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Condensed Interim Financial Statements

Nine Months Ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

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Financial Statements

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2013 and comparatives for the nine months ended September 30, 2012 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
Nine Months Ended September 30, 2013 and 2012
(Expressed in Canadian Dollars, Unaudited)

	Note	Three Months Ended September 30 2013	Three Months Ended September 30 2012	Nine Months Ended September 30 2013	Nine Months Ended September 30 2012
Operating Expenses					
Administration		$ 32,075	$ 31,824	$ 97,482	$ 45,977
Consulting		35,268	16,827	89,286	37,750
Exploration and evaluation	3(e)	13,798	49,924	290,468	127,571
Investor relations		11,739	13,714	183,513	26,611
Office and general		21,605	6,250	42,049	24,810
Professional fees		5,682	24,268	70,340	76,015
Regulatory fees and taxes		600	519	11,031	24,578
Share-based payments	7(g)	-	84,181	15,323	84,181
Shareholders' communications		-	268	1,680	2,443
Transfer agent		959	7,709	3,377	11,231
Travel and promotion		98	36	40,438	591
		121,824	**235,520**	**844,987**	**461,758**
Interest income		(83)	(23)	(646)	(82)
Gain on settlement of debt		-	(31,200)	-	(31,200)
Mineral property impairment	3	-	-	3,342	216
Reversal of flow-through premium	8(b)	-	-	(21,150)	-
		(83)	**(31,223)**	**(18,454)**	**(31,066)**
Net Loss and Comprehensive Loss for the Period		**$ 121,741**	**$ 204,297**	**$ 826,533**	**$ 430,692**
Loss per share - basic and diluted		$ 0.00	$ 0.02	$ 0.03	$ 0.05
Weighted average number of common shares outstanding		25,343,101	9,449,904	25,255,165	9,378,036

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

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

As at	Note	September 30 2013	December 31 2012
Assets			
Current			
Cash		$ 2,965	$ 449,161
Receivables		6,550	45,662
Prepaid and deposits	5	13,180	55,594
		22,695	**550,417**
Non-current			
Mineral properties	3	717,510	675,742
Reclamation bonds		45,000	45,000
		762,510	**720,742**
Total Assets		**$ 785,205**	**$ 1,271,159**
Liabilities			
Current			
Bank indebtedness	4	$ 198,695	$ 198,834
Accounts payable and accrued liabilities	8(b)	181,442	70,640
Due to related parties	5	213,741	16,298
		593,878	**285,772**
Equity			
Share capital	7	11,899,051	11,881,901
Share-based payments reserve		441,050	537,353
Deficit		(12,148,774)	(11,433,867)
		191,327	**985,387**
Total Liabilities and Equity		**$ 785,205**	**$ 1,271,159**

Approved on behalf of the Board

"Lawrence Page"	*"Courtney Shearer"*
Lawrence Page, Q.C.	Courtney Shearer
Director	Director

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

Valterra Resource Corporation

(An Exploration Stage Company)
Statements of Changes in Equity
Nine Months Ended September 30, 2013 and 2012
(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		
	Number of Shares	Amount	Payment Reserve	Deficit	Total Equity
Balance as at December 31, 2011	**9,334,025**	**$ 10,780,677**	**$ 440,932**	**$ (10,762,074)**	**$ 459,535**
Issued					
Shares for mineral property payment	75,000	16,250	-	-	16,250
Shares for settlement of debt	80,000	8,800	-	-	8,800
Share issue costs	-	(820)	-	-	(820)
Subscriptions received	-	15,000	-	-	15,000
Share-based payments	-	-	84,181	-	84,181
Expiry of options and warrants	-	-	(16,766)	16,766	-
Net loss for the period	-	-	-	(430,692)	(430,692)
Balance as at September 30, 2012	**9,489,025**	**$ 10,819,907**	**$ 508,347**	**$ (11,176,000)**	**$ 152,254**
Balance as at December 31, 2012	**25,145,275**	**$ 11,881,901**	**$ 537,353**	**$ (11,433,867)**	**$ 985,387**
Issued					
Shares for mineral property payment	100,000	14,000	-	-	14,000
Shares for guarantee extension	100,000	10,000	-	-	10,000
Share issue costs	-	(6,850)	-	-	(6,850)
Share-based payments	-	-	15,323	-	15,323
Expiry of options and warrants	-	-	(111,626)	111,626	-
Net loss for the period	-	-	-	(826,533)	(826,533)
Balance as at September 30, 2013	**25,345,275**	**$ 11,899,051**	**$ 441,050**	**$ (12,148,774)**	**$ 191,327**

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

Valterra Resource Corporation
(An Exploration Stage Company)
Statements of Cash Flows
Nine Months Ended September 30, 2013 and 2012
(Expressed in Canadian Dollars, Unaudited)

