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Condensed Interim Financial Statements

Three Months Ended March 31, 2012 and 2011

(Expressed in Canadian Dollars)

(Unaudited)

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NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company for the three months ended March 31, 2012 and comparatives for the three months ended March 31, 2011 were prepared by management and have not been reviewed or audited by the Company's auditors.

Valterra Resource Corporation

(An Exploration Stage Company)
Condensed Interim Statements of Comprehensive Loss
Three Months Ended March 31, 2012 and 2011
(Expressed in Canadian Dollars, Unaudited)

	Note	2012	2011
Operating Expenses			
Administration		$ 7,290	$ 6,717
Consulting		1,500	1,500
Exploration and evaluation	3(d)	38,188	125,871
Investor relations		7,924	11,909
Office and general		8,006	12,600
Professional fees		37,694	33,073
Regulatory fees and taxes		17,214	7,408
Shareholders' communications		(321)	561
Transfer agent		1,133	1,494
Travel and promotion		555	9,653
Total Operating Expenses		**119,183**	**210,786**
Other Items			
Interest income		(38)	-
Mineral property impairment	3	216	-
Total Other Items		**178**	**-**
Loss Before Tax		**119,361**	**210,786**
Deferred income tax expense (recovery)		-	(3,000)
Net Loss for the Period		**119,361**	**207,786**
Other Comprehensive Loss			
Unrealized gain on investment, net of taxes		-	(21,000)
Comprehensive Loss for the Period		**$ 119,361**	**$ 186,786**
Loss per share - basic and diluted		$ 0.00	$ 0.00
Weighted average number of common shares outstanding		93,343,619	62,692,266

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

Valterra Resource Corporation

(An Exploration Stage Company)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars, Unaudited)

	Note	March 31 2012	December 31 2011
Assets			
Current			
Cash		$ 77,331	$ 161,636
Receivables		9,643	13,588
Prepaid and deposits		14,574	8,329
		101,548	**183,553**
Non-current			
Mineral properties	3	541,310	532,890
Reclamation bonds	4	45,000	45,000
		586,310	**577,890**
Total Assets		**$ 687,858**	**$ 761,443**
Liabilities			
Current			
Bank indebtedness	5	$ 193,969	$ 196,711
Accounts payable and accrued liabilities		87,959	68,604
Due to related parties	6	63,506	36,593
		345,434	**301,908**
Shareholders' Equity (Deficit)			
Share capital	8	10,782,927	10,780,677
Contributed Surplus		440,932	440,932
Deficit		(10,881,435)	(10,762,074)
Total Shareholders' Equity (Deficit)		**342,424**	**459,535**
Total Liabilities and Equity		**$ 687,858**	**$ 761,443**

Approved on behalf of the Board

"Lawrence Page"	*"Derek Page"*
Lawrence Page, Q.C.	Derek Page
Director	Director

Valterra Resource Corporation
(An Exploration Stage Company)
Condensed Interim Statements of Changes in Equity
Three Months Ended March 31, 2012 and 2011
(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		Accumulated Other	Total
	Number of Shares	Amount	Payment Reserve	Deficit	Comprehensive Income (Loss)	Shareholders' Equity (Deficit)
Balance as at December 31, 2010	**62,665,862**	**$ 9,443,488**	**$ 477,544**	**$ (9,866,588)**	**$ 3,750**	**$ 58,194**
Issued						
Private placements - non-flow-through	18,124,460	906,224	-	-	-	906,224
Private placements - flow-through	8,220,000	411,000	-	-	-	411,000
Shares for mineral property payment	925,000	47,250	-	-	-	47,250
Subtotal	27,269,460	1,364,474	-	-	-	1,364,474
Share issue costs	-	(124,815)	52,708	-	-	(72,107)
Fair value of warrants issued for mineral property	-	-	28,009	-	-	28,009
Change in fair value of investment	-	-	-	-	21,000	21,000
Net loss for the period	-	-	-	(207,786)	-	(207,786)
Balance as at March 31, 2011	**89,935,322**	**$ 10,683,147**	**$ 558,261**	**$ (10,074,374)**	**$ 24,750**	**$ 1,191,784**
Balance as at December 31, 2011	**93,340,322**	**$ 10,780,677**	**$ 440,932**	**$ (10,762,074)**	**$ -**	**$ 459,535**
Issued						
Shares for mineral property payment	150,000	2,250	-	-	-	2,250
Subtotal	150,000	2,250	-	-	-	2,250
Net loss for the period	-	-	-	(119,361)	-	(119,361)
Balance as at March 31, 2012	**93,490,322**	**$ 10,782,927**	**$ 440,932**	**$ (10,881,435)**	**$ -**	**$ 342,424**

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

Valterra Resource Corporation
(An Exploration Stage Company)
Condensed Interim Statements of Cash Flows
Three Months Ended March 31, 2012 and 2011
(Expressed in Canadian Dollars, Unaudited)

