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**Condensed Consolidated Interim Financial Statements**  
**Six Months Ended June 30, 2022 and 2021**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2022, and comparatives for the six months ended June 30, 2021, were prepared by management and have not been reviewed or audited by the Company's auditors.

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Comprehensive (Income) Loss

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
	Note	2022	2021	2022	2021
<b>Operating Expenses</b>					
Administration	8	\$ 15,000	\$ 15,000	\$ 30,000	\$ 30,000
Consulting	8	6,416	7,770	12,319	21,233
Exploration and evaluation	6 & 8	5,059	4,897	7,616	5,717
Investor relations	8	5,147	11,975	7,120	36,566
Office and general	8	4,478	7,216	15,293	12,706
Professional fees	8	39,437	62,256	49,421	82,592
Regulatory fees and taxes		2,943	5,993	9,938	13,856
Share-based payments		-	823	-	2,761
Shareholders' communications		918	1,574	1,508	2,824
Transfer agent		1,169	1,516	5,646	6,536
		<b>80,567</b>	<b>119,020</b>	<b>138,861</b>	<b>214,791</b>
Foreign exchange (gain) loss		6,694	(1,597)	4,090	(4,782)
Gain on settlement of debt	8	(233,942)	-	(233,942)	-
Unrealized (gain) loss on marketable securities	5	1,350	(1,150)	1,300	(1,600)
		<b>(225,898)</b>	<b>(2,747)</b>	<b>(228,552)</b>	<b>(6,382)</b>
<b>Net (Income) Loss and Comprehensive (Income) Loss</b>					
<b>for the Period</b>		<b>\$ (145,331)</b>	<b>\$ 116,273</b>	<b>\$ (89,691)</b>	<b>\$ 208,409</b>
(Earnings) Loss per share - basic and diluted		\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding		86,004,261	61,635,144	84,214,645	61,635,144

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

# Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars, Unaudited)

As at	Note	June 30 2022	December 31 2021
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 207,559	\$ 284,586
Receivables		3,381	3,303
Marketable securities	5	2,150	3,450
Prepays		6,598	10,061
		<b>219,688</b>	<b>301,400</b>
<b>Non-current</b>			
Mineral properties	6	-	-
Reclamation bonds		12,000	12,000
Other investment	7	2,400,000	2,400,000
		<b>2,412,000</b>	<b>2,412,000</b>
		<b>\$ 2,631,688</b>	<b>\$ 2,713,400</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	6	\$ 800,007	\$ 715,440
Due to related parties	8	244,007	653,508
		<b>1,044,014</b>	<b>1,368,948</b>
<b>Equity</b>			
Share capital	10	18,262,802	18,109,271
Share-based payments reserve		678,373	865,762
Warrant reserve		20,675	20,675
Deficit		(17,374,176)	(17,651,256)
		<b>1,587,674</b>	<b>1,344,452</b>
		<b>\$ 2,631,688</b>	<b>\$ 2,713,400</b>

Approved on behalf of the Board

*"Lawrence Page"*

*"Brian McGrath"*

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

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

	Share Capital		Share-based		Warrant Reserve	Deficit	Total Equity
	Number of Shares	Amount	Payments Reserve				
<b>Balance as at December 31, 2020</b>	<b>61,635,144</b>	<b>\$ 17,247,842</b>	<b>\$ 609,461</b>	<b>\$ 257,308</b>	<b>\$ (16,789,002)</b>	<b>\$ 1,325,609</b>	
Subscriptions received	-	65,000	-	-	-	65,000	
Share-based payments	-	-	2,761	-	-	2,761	
Fair value of warrants expired	-	-	(3,719)	(56,018)	59,737	-	
Net loss	-	-	-	-	(208,409)	(208,409)	
<b>Balance as at June 30, 2021</b>	<b>61,635,144</b>	<b>\$ 17,312,842</b>	<b>\$ 608,503</b>	<b>\$ 201,290</b>	<b>\$ (16,937,674)</b>	<b>\$ 1,184,961</b>	
<b>Balance as at December 31, 2021</b>	<b>82,405,111</b>	<b>\$ 18,109,271</b>	<b>\$ 865,762</b>	<b>\$ 20,675</b>	<b>\$ (17,651,256)</b>	<b>\$ 1,344,452</b>	
Issued							
Debt settlement	7,798,086	155,962	-	-	-	155,962	
Share issue costs	-	(2,431)	-	-	-	(2,431)	
Fair value of options expired	-	-	(187,389)	-	187,389	-	
Net income	-	-	-	-	89,691	89,691	
<b>Balance as at June 30, 2022</b>	<b>90,203,197</b>	<b>\$ 18,262,802</b>	<b>\$ 678,373</b>	<b>\$ 20,675</b>	<b>\$ (17,374,176)</b>	<b>\$ 1,587,674</b>	