		2013		2012
Operating Activities				
Net loss for the period	$	(826,533)	$	(430,692)
Items not involving cash:				
Gain on settlement of debt		-		(31,200)
Guarantee extension		10,000		-
Mineral property impairment		3,342		216
Reversal of flow-through premium		(21,150)		-
Share-based payments		15,323		84,181
		(819,018)		(377,495)
Changes in Non-Cash Working Capital				
Receivables		39,112		(4,259)
Prepaid and deposits		42,414		(5,914)
Bank indebtedness		(139)		(128)
Accounts payable and accrued liabilities		131,952		59,738
Due to related parties		197,443		216,706
		410,782		266,143
Cash Used in Operating Activities		**(408,236)**		**(111,352)**
Investing Activities				
Acquisition of mineral properties		(31,110)		(62,328)
Cash Used in Investing Activities		**(31,110)**		**(62,328)**
Financing Activities				
Share subscriptions received		-		15,000
Share issuance costs		(6,850)		(820)
Cash Used in Financing Activities		**(6,850)**		**14,180**
Decrease in Cash During the Period		**(446,196)**		**(159,500)**
Cash, Beginning of the Period		449,161		161,636
Cash, End of the Period	$	**2,965**	$	**2,136**

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 in British Columbia and Ontario, Canada. The Company's registered office is 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

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

These condensed interim financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2013, the Company had a working capital deficit of $571,183 (December 31, 2012 - working capital surplus of $264,645). The Company incurred a net loss of $826,533 for the nine months ended September 30, 2013 (2012 - $430,692) and had an accumulated deficit of $12,148,774 as at September 30, 2013 (December 31, 2011 - $11,433,867).

As at September 30, 2013, the Company does not have sufficient working capital to meet its administrative overheads and continue with its exploration programs. The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company will be required to issue share capital to finance future activities through private placements and the exercise of options and warrants and is actively seeking additional equity financing (Note 10). There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts substantial doubt over the Company's ability to continue as a going concern.

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

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 and certain financial assets and financial liabilities recorded at fair value. The Company's functional and presentation currency is the Canadian dollar.

(Expressed in Canadian Dollars, Unaudited)

2. Basis of Preparation, continued

These condensed interim financial statements do not include all of the information required for complete annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and, therefore, should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2012.

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 of the results for the interim periods presented.

3. Mineral Properties

Mineral property acquisition costs as at September 30, 2013, were as follows:

	Star $	Swift Katie $	Toughnut $	Rozan $	Bobcaygeon $	Kemano Gold $	Total $
Balance as at December 31, 2011	87,387	353,559	91,944	-	-	-	532,890
Additions during the year	31,023	1,054	59,200	216	48,233	3,342	143,068
Impairments during the year	-	-	-	(216)	-	-	(216)
Balance as at December 31, 2012	118,410	354,613	151,144	-	48,233	3,342	675,742
Additions during the period	456	33,562	-	-	11,092	-	45,110
Impairments during the period	-	-	-	-	-	(3,342)	(3,342)
Balance as at September 30, 2013	**118,866**	**388,175**	**151,144**	**-**	**59,325**	**-**	**717,510**

Terms of the agreements for these properties are described below:

(a) Star

Pursuant to an agreement dated May 13, 2008, as amended, the Company can earn a 100% undivided interest in the Star Property.

Remaining staged payments are due as follows:

(i) US $40,000 on or before September 13, 2013, plus interest at a rate of 10% per annum commencing May 13, 2013 (unpaid);
(ii) US $40,000 on or before May 13, 2014 and 2015;
(iii) US $50,000 on or before May 13, 2016; and
(iv) US $30,000 on or before May 13, 2017.

3. Mineral Properties, continued

(a) Star, continued

The optionors of the property retain a 3% net smelter return ("NSR") interest in the property, of which, the Company has the option to purchase 1% for US $1,500,000 at any time prior to the commencement of commercial production.

On October 30, 2013, the Company received a notice of default from the optionors with respect to the overdue option payment. The notice gave 30 days to cure the default and the Company is currently negotiating with the optionors an amendment to the option terms.

(b) Swift Katie

Pursuant to an agreement dated July 21, 2006, as amended, Manex Resource Group Inc. ("Manex"), a private company controlled by a director of the Company, acquired an option to purchase the Swift Katie Property. The option was assigned by Manex to the Company for $2,500 and 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 (1.5%) for $1,000,000 per 1% and the option to purchase a further one-sixth (0.5%) for an additional $1,500,000 at any time prior to the commencement of commercial production.

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.

On February 19, 2013, the Company entered into an amendment agreement with respect to the AMR due on December 31, 2012. Revised payments and share issues are due as follows:

(i) Pay $15,000 within five days of regulatory approval (paid);
(ii) Issue 100,000 common shares within five days of regulatory approval (issued); and
(iii) Pay $40,940 on or before June 30, 2013 with any delay in payment resulting in compound interest also payable in the amount of 2% per month. ("Unpaid AMR"),

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.