Cash provided by (used for):	**2012**	**2011**
Operating Activities		
Net loss for the period	$ (119,361)	$ (207,786)
Items not involving cash:		
Mineral property impairment	216	-
Deferred income tax expense (recovery)	-	(3,000)
	(119,145)	(210,786)
Changes in Non-Cash Working Capital		
Receivables	3,945	15,551
Prepaid and deposits	(6,245)	(5,147)
Bank indebtedness	(2,742)	(2,744)
Accounts payable and accrued liabilities	19,355	(38,237)
Due to related parties	26,913	(20,248)
	41,226	(50,825)
Cash Used in Operating Activities	**(77,919)**	**(261,611)**
Investing Activities		
Acquisition of mineral properties	(6,386)	(136,656)
Cash Used in Investing Activities	**(6,386)**	**(136,656)**
Financing Activity		
Common shares issued for cash, net	-	1,245,117
Cash Provided by Financing Activities	**-**	**1,245,117**
(Decrease) Increase in Cash During the Period	**(84,305)**	**846,850**
Cash, Beginning of the Period	161,636	250,111
Cash, End of the Period	$ **77,331**	$ **1,096,961**

Supplemental cash flow information (Note 9)

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

1. Nature and Continuance of Operations and Going Concern

Valterra Resource Corporation (the "Company") was incorporated in Alberta on September 26, 1996, continued to the Yukon on May 8, 1997 and subsequently continued to British Columbia on February 22, 2008.

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties. All current properties are located in British Columbia, Canada. The Company's registered office is 950 - 1100 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, and establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect present or future value.

These condensed interim financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2012, the Company had a working capital deficiency of $243,886 (December 31, 2011: $118,355). The Company incurred a net loss of $119,361 for the three months ended March 31, 2012 (2011: $207,786) and had an accumulated deficit of $10,881,435 as at March 31, 2012 (December 31, 2011: $10,762,074).

The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of share capital to finance future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. Inability to secure future financing would have a material adverse effect on the Company's business, results of operations and financial condition.

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

2. Basis of Preparation

These condensed interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* on a historical cost basis using the accrual basis of accounting, except for cash flow information. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2011.

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

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

The Company's functional and presentation currency is the Canadian dollar.

3. Mineral Properties

The Company has interests in three mineral properties called Star, Swift Katie and Toughnut. All the properties are located near the towns of Nelson and Salmo, British Columbia. Effective January 5, 2012, the Company and the optionors terminated the option agreement to acquire the Rozan property.

A summary of total mineral property acquisition costs as at March 31, 2012 is as follows:

	Star $	Swift Katie $	Toughnut $	Rozan $	Total $
Acquisition costs					
Balance as at December 31, 2010	59,963	136,642	53,802	9,490	259,897
Additions during the year	27,424	216,917	38,142	63,969	346,452
Impairments during the year	-	-	-	(73,459)	(73,459)
Balance as at December 31, 2011	87,387	353,559	91,944	-	532,890
Additions during the period	-	1,054	7,366	216	8,636
Impairments during the period	-	-	-	(216)	(216)
Balance as at March 31, 2012	**87,387**	**354,613**	**99,310**	**-**	**541,310**

(a) Star Property

Pursuant to an agreement dated May 13, 2008, the Company can earn a 100% undivided interest in the Star Property subject to a net smelter return royalty ("NSR") of 3% with a buy-down option to 2% before the commencement of commercial production for US $1,500,000. To earn a 100% undivided interest in the Star Property, the Company is required to make staged payments totaling US $300,000 and incur total exploration expenditures of $400,000 (incurred). Remaining staged payments are as follows:

(i) US $30,000 on or before May 13, 2012 (paid subsequent to period end); and
(ii) US $40,000 on or before May 13, 2013, 2014 and 2015; US $50,000 on or before May 13, 2016; and US $30,000 on or before May 13, 2017.

3. Mineral Properties, continued

(a) Star Property, continued

In order to facilitate the Star option payment due on May 13, 2010, as per the option agreement, the Company issued promissory notes to one director/officer and three consultants of the Company for $25,494. As at March 31, 2012, the remaining amount outstanding is $7,625 (December 31, 2011: $7,625) and is included in due to related parties.

(b) Swift Katie Property

Pursuant to an agreement dated July 21, 2006, as amended, Manex Resource Group Inc. ("Manex"), a private company controlled by the President of the Company, acquired an option from the optionors to purchase the Swift Katie Property. The option was assigned by Manex to the Company for $2,500.

Pursuant to the amended option agreement dated December 18, 2008, and a subsequent amendment dated September 14, 2011, the Company now owns a 100% interest in the property.

The optionors of the property retain a 3% NSR interest in the property. The Company has the option to purchase one-half of the NSR for $1,000,000 per 1% at any time prior to the commencement of commercial production.

Beginning December 31, 2012 and annually thereafter, the Company is required to make an annual advance minimum royalty (“AMR”) payment of $50,000. These payments will be adjusted annually according to the Consumer Price Index (“CPI”) base of December 31, 2006 and are deductible from future NSR royalty payments.

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 250,000 common shares to the optionors and if the Company achieves commercial production, the Company will issue 500,000 common shares to the optionors.

(c) Toughnut Property

On March 10, 2009, the Company entered into an option agreement to acquire a 100% undivided interest in the Toughnut Property.

On March 16, 2009, March 4, 2010 and March 10, 2012, the agreement was amended for the requirements on cash payments, exploration expenditures, and share issuances. Pursuant to the amended agreement to acquire a 100% interest in the property, the Company is required to make staged payments totaling $200,000, incur total exploration expenditures of $1,250,000, and issue 550,000 of its common shares to the optionors over five years.

