	(1,403,000)	140,000
Income tax (expense) recovery	\$ -	\$ -

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

	<b>2023</b>	<b>expiry dates</b>	<b>2022</b>	<b>expiry dates</b>
Mineral properties	\$ 61,980,000	No expiry date	\$ 67,956,000	No expiry date
Investment tax credit	2,422,000	2026 to 2033	2,422,000	2026 to 2033
Equipment	1,082,000	No expiry date	1,082,000	No expiry date
Share issue costs	260,000	2024 to 2047	265,000	2042 to 2046
Losses available for future periods	\$ 5,380,000	2026 to 2043	\$ 4,599,000	2026 to 2042

**16. SUBSEQUENT EVENTS**

On February 9, 2024, the Company granted 2,770,000 stock options with an exercise price of \$0.08 for 5 years to directors, executives, employees and consultants with a fair value of \$187,624.

On March 18, 2024, the Company granted 3,076,302 stock options with an exercise price of \$0.07 for 5 years to advisors and consultants with a fair value of \$211,496.