On October 23, 2013, the Company entered into an agreement and granted an option to Riverside Resources (BC) Inc., through its exploration alliance with a wholly owned subsidiary of Antofagasta plc. ("Alliance"), the right to acquire an 80% interest in the property.

3. Mineral Properties, continued

(b) Swift Katie, continued

In consideration for paying the Unpaid AMR (paid), the Alliance was granted a six month due diligence period to further evaluate the property. Upon the completion of the due diligence period, if the Alliance decides to proceed with the option, exploration commitments are due as follows:

- **(i)** Incur not less than an aggregate $350,000 of exploration expenditures on or before the first anniversary of the due diligence expiry date;
- **(ii)** Incur not less than an aggregate $1,000,000 of exploration expenditures on or before the second anniversary of the due diligence expiry date;
- **(iii)** Incur not less than an aggregate $2,500,000 of exploration expenditures on or before the third anniversary of the due diligence expiry date; and
- **(iv)** Incur not less than an aggregate $5,000,000 of exploration expenditures on or before the fourth anniversary of the due diligence expiry date.

In addition, all future AMR payments will be assumed by the Alliance. At any time, the Alliance can also purchase two-thirds (2%) of the underlying NSR for $3,000,000.

Upon exercise of the option, the Company and the Alliance shall be deemed to have formed a joint venture. The formal agreement governing the joint venture shall provide that in the event that the Company's interest is reduced to less than 10%, the Company will be deemed to have conveyed its interest to the other party in consideration of the right to receive a 2% NSR, which can be purchased by the other party at any time prior to the commencement of commercial production for $2,000,000.

(c) Toughnut

Pursuant to an agreement dated March 10, 2009, as amended, the Company can earn a 100% undivided interest in the Toughnut Property.

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

- **(i)** Issue 50,000 common shares (unissued) and pay $40,000 on or before September 10, 2013 (unpaid);
- **(ii)** Incur not less than an aggregate $1,000,000 of exploration expenditures on or before December 31, 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 property retain a 1% NSR on three mineral claims and 2% NSR on the reminder of the property, of which, the Company has the option to purchase one-half 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.

(Expressed in Canadian Dollars, Unaudited)

3. Mineral Properties, continued

(d) Bobcaygeon

Pursuant to an option agreement dated June 1, 2012, the Company can earn a 100% undivided interest in the Bobcaygeon Property.

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

(i) Pay $10,000, issue common shares valued at $25,000 and incur not less than an aggregate $300,000 of exploration expenditures on or before December 15, 2013;
(ii) Pay $10,000, issue common shares valued at $50,000 and incur not less than an aggregate $550,000 of exploration expenditures on or before December 15, 2014;
(iii) Pay $10,000, issue common shares valued at $100,000 and incur not less than an aggregate $850,000 of exploration expenditures on or before December 15, 2015; and
(iv) Pay $15,000, issue common shares valued at $200,000 and incur not less than an aggregate $1,250,000 of exploration expenditures on or before December 15, 2016.

The Company has the irrevocable right and option to satisfy any of the exploration commitments by issuing common shares of equal value based on the closing price on the day preceding the share issuance.

The optionor of the property retains the right to mine all vermiculite and limestone found on the property and also retains a 1.5% production royalty in the property, which the Company has the option to purchase at any time in increments of 0.5% for $500,000 per 0.5% increment.

(e) Exploration and Evaluation Expenditures

Exploration expenditures incurred for the nine months ended September 30, 2013, were as follows:

	Star	**Swift Katie**	**Toughnut**	**Bobcaygeon**	**Total**
	$	**$**	**$**	**$**	**$**
Assays and analysis	5,422	1,882	4,351	35,920	**47,575**
Camp and supplies	-	-	-	3,275	**3,275**
Drilling	-	-	-	32,049	**32,049**
Environmental	-	-	-	10	**10**
Equipment rental and field supplies	-	-	-	15,289	**15,289**
Geological services	-	700	-	110,497	**111,197**
Project supervision	250	4,830	250	97,068	**102,398**
Travel	-	-	-	5,381	**5,381**
	5,672	**7,412**	**4,601**	**299,489**	**317,174**
General exploration / BC METC refunds					**(26,706)**
					290,468

(Expressed in Canadian Dollars, Unaudited)

3. Mineral Properties, continued

(e) Exploration and Evaluation Expenditures, continued

Exploration expenditures incurred for the nine months ended September 30, 2012, were as follows:

	Star $	Swift Katie $	Toughnut $	Rozan $	Bobcaygeon $	Total $
Assays and analysis	3,998	1,682	3,949	-	2,232	**11,861**
Equipment rental and field supplies	1,452	1,200	1,200	-	-	**3,852**
Geological services	3,869	4,998	3,869	-	1,225	**13,961**
Project supervision	16,257	17,870	24,509	1,529	30,552	**90,717**
	25,576	**25,750**	**33,527**	**1,529**	**34,009**	**120,391**
General exploration						**7,180**
						127,571

4. 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.