(Expressed in Canadian Dollars, Unaudited)

3. Mineral Properties, continued

(c) Toughnut Property, continued

Remaining share issues, staged payments and exploration commitments are due as follows:

(i) Pay $40,000 on or before July 31, 2012, and incur not less than an aggregate $750,000 ($658,390 incurred to March 31, 2012) of exploration expenditures on or before September 30, 2012;

(ii) Issue 50,000 common shares, pay $40,000 and incur not less than an aggregate $1,000,000 of exploration expenditures on or before March 10, 2013; and

(iii) Issue 100,000 common shares, pay $50,000 and incur not less than an aggregate $1,250,000 of exploration expenditures on or before March 10, 2014.

The optionors of the Toughnut Property retain a 1% NSR on three mineral claims and 2% NSR on the reminder of the property. The Company has the option to purchase one-half of the NSR by making a payment of $1,000,000.

In addition to the NSR of 1% on the three mineral claims, there is an underlying royalty, pursuant to which third parties are entitled to a 1% NSR on these three mineral claims, up to a maximum aggregate amount of $1,000,000.

(d) Mineral Property Exploration Expenditures

Exploration expenditures incurred for the three months ended March 31, 2012 were as follows:

	Star $	Swift Katie $	Toughnut $	Rozan $	Total $
Assays and analysis	804	536	1,339	-	**2,679**
Geological services	1,057	1,835	1,057	-	**3,949**
Project supervision	8,820	10,920	10,290	1,530	**31,560**
Total mineral property exploration expenditures	**10,681**	**13,291**	**12,686**	**1,530**	**38,188**

Exploration expenditures incurred for the three months ended March 31, 2011 were as follows:

	Star $	Swift Katie $	Toughnut $	Rozan $	Total $
Assays and analysis	5,273	-	14,896	-	**20,169**
Camp and supplies	518	-	430	-	**948**
Equipment rental and field supplies	383	115	145	-	**643**
Geological services	18,047	352	23,870	4,000	**46,269**
Project supervision	17,018	7,123	17,795	15,818	**57,754**
Travel	-	-	88	-	**88**
Total mineral property exploration expenditures	**41,239**	**7,590**	**57,224**	**19,818**	**125,871**

4. Reclamation Bonds

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

As at March 31, 2012, the amount on deposit was $45,000 (December 31, 2011: $45,000), of which $35,000 is for the Swift Katie Property, and $10,000 is for the Star Property.

5. Bank Indebtedness

Bank indebtedness is due on demand, bears interest at prime plus 1% per annum, and is secured by a letter of credit from Schroders (C.I.) supported by a guarantee by a company owned by a shareholder of the Company. Under the credit facility letter, the Company is required to obtain written consent from the bank prior to paying or declaring any dividends, reducing its share capital, reorganizing, or changing control. The balance outstanding as at March 31, 2012 was $193,969 (December 31, 2011: $196,711).

6. Related Party Balances and Transactions

In addition to those transactions disclosed elsewhere in these interim financial statements, the Company entered into the following related party transactions during the three months ended March 31, 2012:

(a) Under a service agreement, as amended, between the Company and a company privately held by a director and officer of the Company, the Company was charged as follows:

- $6,000 (2011: $6,000) for office space and general administration services, included in administration expenses;
- $3,000 (2011: $3,000), included in professional fees;
- $1,500 (2011: $1,500), included in consulting;
- $1,500 (2011: $1,500), included in investor relations;
- $31,560 (2011: $58,809) for geological consulting services in relation to mineral properties; and
- $814 (2011: $717) in respect of the mark-up on out-of-pocket expenses, included in administration expenses.

Amounts payable as at March 31, 2012 under the agreement were $28,115 (December 31, 2011: $597).

(b) Fees charged by a law firm privately held by a director and officer of the Company were as follows:

- $3,255 (2011: $17,511), included in professional fees;
- $2,125 (2011: $1,320), for legal consulting services in relation to mineral properties; and
- $Nil (2011: $13,857), included in share issue costs.

Amounts payable as at March 31, 2012 were $3,091 (December 31, 2011: $3,696).

6. Related Party Balances and Transactions, continued

(c) In order to facilitate the Star option payment due on May 13, 2010 as per the option agreement, the Company issued promissory notes to one director/officer and three consultants for $25,494. Amounts payable as at March 31, 2012 were $7,625 (December 31, 2011: $7,625).

(d) Consulting fees relating to corporate development and financing activities of $Nil (2011: $6,500) were charged by a private company controlled by a former director of the Company. Amounts payable as at March 31, 2012 were $24,675 (December 31, 2011: $24,675).

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company.

With the exception of consulting fees in the amount of $1,500 (2011: $1,500) paid for CFO services (disclosed in (a) above), the Company did not provide any other form of remuneration or share-based payments to directors and other members of key management personnel. The Company neither paid nor has any other employee or post-employment benefits.

7. Segmented Information

The Company reports segmented information based on its operating and geographic segments. The Company's operations are primarily directed towards the acquisition, exploration, and ultimate development of gold and other precious metals with regard to mineral properties held in British Columbia, Canada.

8. Share Capital

(a) Authorized

(i) Unlimited common shares without par value; and
(ii) Unlimited preferred shares without par value.

(b) Shares Issued for Mineral Property

On March 29, 2012, the Company issued 150,000 common shares to the optionors of the Toughnut Property as per the amended option agreement. The fair value based on the quoted market price was $0.015 per share.