On April 18, 2013, the Company entered into a guarantee extension agreement whereby the guarantee was extended until June 16, 2013. As consideration for the extension the Company issued 100,000 common shares to the guarantor on July 2, 2013 (Note 7(b)). The Company is currently negotiating a further extension of the guarantee.

5. Related Party Balances and Transactions

The Company entered into the following related party transactions during the nine months ended September 30, 2013:

(a) Under a service agreement, as amended and effective July 1, 2012, between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:

- $94,500 (2012 - $43,500) for office space and general administration services;
- $29,844 (2012 - $19,986), for professional services;
- $22,986 (2012 - $7,350), for consulting services;
- $90,095 (2012 - $15,143), for investor relations services;
- $103,998 (2012 - $97,898) for geological consulting services; and
- $2,982 (2012 - $1,526) in respect of the mark-up on out-of-pocket expenses.

Amounts prepaid under the agreement as at September 30, 2013 were $nil (December 31, 2012 - $13,000) and amounts payable were $138,152 (December 31, 2012 - $8,458).

(Expressed in Canadian Dollars, Unaudited)

5. Related Party Balances and Transactions, continued

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

- $8,876 (2012 - $19,971), for professional fees;
- $5,784 (2012 - $3,410), for legal consulting services in relation to mineral properties; and
- $6,288 (2012 - $18,855), included in share issue costs.

Amounts payable as at June 30, 2013 were $4,373 (December 31, 2012 - $8,139 amounts prepaid).

(c) Fees relating to management, geological and mining consulting services of $81,200 (2012 - $27,125) were charged by a private company controlled by an officer of the Company (resigned September 11, 2013). Amounts payable as at September 30, 2013 were $67,716 (December 31, 2012 - $7,840).

(d) Fees relating to consulting services of $4,000 (2012 - $nil) were charged by an officer of the Company. Amounts payable as at September 30, 2013 were $3,500 (December 31, 2012 - $nil).

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, included in (a), (c) and (d) above, is as follows:

		2013		2012
Short-term benefits	$	97,700	$	37,625
Share-based payments		-		42,091
Total	$	97,700	$	79,716

6. Segmented Information

The Company has one operating segment, the exploration of mineral properties in Canada. As at September 30, 2013, the Company's non-current assets are all located in Canada.

7. Share Capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(b) Non-Cash Issuances

On March 4, 2013, the Company issued 100,000 common shares as per an amended property option agreement. The fair value recognized of $14,000 was based on the closing quoted market price of $0.14 per share.

(Expressed in Canadian Dollars, Unaudited)

7. Share Capital, continued

(b) Non-Cash Issuances, continued

On July 2, 2013, the Company issued 100,000 common shares as part of a guarantee extension agreement (Note 4). The fair value recognized of $10,000 was based on the closing quoted market price of $0.10 per share on the effective date of the agreement.

(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.

- On March 1, 2013, the Company entered into a consulting agreement and granted 100,000 fully vested stock options with an exercise price of $0.17 per share expiring March 1, 2018.

Stock options outstanding and exercisable as at September 30, 2013 and 2012, were as follows:

Exercise Price	Grant Date Fair Value	Expiry Date	Balance December 31, 2012	Granted	Expired	Balance September 30, 2013
$1.00	$0.60	February 24, 2014	5,000	-	-	5,000
$1.00	$0.88	August 11, 2014	129,500	-	-	129,500
$1.00	$0.20	November 17, 2016	40,000	-	20,000	20,000
$0.10	$0.13	July 19, 2017	630,000	-	45,000	585,000
$0.12	$0.11	December 17, 2017	1,580,000	-	15,000	1,565,000
$0.17	$0.15	March 1, 2018	-	100,000	-	100,000
			2,384,500	**100,000**	**80,000**	**2,404,500**
Weighted average exercise price			$0.18	$0.17	$0.33	$0.17
Weighted average contractual life remaining (years)			4.65			3.93

Exercise Price	Grant Date Fair Value	Expiry Date	Balance December 31, 2011	Granted	Expired	Balance September 30, 2012
$2.50	$1.70	October 9, 2012	120,000	-	2,500	117,500
$1.00	$0.60	February 24, 2014	5,000	-	-	5,000
$1.00	$0.88	August 11, 2014	138,500	-	7,000	131,500
$1.00	$0.20	November 17, 2016	40,000	-	-	40,000
$0.10	$0.13	July 19, 2017	-	630,000	-	630,000
			303,500	**630,000**	**9,500**	**924,000**
Weighted average exercise price			$1.59	$0.10	$1.39	$0.58
Weighted average contractual life remaining (years)			2.18			3.73

(Expressed in Canadian Dollars, Unaudited)

7. Share Capital, continued

(d) Finders' Options

No finders' options were outstanding and exercisable as at September 30, 2013. Finders' options outstanding and exercisable as at September 30, 2012, were as follows:

Exercise Price	Grant Date Fair Value	Expiry Date	Balance December 31, 2011	Balance September 30, 2012
$0.50	$0.29	November 17, 2012	**50,000**	**50,000**
Weighted average exercise price			$0.50	$0.50
Weighted average contractual life remaining (years)			0.88	0.13

(e) Share Purchase Warrants

Share purchase warrants outstanding as at September 30, 2013 and 2012, were as follows:

Exercise Price	Expiry Date	Balance December 31, 2012	Expired	Balance September 30, 2013
$0.60	January 14, 2015	5,000	-	5,000
$1.00	January 31, 2016	5,000	-	5,000
$1.00	February 8, 2013	60,000	60,000	-
$1.00	March 22, 2013	2,395,946	2,395,946	-
$1.00	May 4, 2013	349,200	349,200	-
$0.12	November 22, 2014	7,154,750	-	7,154,750
$0.12	November 30, 2014	312,500	-	312,500
		10,282,396	**2,805,146**	**7,477,250**
Weighted average exercise price		$0.36	$1.00	$0.12
Weighted average contractual life remaining (years)		1.44		1.15

Exercise Price	Expiry Date	Balance December 31, 2011	Balance September 30, 2012
$1.00	November 17, 2012	1,767,331	1,767,331
$1.00	December 30, 2012	351,850	351,850
$0.60	January 14, 2015	5,000	5,000
$1.00	January 31, 2016	5,000	5,000
$1.00	February 8, 2013	60,000	60,000
$1.00	March 22, 2013	2,395,946	2,395,946
$1.00	May 4, 2013	349,200	349,200
		4,934,327	**4,934,327**
Weighted average exercise price		$1.00	$1.00
Weighted average contractual life remaining (years)		1.10	0.35

(Expressed in Canadian Dollars, Unaudited)

7. Share Capital, continued

(f) Fair Value Determination

The fair value of stock options granted were calculated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	September 30, 2013	September 30, 2012
	Stock Options	**Stock Options**
Risk-free interest rate	1.30%	1.18%
Expected share price volatility	146.31%	132.39%
Expected life in years	5.00	5.00
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 nine months ended September 30, 2013 and 2012, were as follows:

	September 30, 2013	September 30, 2012
Statements of Comprehensive Loss		
Directors and officers	$ -	$ 42,091
Consultants	15,323	42,090
Total	$ 15,323	$ 84,181

8. Commitments

(a) Service Agreement

Effective July 1, 2012, under an amended service agreement between the Company and a private company controlled by a director and officer of the Company, the Company is being charged $10,500 per month for office accommodation and services ("Basic Rent") and $1,750 per month per dedicated office ("Specific Rent"). The Company may terminate the agreement through written notice at any time by paying the Basic and Specific Rents for the lesser of 24 months or the remainder of the term. The agreement expires on August 31, 2017, and the remaining minimum fee commitment based on current rental space as at September 30, 2013 is $252,000.

(Expressed in Canadian Dollars, Unaudited)

8. Commitments

(b) Flow-through Expenditures

As at September 30, 2013, the Company had completed its commitment to incur qualifying Canadian Exploration Expenditures of $211,500 with respect to the private placement of flow-through shares completed during the year ended December 31, 2012.

Included within accounts payable and other liabilities is an amount of $nil (December 31, 2012 - $21,150) with respect to a flow-through share premium recognized relating to the above.

9. Supplemental Cash Flow Information

		2013		2012
Cash Items				
Income tax paid	$	-	$	-
Interest paid		10,130		5,972
Interest received		646		82
Non-Cash Items				
Non-cash Working Capital				
Flow-through premium reversed	$	21,150	$	-
Accounts payable settled by equity issuance				40,000
Financing Activities				
Shares issued for mineral properties		14,000		16,250
Shares issued for guarantee extension		10,000		-
Shares issued for debt		-		8,800

10. Events after the Reporting Period

In addition to those events disclosed elsewhere in these condensed interim financial statements, the following events occurred subsequent to September 30, 2013:

- On October 1, 2013, the Company announced that it had entered into an initial share exchange agreement with Global Resources Investments Ltd. ("GRIL"). It is anticipated that GRIL will re-register as a public company and be constituted as an investment trust with the name Global Resources Investment Trust Plc. ("GRIT") and seek admission of its ordinary shares on the main market for listed securities on the London Stock Exchange. Closing of the transaction is subject to a number of conditions precedent, including final agreement on details of the share exchange, approval of the TSX Venture Exchange and GRIT successfully listing on the London Stock Exchange.

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Management's Discussion and Analysis
For the Nine Months Ended September 30, 2013
Dated: November 26, 2013

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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 nine months ended September 30, 2013, and is dated November 26, 2013. 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 Company's unaudited condensed interim financial statements for the nine months ended September 30, 2013, and the Company's audited financial statements for the year ended December 31, 2012, 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 included herein 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

Robert W. J. Macdonald, 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. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

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 in British Columbia and Ontario, Canada, building key assets which include the Cu-Au-Ag porphyry/shear-hosted Swift Katie Project, the Au-Ag+/-Cu porphyry/shear-hosted "Star Project" (Star and Toughnut claims) and the Bobcaygeon Graphite Property.