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(c) Stock Options

The Company has a rolling stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of stock options granted under the Plan may not exceed ten years and the exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant, less any permitted discount. On an annual basis, the Plan requires approval by the Company's shareholders and submission for regulatory review and acceptance.

A summary of the stock options outstanding and exercisable as at March 31, 2012 and 2011 are provided below:

Exercise Price	Weighted Average Fair Value	Expiry Date	Balance December 31, 2011	Expired	Balance March 31, 2012
$0.25	$0.17	October 9, 2012	1,200,000	-	1,200,000
$0.10	$0.06	February 24, 2014	50,000	-	50,000
$0.10	$0.09	August 11, 2014	1,385,000	-	1,385,000
$0.10	$0.02	November 17, 2016	400,000	-	400,000
			3,035,000	**-**	**3,035,000**
Weighted average exercise price			$0.16		$0.16
Weighted average contractual life remaining in years			2.18		1.93

Exercise Price	Weighted Average Fair Value	Expiry Date	Balance December 31, 2010	Expired	Balance March 31, 2011
$0.25	$0.17	October 9, 2012	1,260,000	50,000	1,210,000
$0.10	$0.06	February 24, 2014	50,000	-	50,000
$0.10	$0.09	August 11, 2014	1,455,000	50,000	1,405,000
			2,765,000	**100,000**	**2,665,000**
Weighted average exercise price			$0.17	$0.13	$0.17
Weighted average contractual life remaining in years			2.77		2.77

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(d) Finders' Options

A summary of the options granted to finders that are outstanding and exercisable as at March 31, 2012 and 2011 are provided below:

Exercise Price	Weighted Average Fair Value	Expiry Date	Balance December 31, 2011	Balance March 31, 2012
$0.05	$0.03	November 17, 2012	500,000	500,000
			500,000	**500,000**
Weighted average exercise price			$0.05	$0.05
Weighted average contractual life remaining in years			0.88	0.63

Exercise Price	Weighted Average Fair Value	Expiry Date	Balance December 31, 2010	Balance March 31, 2011
$0.08	$0.05	December 23, 2011	562,500	562,500
$0.05	$0.03	November 17, 2012	500,000	500,000
			1,062,500	**1,062,500**
Weighted average exercise price			$0.07	$0.07
Weighted average contractual life remaining in years			1.40	1.16

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(e) Share Purchase Warrants

The Company's share purchase warrants outstanding as at March 31, 2012 and 2011 are provided below:

Exercise Price	Expiry Date	Balance December 31, 2011	Balance March 31, 2012
$0.10	November 17, 2012	2,500,000	2,500,000
$0.10	November 17, 2012	15,048,319	15,048,319
$0.10	November 17, 2012	125,000	125,000
$0.10	December 30, 2012	3,130,000	3,130,000
$0.10	December 30, 2012	388,500	388,500
$0.06	January 14, 2015	50,000	50,000
$0.10	January 31, 2016	50,000	50,000
$0.10	February 8, 2013	600,000	600,000
$0.10	March 22, 2013	18,124,460	18,124,460
$0.10	March 22, 2013	925,000	925,000
$0.10	March 22, 2013	4,110,000	4,110,000
$0.10	March 22, 2013	800,000	800,000
$0.10	May 4, 2013	3,180,000	3,180,000
$0.10	May 4, 2013	312,000	312,000
		49,343,279	**49,343,279**
Weighted average exercise price		$0.10	$0.10
Weighted average contractual life remaining in years		1.10	0.85

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(e) Share Purchase Warrants, continued

Exercise Price	Expiry Date	Balance December 31, 2010	Granted	Balance March 31, 2011
$0.15	June 12, 2011	3,172,222	-	3,172,222
$0.15	June 12, 2011	87,500	-	87,500
$0.15	July 17, 2011	1,756,950	-	1,756,950
$0.15	July 17, 2011	75,000	-	75,000
$0.15	July 24, 2011	534,091	-	534,091
$0.15	July 24, 2011	100,000	-	100,000
$0.15	December 23, 2011	3,487,500	-	3,487,500
$0.15	December 23, 2011	169,125	-	169,125
$0.10	December 23, 2011	312,500	-	312,500
$0.10	December 23, 2011	7,500	-	7,500
$0.10	November 17, 2012	2,500,000	-	2,500,000
$0.10	November 17, 2012	15,048,319	-	15,048,319
$0.10	November 17, 2012	125,000	-	125,000
$0.10	December 30, 2012	3,130,000	-	3,130,000
$0.10	December 30, 2012	388,500	-	388,500
$0.06	January 14, 2015	50,000	-	50,000
$0.10	January 31, 2016	-	50,000	50,000
$0.10	February 8, 2013	-	600,000	600,000
$0.10	March 22, 2013	-	18,124,460	18,124,460
$0.10	March 22, 2013	-	925,000	925,000
$0.10	March 22, 2013	-	4,110,000	4,110,000
$0.10	March 22, 2013	-	800,000	800,000
		30,944,207	**24,609,460**	**55,553,667**
Weighted average exercise price		$0.12	$0.10	$0.11
Weighted average contractual life remaining in years		1.52		1.62

(Expressed in Canadian Dollars, Unaudited)

8. Share Capital, continued

(f) Fair Value Determination

The fair value of share purchase warrants and finders' warrants issued were calculated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	March 31, 2011	
	Warrants	Finders' Warrants
Risk-free interest rate	1.93%	1.68%
Expected share price volatility	135.46%	134.17%
Expected life in years	2.23	2.00
Expected dividend yield	0.00%	0.00%

The expected volatility assumptions have been developed taking into consideration both historical and implied volatility of the Company's share price, where data is available, and comparable companies in similar development stages and property locations, where Company data is unavailable.

(g) Share-based Payments

The total calculated fair value of share-based payments for the three months ended March 31, 2012 and 2011 were as follows:

	March 31, 2012	March 31, 2011
Statements of Changes in Equity		
Agent warrants	-	52,708
Mineral property payments	-	28,009
	-	80,717
Total	$ -	$ 80,717

(Expressed in Canadian Dollars, Unaudited)

9. Supplemental Cash Flow Information

		Three Months Ended March 31, 2012		2011
Cash comprised of:				
Cash	$	77,331	$	608,278
Cash reserved for flow-through expenditures		-		488,683
Total Cash	$	77,331	$	1,096,961
Cash Items				
Income tax paid	$	-	$	-
Interest received		38		-
Interest paid		1,958		1,396
Non-Cash Items				
Financing Activities				
Fair value of warrants issued for mineral properties	$	-	$	28,009
Shares issued for mineral properties		2,250		47,250
Fair value of finders' warrants		-		52,708

10. Commitments

(a) Service Agreement

Under a service agreement between the Company and a company privately held by a director and officer of the Company, the Company is charged $4,000 monthly for office accommodation ($2,000), accounting ($1,000) and office management services ($1,000). The Company may terminate the agreement through written notice at any time by paying the monthly charge for the lesser of 12 months or the remainder of the term. The agreement expires on June 30, 2012 and the remaining fee commitment as at March 31, 2012 is $12,000 all due within one year.

On April 19, 2012, the Company entered into an amended service agreement with an effective date of June 30, 2012 whereby the Company will be charged $14,750 monthly for office accommodation ($12,250) and CFO services ($2,500). The Company may terminate the agreement through written notice at any time by paying the monthly charge for office accommodation for the lesser of 24 months or the remainder of the term. The amended agreement expires on August 31, 2017.

11. Events After the Reporting Period

Except as otherwise disclosed, there have been no material events after the reporting period.

Management's Discussion and Analysis
For the Three Months Ended March 31, 2012
Dated: May 22, 2012

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A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Valterra Resource Corporation (the "Company") is for the three months ended March 31, 2012 and is dated May 22, 2012. This MD&A was prepared to conform to National Instrument 52-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's unaudited condensed interim financial statements for the three months ended March 31, 2012 and the Company's audited financial statements for the year ended December 31, 2011 and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares are listed on the TSX Venture Exchange under the symbol "VQA.V" and the Frankfurt Stock Exchange under the symbol "3VA.F".

The Company's functional and presentation currency is the Canadian dollar and all amounts are in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at www.valterraresource.com and on SEDAR at www.sedar.com.

B. Qualified Person

Brian T. McGrath, B.Sc., P.Geo., is the qualified person under National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs for the Company's properties. Mr. McGrath attained his Bachelors degree in Earth Sciences from Memorial University of Newfoundland in 1992. His work has focused on gold and base metal targets associated with banded iron formations (BIF), volcanogenic–hosted massive sulphide (VHMS) deposits, porphyry deposits, and lode gold systems. Mr. McGrath is a director of the Company.

C. Conversion Tables

Conversion Table

Imperial			**Metric**
1 Acre	=	0.404686	Hectares
1 Foot	=	0.304800	Metres
1 Mile	=	1.609344	Kilometres
1 Ton	=	0.907185	Tonnes
1 Ounce (troy)/ton	=	34.285700	Grams/Tonne

Information from www.onlineconversion.com

C. Conversion Tables, continued

Precious metal units and conversion factors

ppb	- Part per billion	1	ppb	=	0.0010	ppm	=	0.000030	oz/t
ppm	- Part per million	100	ppb	=	0.1000	ppm	=	0.002920	oz/t
oz	- Ounce (troy)	10,000	ppb	=	10.0000	ppm	=	0.291670	oz/t
oz/t	- Ounce per ton (avdp.)	1	ppm	=	1.0000	ug/g	=	1.000000	g/tonne
g	- Gram								
g/t	- Gram per metric ton	1	oz/t	=	34.2857	ppm			
mg	- Milligram	1	Carat	=	41.6660	mg/g			
kg	- Kilogram	1	ton (avdp.)	=	907.1848	kg			
ug	- Microgram	1	oz (troy)	=	31.1035	g			

Information from www.onlineconversion.com

D. Summary of Mineral Properties

The Company has been aggressively exploring south-eastern British Columbia, Canada since 2007, building key assets including the Cu-Au-Ag porphyry/shear-hosted Swift Katie Project and the Au-Ag+/-Cu porphyry/shear-hosted "Star Project" (Star and Toughnut claims), all located near the towns of Nelson and Salmo in the Nelson Mining Division of south-eastern British Columbia.

The properties occur within a highly metallogenic area of the province that historically has hosted several important mining districts, and are underlain by rocks considered very favourable for the discovery of polymetallic mineralization.