The Swift Katie and Star/Toughnut properties occur within a highly metallogenic area of south-eastern British Columbia that historically has hosted several important mining districts, and are underlain by rocks considered very favourable for the discovery of polymetallic mineralization.

The Bobcaygeon Graphite property in southern Ontario covers over 19,500 hectares and is favourably situated on the border of the Precambrian Grenville Province and the Paleozoic Lowlands forming a prospective locale for potential graphitic deposits. The graphite veins are within calcitic marbles sitting west of a syenitic amphibolite unit and the contact is traceable for up to 10-12 kilometres.

Swift Katie

The Swift Katie claims are owned 100% by the Company and comprise more than 83 square kilometres located near Salmo, British Columbia within in an infrastructure-rich region of the province. Since acquisition, the Company has completed 15 drill holes (4,866m) on the property and returned several encouraging intercepts indicative of bulk-tonnage Cu-Au-Ag from the main Katie zone. Mineralization occurs in volcano-sedimentary rocks of the Rossland Group which hosts numerous precious-metal and polymetallic past-producers in the region.

In 2011, the Company retained Micon International Limited to conduct an in-house review of the existing 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 inventory review work included surveying of historic drill collars, an assessment of the historic QA/QC protocols, and drill spacing with the ultimate goal being to develop a NI 43-101 compliant bulk-tonnage Cu-Au-Ag resource.

D. Summary of Mineral Properties, continued

Swift Katie, continued

On October 23, 2013, the Company granted an option to Riverside Resources (BC) Inc. ("Riverside), the right to acquire an 80% interest in the property and a six month due diligence period to further evaluate the property. Riverside mobilized crews in October and is proceeding with due diligence on the property.

Star

The Star property comprises over 20 square kilometres within the prolific Silver King shear zone located in south-eastern British Columbia. The results from past drilling is 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. To date, 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.

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

Star, continued

The Company has permits for a small-scale trenching program at the Gold Eagle zone, focusing on increasing the surface exposure of the zone and potentially facilitating 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 anomalies warranting follow-up.

Bobcaygeon

The property package encompasses over 195 square kilometres of claims, leases and private patents, and includes claims recently staked to cover important mineral trends and features. The property is located approximately 1.5 hours' drive north of Toronto and is close to transport, power, and numerous services.

Assay highlights to date include:

Sample ID	Sample Type	Cg%
767772	Float Grab	54.9
767773	Float Grab	69.1
767774	0.5m Select Trench Chip	41.9
960540	1.5m Select Trench Chip	36.8
960541	1.4m Select Trench Chip	20.2
960061	0.7m Select Trench Chip	14.6
960542	0.5m Select Trench Chip	8.7
960513	Float Grab	7.76

Additional results have been received from metallurgical testing of a +20kg grab sample which returned an initial head grade of 34% Cg and has produced medium, coarse and jumbo flake graphite fractions assaying >94% C(t) by LOI. The fine-flake fraction was further refined analytically at SGS Labs and an ultra-high-purity, fine-flake graphite concentrate value of 99.97% C was returned from a two-stage leach process followed by LOI analyses on the leach residue; ICP analyses to determine the impurities is pending.

These preliminary flotation and leaching test results demonstrate the potential to produce marketable, high-margin graphite products utilizing industry-standard processing techniques.

A trench opened in December 2012 identified a 20 metre lateral exposure of high grade graphite with trenching bottoming in graphite suggesting a minimum thickness of this lens at 1.5 metres.

Ground EM-MAG-IP geophysical surveys have now been completed on an 11 line-kilometre grid. Preliminary IP chargeability within the Discovery Zone area has outlined an open-ended, near surface, anomaly covering 800 metres x 400 metres, plus additional nearby features and other zones of potential interest.

D. Summary of Mineral Properties, continued

Bobcaygeon, continued

In March 2013, a diamond drill rig was mobilized onsite and commenced coring several near-surface targets. The primary focus was to test proximal zones to the Discovery Zone trench which has returned excellent metallurgical, analytical and geophysical results.

The drilling consisted of five BQTW-sized holes totaling 145.75 metres and the initial sampling was collected from portions of two holes whose near surface graphitic drill highlights include:

Hole ID	From(m)	To(m)	Interval(m)	Cg(%)
BOB13-001	2.13	4.81	2.68	**2.40**
inc.	*2.13*	*2.74*	*0.61*	***7.35***
BOB13-004	14.30	17.68	3.38	**6.36**
inc.	*15.24*	*17.68*	*2.44*	***8.22***
inc.	*17.15*	*17.68*	*0.53*	***31.90***

Preliminary interpretation of the drill results suggests that 1) the target horizon may be near flat-lying or gently undulating; or, 2) that more than one target horizon exists in the Discovery Zone trench area.