The Company has conducted over 810 line-kilometres of airborne geophysical surveys and completed several mapping/diamond drilling programs totaling more than 10,600 metres. Numerous drill intercepts for Au, Ag, and Cu have been returned, and the prospective claim group controlled by the Company measures over 104 square kilometres.

Swift Katie Project

The Swift Katie group of claims comprises more than 83 square kilometres located near Salmo, British Columbia centralized in an infrastructure-rich region of the province. The Company has completed 15 drill holes (4,866m) and returned several encouraging intercepts for bulk-tonnage Cu-Au-Ag from the Main Katie zone; being underlain by prospective volcano-sedimentary rocks assigned to the Rossland Group which hosts numerous precious-metal and polymetallic past-producers in this prolific belt.

In 2011, the Company retained Micon International Limited of Vancouver to conduct a Phase I, in-house review of the current drill database for the "Katie", "West", and "17" zones which comprise over 70 drill holes completed between 1987 and 2008. The drilling outlines a Cu-Au-Ag inventory measuring approximately 600 metres of strike length by 400 metres width, and up to 300 metres depth; being open in several directions. The Phase I work included surveying of historic drill collars, an assessment of the historic QA/QC protocols, and drill spacing. Contingent on the Phase I results, the Phase II proposal includes provisions for developing a NI 43-101 compliant bulk-tonnage Cu-Au-Ag resource.

D. Summary of Mineral Properties, continued

Star Project

The Star project comprises over 20 square kilometres centralized in the prolific Silver King Shear Zone located in south-eastern British Columbia. The signature of the rocks intercepted in past drilling are generally consistent with a zoned porphyry model subjected to shortening and intense shear-fault/hydrothermal activity that generated focused zones of higher-grade mineralization.

Encouraging results received to date warrant continued drilling and the Company anticipates that the Gold Eagle and Alma N targets are advancing toward grid-patterned drilling designed to develop Au-Ag resources of potential economic significance. The Company has completed 25 NQ2/BTW-sized drill holes (5,785m) on the project and has returned several encouraging intercepts for Au-Ag +/- Cu from five known zones. Furthermore, advanced studies on the project database have identified 'embayments' in the magnetic geophysical signature coincident with prospective geological contacts and strong hydrothermal alteration. The precious metal signature is often elevated when these features are core sampled, yet the structures are only nominally tested in the drill record.

The Company has permits for a small-scale trenching program at the Gold Eagle zone, the focus of which will be to increase the surface exposure of the zone and facilitate expanded mapping, sampling and drilling along the mineralized trends.

Drilling results continue to advance a porphyry model for the property and airborne data show numerous airborne anomalies warranting follow-up.

Select drill intercept highlights to date include:

Claim Group	Zone	Drill Intercept Results	
Star	Alma N	**VST08-006:**	**18.77 g/t Au & 11.55 g/t Ag over 4.0 metres**
		Including	**35.68 g/t Au & 21.80 g/t Ag over 2.0 metres**
		VST09-007:	**2.12 g/t Au & 1.63 g/t Ag over 44.5 metres**
		Including	**11.29 g/t Au & 5.60 g/t Ag over 2.0 metres**
	Eureka	**VST10-011:**	**0.28 g/t Au, 4.45 g/t Ag & 0.27% Cu over 66.67 metres**
		VST11-014:	**0.36 g/t Au, 1.21 g/t Ag & 0.13% Cu over 64.0 metres**
		Including	**1.23 g/t Au, 2.17 g/t Ag & 0.24% Cu over 15.52 metres**
Toughnut	Toughnut	**VTN10-005:**	**4.05 g/t Au & 0.88 g/t Ag over 8.0 metres**
	Gold Eagle	**VTN10-008:**	**4.02 g/t Au & 9.51 g/t Ag over 24.33 metres**
		Including	**7.76 g/t Au & 20.29 g/t Ag over 9.11 metres**
		Including	**14.47 g/t Au & 34.60 g/t Ag over 4.0 metres**
		VTN11-010:	**1.22 g/t Au & 2.71 g/t Ag over 29.72 metres**
		Including	**4.40 g/t Au & 6.10 g/t Ag over 2.0 metres**

D. Summary of Mineral Properties, continued

Acquisition Costs

The Company's accounting policy related to expenditures incurred for the acquisition of mineral properties is to capitalize on a property-by-property basis, net of recoveries. During the three months ended March 31, 2012, the Company incurred acquisition costs on its mineral properties as follows:

	Balance December 31, 2011 $	Additions Q1 $	Impairment $	Balance March 31, 2012 $
Toughnut	91,944	7,366	-	99,310
Star	87,387	-	-	87,387
Swift Katie	353,559	1,054	-	354,613
Rozan	-	216	(216)	-
Total	**532,890**	**8,636**	**(216)**	**541,310**

Exploration Costs

The Company's accounting policy related to expenditures incurred for the exploration and development of mineral properties are expensed to the statement of comprehensive loss in the period in which they are incurred. During the three months ended March 31, 2012, the Company incurred exploration costs on its mineral properties as follows:

	Total to December 31, 2011 $	Expensed Q1 $	Total to March 31, 2012 $
Toughnut	645,704	12,686	658,390
Star	1,225,008	10,681	1,235,689
Swift Katie	1,613,928	13,291	1,627,219
Rozan	63,188	1,530	64,718
General / Other	88,293	-	88,293
Total	**3,636,121**	**38,188**	**3,674,309**

E. Results of Operations

During the three months ended March 31, 2012, the Company reported a net loss and comprehensive loss of $119,361 (2011: $207,786 net loss, $186,786 comprehensive loss). The following table summarizes variances in operating expenses and other items for the three months ended March 31, 2012 and 2011:

	2012	2011	Variance Increase/(Decrease)	
	$	$	$	%
Expenses				
Administration	7,290	6,717	573	9%
Consulting	1,500	1,500	-	0%
Exploration and evaluation	38,188	125,871	(87,683)	(70%)
Investor relations	7,924	11,909	(3,985)	(33%)
Office and general	8,006	12,600	(4,594)	(36%)
Professional fees	37,694	33,073	4,621	14%
Regulatory fees and taxes	17,214	7,408	9,806	132%
Shareholders communications	(321)	561	(882)	(157%)
Transfer agent	1,133	1,494	(361)	(24%)
Travel and promotion	555	9,653	(9,098)	(94%)
Other				
Interest income	(38)	-	(38)	-
Mineral property impairment	216	-	216	-

Exploration expenses fluctuate based on levels and types of exploration activities incurred.

Investor relations and travel and promotion expenses decreased due to lower levels of financing and related activities.

Office and general expenses decreased as a result of one-off charges incurred in 2011 relating to an insurance claim.

Professional fees increased as a result of timing of accountancy and audit fees incurred which has been partly offset by a decrease in legal fees.

Regulatory fees increased due to additional costs relating to the listing change to the TSX Venture Exchange.

F. Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for the last eight quarters as prepared in accordance with IFRS:

	Mar 31 2012 $	Dec 31 2011 $	Sept 30 2011 $	Jun 30 2011 $	Mar 31 2011 $	Dec 31 2010 $	Sep 30 2010 $	Jun 30 2010 $
Net loss	**119,361**	**206,967**	**407,686**	**139,880**	**207,786**	**347,547**	**381,967**	**298,110**
Comprehensive loss	**119,361**	**206,967**	**407,686**	**139,880**	**186,786**	**334,797**	**378,467**	**307,610**
Basic and diluted loss per share	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.01	$0.00

The Company earned no revenue during the periods presented other than minimal interest income due to the nature of the industry and its current operations.

Quarterly fluctuations mainly related to share-based payments which varied as stock options were granted, expenditure on mineral property exploration which varied as projects are identified and impairment of mineral properties which varied as projects are assessed, future income tax adjustments relating to flow-through share renunciations and adjustments to recognize gains and losses on available-for sale investments.

G. Financial Conditions, Liquidity and Capital Resources

The Company does not generate any revenue from operations and has limited financial resources. The Company finances its operations by raising capital in the equity markets. For the foreseeable future, the Company will need to rely on the issuance of such securities to provide working capital and to finance its mineral property acquisition and exploration activities.

Although the Company has been successful in the past in obtaining financing through the issuance of its securities, there can be no assurance that the Company will be able to obtain adequate financing in the future in light of factors such as the market demand for its securities, the general state of financial markets and other relevant factors. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with a possible loss of some properties and reduction or termination of operations.

As at March 31, 2012, the Company had a working capital deficiency of $243,886 (December 31, 2011: $118,355). The Company has been negotiating extended payment terms of its trade payables and reviewing its capital expenditure plan and future commitments to identify opportunities to reduce or delay spending and payments.

However, at March 31, 2012 and without further financing, the cash balance of $77,331 would be insufficient to meet the cash requirements for the Company's administrative overhead and maintaining its mineral interests in the year to come, therefore, the Company will be required to raise additional capital in order to fund its operations.

G. Financial Conditions, Liquidity and Capital Resources, continued

i) Commitments

Under a service agreement between the Company and a company privately held by a director and officer of the Company, the Company is charged $4,000 monthly for office accommodation ($2,000), accounting ($1,000) and office management services ($1,000). The Company may terminate the agreement through written notice at any time by paying the monthly charge for the lesser of 12 months or the remainder of the term. The agreement expires on June 30, 2012 and the remaining fee commitment as at March 31, 2012 is $12,000 all due within one year.

On April 19, 2012, the Company entered into an amended service agreement with an effective date of June 30, 2012 whereby the Company will be charged $14,750 monthly for office accommodation ($12,250) and CFO services ($2,500). The Company may terminate the agreement through written notice at any time by paying the monthly charge for office accommodation for the lesser of 24 months or the remainder of the term. The amended agreement expires on August 31, 2017.

H. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at March 31, 2012 and May 22, 2012 the Company had 93,490,322 common shares issued and outstanding. No common shares have been issued, cancelled or re-issued since March 31, 2012.

ii) Stock Options

As at March 31, 2012 and May 22, 2012 the Company had stock options outstanding as follows:

Exercise Price	Fair Value at Grant Date	Expiry Date	Balance March 31, 2012	Balance May 22, 2012
$0.25	$0.17	October 9, 2012	1,200,000	1,200,000
$0.10	$0.06	February 24, 2014	50,000	50,000
$0.10	$0.09	August 11, 2014	1,385,000	1,385,000
$0.10	$0.02	November 17, 2016	400,000	400,000
			3,035,000	**3,035,000**
Weighted average exercise price			$0.16	$0.16
Weighted average contractual life remaining in years			1.93	1.79