The Company is planning for a multi-faceted exploration program which includes further drill testing. Additionally, a more extensive geophysical survey is warranted to cover the open-ended and parallel trends detected in the recent program, and the Company expects to conduct a regional exploration program to further assess the large property package.

Kemano Gold

Claim fees were not renewed upon expiry, and all acquisition costs have been written off.

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 nine months ended September 30, 2013, the Company incurred acquisition costs on its mineral properties as follows:

	Balance December 31, 2012	Additions Q1	Q2	Q3	Impairment	Balance September 30, 2013
	$	$	$	$	$	$
Swift Katie	354,613	33,562	-	-	-	388,175
Star	118,410	-	456	-	-	118,866
Toughnut	151,144	-	-	-	-	151,144
Bobcaygeon	48,233	3,652	6,600	840	-	59,325
Kemano Gold	3,342	-	-	-	(3,342)	-
Total	**675,742**	**37,214**	**7,056**	**840**	**(3,342)**	**717,510**

D. Summary of Mineral Properties, continued

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 nine months ended September 30, 2013, the Company incurred exploration costs on its mineral properties as follows:

	Total to December 31, 2012	Expensed Q1	Q2	Q3	YTD	Total to September 30, 2013
	$	$	$	$	$	$
Swift Katie	1,640,597	2,010	4,386	1,016	7,412	1,648,009
Star	1,254,498	1,859	1,609	2,204	5,672	1,260,170
Toughnut	682,365	1,540	1,290	1,771	4,601	686,966
Bobcaygeon	151,910	154,725	108,601	36,163	299,489	451,399
General / Other	96,593	650	-	(27,356)	(26,706)	69,887
Total	**3,825,963**	**160,784**	**115,886**	**13,798**	**290,468**	**1,208,252**

E. Results of Operations

During the nine months ended September 30, 2013, the Company reported a net loss and comprehensive loss of $826,533 (2012 - $430,692). The following table summarizes variances in the statements of comprehensive loss:

	2013	2012	Increase/(Decrease)	
	$	$	$	%
Administration	97,482	45,977	51,505	112%
Consulting	89,286	37,750	51,536	137%
Exploration and evaluation	290,468	127,571	162,897	128%
Investor relations	183,513	26,611	156,902	590%
Office and general	42,049	24,810	17,239	69%
Professional fees	70,340	76,015	(5,675)	(7%)
Regulatory fees and taxes	11,031	24,578	(13,547)	(55%)
Share-based payments	15,323	84,181	(68,858)	-
Shareholders communications	1,680	2,443	(763)	(31%)
Transfer agent	3,377	11,231	(7,854)	(70%)
Travel and promotion	40,438	591	39,847	6,742%
Interest income	(646)	(82)	(564)	688%
Gain on settlement of debt	-	(31,200)	31,200	(100%)
Mineral property impairment	3,342	216	3,126	1,447%
Reversal of flow-through premium	(21,150)	-	(21,150)	-

E. Results of Operations, continued

Administration costs, consulting and professional fees increased as a result of an amended office services agreement, which came into effect on July 1, 2012. Consulting fees also increased due to a new contract for the Company's president, which came into effect during April 2012.

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company has continued to invest in its current projects based on financial resources that have been available. During the current period, the Company continued to focus in its projects in Ontario.

Investor relations and travel and promotion fluctuate based on the number of conferences and trade shows attended and other work performed in preparation of financing activities.

Office and general increased as a result of recognition of non-cash costs relating to a loan security guarantee extension agreement and interest payable on overdue accounts payable.

Regulatory fees decreased due to additional costs recognized in 2012 relating to a listing application.

Non-cash share-based payments are recognized when options are granted and vest.

As part of an agreement to settle certain accounts payable, a gain on settlement was realized in 2012.

A flow-through share premium recognized relating to the private placement of flow-through shares was extinguished and reversed on fulfillment of the flow-through obligation.

F. Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for the last eight quarters:

	Sept 30 2013 $	Jun 30 2013 $	Mar 31 2013 $	Dec 31 2012 $	Sep 30 2012 $	Jun 30 2012 $	Mar 31 2012 $	Dec 31 2011 $
Net loss	121,741	291,561	413,231	467,022	204,297	107,034	119,361	206,967
Basic and diluted loss per share	$0.00	$0.01	$0.02	$0.04	$0.02	$0.01	$0.01	$0.02

The Company earned no revenue during the periods presented other than minimal interest income as the Company is in the exploration stage.

Quarterly fluctuations mainly related to share-based payments which vary as stock options are granted, expenditures on mineral property exploration which vary as projects are identified, impairment of mineral properties which vary as projects are assessed and deferred income tax adjustments relating to flow-through share premiums.