H. Outstanding Equity and Convertible Securities, continued

iii) Finders' Options

As at March 31, 2012 and May 22, 2012 the Company had finders' options outstanding as follows:

Exercise Price	Fair Value at Grant Date	Expiry Date	Balance March 31, 2012	Balance May 22, 2012
$0.05	$0.03	November 17, 2012	500,000	500,000
			500,000	**500,000**
Weighted average exercise price			$0.05	$0.05
Weighted average contractual life remaining in years			0.63	0.49

iv) Share Purchase Warrants

As at March 31, 2012 and May 22, 2012 the Company had share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Balance March 31, 2012	Balance May 22, 2012
$0.06	January 14, 2015	50,000	50,000
$0.10	November 17, 2012	2,500,000	2,500,000
$0.10	November 17, 2012	15,048,319	15,048,319
$0.10	November 17, 2012	125,000	125,000
$0.10	December 30, 2012	3,130,000	3,130,000
$0.10	December 30, 2012	388,500	388,500
$0.10	January 31, 2016	50,000	50,000
$0.10	February 8, 2013	600,000	600,000
$0.10	March 22, 2013	18,124,460	18,124,460
$0.10	March 22, 2013	925,000	925,000
$0.10	March 22, 2013	4,110,000	4,110,000
$0.10	March 22, 2013	800,000	800,000
$0.10	May 4, 2013	3,180,000	3,180,000
$0.10	May 4, 2013	312,000	312,000
		49,343,279	**49,343,279**
Weighted average exercise price		$0.10	$0.10
Weighted average contractual life remaining in years		0.85	0.71

I. Related Party Information

The Company entered into the following related party transactions during the three months ended March 31, 2012:

(a) Under a service agreement, as amended, between the Company and a company privately held by a director and officer of the Company, the Company was charged as follows:

- $6,000 (2011: $6,000) for office space and general administration services, included in administration expenses;
- $3,000 (2011: $3,000), included in professional fees;
- $1,500 (2011: $1,500), included in consulting;
- $1,500 (2011: $1,500), included in investor relations;
- $31,560 (2011: $58,809) for geological consulting services in relation to mineral properties; and
- $814 (2011: $717) in respect of the mark-up on out-of-pocket expenses, included in administration expenses.

Amounts payable as at March 31, 2012 under the agreement were $28,115 (December 31, 2011: $597).

(b) Fees charged by a law firm privately held by a director and officer of the Company were as follows:

- $3,255 (2011: $17,511), included in professional fees;
- $2,125 (2011: $1,320), for legal consulting services in relation to mineral properties; and
- $Nil (2011: $13,857), included in share issue costs.

Amounts payable as at March 31, 2012 were $3,091 (December 31, 2011: $3,696).

(c) In order to facilitate the Star option payment due on May 13, 2010 as per the option agreement, the Company issued promissory notes to one director/officer and three consultants for $25,494. Amounts payable as at March 31, 2012 were $7,625 (December 31, 2011: $7,625).

(d) Consulting fees relating to corporate development and financing activities of $Nil (2011: $6,500) were charged by a private company controlled by a former director of the Company. Amounts payable as at March 31, 2012 were $24,675 (December 31, 2011: $24,675).

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company.

With the exception of consulting fees in the amount of $1,500 (2011: $1,500) paid for CFO services (disclosed in (a) above), the Company did not provide any other form of remuneration or share-based payments to directors and other members of key management personnel. The Company neither paid nor has any other employee or post-employment benefits.

J. Financial Instruments

The Company's financial instruments include cash, reclamation bonds, bank indebtedness, accounts payable and accrued liabilities, and amounts due to related parties.

Other than cash, the Company's financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, any investments must be less than one year in duration.

K. Events After the Reporting Period and Outlook

Except as otherwise disclosed, there have been no material events after the reporting period. The Company is confident that its existing group of properties has potential warranting continued exploration. Activities over the ensuing year will focus on these assets. The Company expects to continue its strategy of collaborating with experienced mining companies to develop its properties and to advance them to production.

L. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

M. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors, who meet at least quarterly with management and, at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters.

There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

The audit committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

N. Risks and Uncertainties

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered.

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that our exploration programs will result in the establishment or expansion of resources or reserves.

Operating History and Availability of Financial Resources

The Company has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Hence, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Operations will continue to be financed primarily through the issuance of securities.

The Company will need to continue its reliance on the issuance of such securities for future financing, which may result in dilution to existing shareholders. Furthermore, the amount of additional funds required may not be available under favourable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

Price Volatility and Lack of Active Market

In recent months, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

N. Risks and Uncertainties, continued

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

Government Regulations and Environmental Risks and Hazards

The Company's conduct is subject to various federal, provincial, state laws, rules and regulations, including environmental legislation.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated. The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation.

Environmental hazards may exist on the Company's properties, which may have been caused by previous or existing owners or operators of the properties. The Company is not aware of any existing environmental hazards related to any of its current or former property interests that may result in material liability to the Company.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse affect on the Company. The Company does not currently maintain "key-man" insurance in respect of any of its management.

N. Risks and Uncertainties, continued

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

O. Proposed Transactions

Other than normal course review of monthly submittals, there are no other new acquisitions or proposed transactions contemplated as at the date of this report.

P. Forward-Looking Statements

Some of the statements contained in this MD&A may be deemed "forward-looking statements." These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence. Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.