G. Financial Condition, Liquidity and Capital Resources

As at September 30, 2013, the Company had a working capital deficit of $571,183 (December 31, 2012 - working capital surplus of $264,645). 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, the Company does not generate any revenue from operations and, without further financing, the Company does not have sufficient capital to meet the requirements for its administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months.

For the foreseeable future, the Company will need to rely on raising capital in the equity markets and/or enter into joint venture agreements with third parties to provide working capital and to finance its mineral property acquisition and exploration activities.

Although the Company has been successful 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.

There have been no changes in the Company's approach to capital management during the nine months ended September 30, 2013. 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. On April 18, 2013, the Company entered into a guarantee extension agreement whereby the guarantee was extended until June 16, 2013. As consideration for the extension the Company issued 100,000 common shares to the guarantor on July 2, 2013. The Company is currently negotiating a further extension of the guarantee. The Company is in compliance with all externally imposed capital requirements.

Commitments

(a) Service Agreement

Effective July 1, 2012, under an amended service agreement between the Company and a private company controlled by a director and officer of the Company, the Company is being charged $10,500 per month for office accommodation and services ("Basic Rent") and $1,750 per month per dedicated office ("Specific Rent"). The Company may terminate the agreement through written notice at any time by paying the Basic and Specific Rents for the lesser of 24 months or the remainder of the term. The agreement expires on August 31, 2017, and the remaining minimum fee commitment based on current rental space as at September 30, 2013 is $252,000.

(b) Flow-through Expenditures

As at September 30, 2013, the Company had completed its commitment to incur qualifying Canadian Exploration Expenditures of $211,500 with respect to the private placement of flow-through shares completed during the year ended December 31, 2012.

H. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at September 30, 2013, and November 26, 2013, the Company had 25,345,275 common shares issued and outstanding.

ii) Stock Options

As at September 30, 2013, and November 26, 2013, the Company had stock options outstanding as follows:

Exercise Price	Expiry Date	Balance September 30, 2013	Balance November 26, 2013
$1.00	February 24, 2014	5,000	5,000
$1.00	August 11, 2014	129,500	129,500
$1.00	November 17, 2016	20,000	20,000
$0.10	July 19, 2017	585,000	585,000
$0.12	December 17, 2017	1,565,000	1,565,000
$0.17	March 1, 2018	100,000	100,000
		2,404,500	**2,404,500**
Weighted average exercise price		$0.17	$0.17
Weighted average contractual life remaining (years)		3.93	3.77

iii) Share Purchase Warrants

As at September 30, 2013, and November 26, 2013, the Company had share purchase warrants outstanding as follows:

Exercise Price	Expiry Date	Balance September 30, 2013	Balance November 26, 2013
$0.60	January 14, 2015	5,000	5,000
$1.00	January 31, 2016	5,000	5,000
$0.12	November 22, 2014	7,154,750	7,154,750
$0.12	November 30, 2014	312,500	312,500
		7,477,250	**7,477,250**
Weighted average exercise price		$0.12	$0.12
Weighted average contractual life remaining (years)		1.15	0.99

I. Related Party Information

The Company entered into the following related party transactions during the nine months ended September 30, 2013:

(a) Under a service agreement, as amended and effective July 1, 2012, between the Company and a private company controlled by a director and officer of the Company, the Company was charged as follows:

- $94,500 (2012 - $43,500) for office space and general administration services;
- $29,844 (2012 - $19,986), for professional services;
- $22,986 (2012 - $7,350), for consulting services;
- $90,095 (2012 - $15,143), for investor relations services;
- $103,998 (2012 - $97,898) for geological consulting services; and
- $2,982 (2012 - $1,526) in respect of the mark-up on out-of-pocket expenses.

Amounts prepaid under the agreement as at September 30, 2013 were $nil (December 31, 2012 - $13,000) and amounts payable were $138,152 (December 31, 2012 - $8,458).

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

- $8,876 (2012 - $19,971), for professional fees;
- $5,784 (2012 - $3,410), for legal consulting services in relation to mineral properties; and
- $6,288 (2012 - $18,855), included in share issue costs.

Amounts payable as at June 30, 2013 were $4,373 (December 31, 2012 - $8,139 amounts prepaid).

(c) Fees relating to management, geological and mining consulting services of $81,200 (2012 - $27,125) were charged by a private company controlled by an officer of the Company (resigned September 11, 2013). Amounts payable as at September 30, 2013 were $67,716 (December 31, 2012 - $7,840).

(d) Fees relating to consulting services of $4,000 (2012 - $nil) were charged by an officer of the Company. Amounts payable as at September 30, 2013 were $3,500 (December 31, 2012 - $nil).

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

The key management personnel of the Company are the directors and officers of the Company. The Company has no long-term employee or post-employment benefits. A summary of compensation awarded to key management, included in (a), (c) and (d) above, is as follows:

		2013		2012
Short-term benefits	$	97,700	$	37,625
Share-based payments		-		42,091
Total	$	97,700	$	79,716

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.

These 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.