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

## Valterra Resource Corporation

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

	2022	2021
<b>Operating Activities</b>		
Net (income) loss	\$ 89,691	\$ (208,409)
<b>Items Not Involving Cash:</b>		
Fair value of marketable securities received	-	(3,150)
Gain on settlement of debt	(233,942)	-
Share-based payments	-	2,761
Unrealized foreign exchange	2,212	(3,513)
Unrealized loss (gain) on fair value of marketable securities	1,300	(1,600)
	(140,739)	(213,911)
<b>Changes in Non-Cash Working Capital</b>		
Receivables	(78)	2,189
Prepays	3,463	2,938
Accounts payable and accrued liabilities	82,355	33,723
Due to related parties	(19,597)	92,278
	66,143	131,128
<b>Cash Used in Operating Activities</b>	<b>(74,596)</b>	<b>(82,783)</b>
<b>Investing Activities</b>		
Reclamation bond	-	17,641
Loan	-	(75,000)
<b>Cash Used in Investing Activities</b>	<b>-</b>	<b>(57,359)</b>
<b>Financing Activities</b>		
Share issue costs	(2,431)	-
Subscriptions received	-	65,000
<b>Cash (Used in) Provided by Financing Activities</b>	<b>(2,431)</b>	<b>65,000</b>
<b>Decrease in Cash During the Period</b>	<b>(77,027)</b>	<b>(75,142)</b>
<b>Cash, Beginning of the Period</b>	<b>284,586</b>	<b>368,106</b>
<b>Cash, End of the Period</b>	<b>\$ 207,559</b>	<b>\$ 292,964</b>

Supplemental cash flow information (Note 9)

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

# Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

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## 1. Nature 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 to British Columbia on February 22, 2008. The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third-party option and/or joint venture agreements. 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 consolidated 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 June 30, 2022, the Company had a working capital deficit of \$824,326 (December 31, 2021 - \$1,067,548). The Company recognized net income of \$89,691 for the six months ended June 30, 2022 (2021 - net loss of \$92,136) and had an accumulated deficit of \$17,374,176 as at June 30, 2022 (December 31, 2021 - \$17,651,256).

As at June 30, 2022, the Company does not have sufficient capital to meet the requirements for its administrative overhead or maintaining its mineral interests. The Company has relied mainly upon the issuance of share capital and short-term debt to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. In order to finance future activities, the Company will be required to issue further share capital through private placements and the exercise of options and warrants or obtain additional debt. There can be no assurance that such financing will be available to the Company and, therefore, a material uncertainty exists which casts significant doubt over the Company's ability to continue as a going concern.

The COVID-19 global health pandemic that began in 2019 and continues today resulted in significant volatility and turmoil in world markets. The negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies and the development and rollout of vaccines. During February 2022, Russia launched a large military invasion of Ukraine leading to a disruption in the supply of energy resources, the imposition of sanctions on Russia, increased tension between the West and Russia and financial market uncertainty. These situations had an impact on many entities and the markets for the securities that they issue and the impacts may continue.

These condensed consolidated 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. Such adjustments could be material.

# Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

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## 2. Basis of Preparation

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards 34: *Interim Financial Reporting* using historical cost, except for cash flow information and financial instruments measured at fair value. These condensed consolidated interim financial statements 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 consolidated financial statements for the year ended December 31, 2021. The Company's functional and presentation currency is the Canadian dollar. The financial statements of the Company consolidate entities controlled by the Company as follows:

Entity	Country of Incorporation	Principal Activity
Valterra Resource (US) Corporation	USA	Mineral exploration - 100% owned by the Company
Minera Reyterra S.A de C.V.	Mexico	Mineral exploration - 100% owned by the Company

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 24, 2022.

## 3. Summary of Significant Accounting Policies

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

## 4. Financial Instruments

The Company's financial instruments include cash and reclamation bonds which are classified as financial assets measured at amortized cost, marketable securities and other investment which are classified as financial assets measured at fair value through profit or loss and accounts payable and accrued liabilities and due to related parties, which are classified as financial liabilities measured at amortized cost. Reclamation bonds are non-interest-bearing, have no maturity date and carrying values approximate fair value. The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity.

## 5. Marketable Securities

The Company owns 5,000 common shares of Eminent Gold Corp. (EMNT.V) with a fair value of \$2,150 (December 31, 2021 - \$3,450) measured in accordance with Level 1 of the fair value hierarchy.

## 6. Mineral Properties

Mineral property acquisition costs as at June 30, 2022 were:

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

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### 6. Mineral Properties, continued

	Swift Katie	Los Reyes	Total
	\$	\$	\$
Balance as at December 31, 2020	-	-	-
Additions, net of recoveries	-	292,158	292,158
Impairments	-	(292,158)	(292,158)
Balance as at December 31, 2021	-	-	-
<b>Balance as at June 30, 2022</b>	-	-	-

Management considered the ability of the Company to raise sufficient financing to be an indicator of impairment and therefore recorded an impairment provision against all of its properties, in accordance with Level 3 of the fair value hierarchy, during the year ended December 31, 2021.

#### *Swift Katie*

The property is located near Salmo, British Columbia and is subject to a 3% net smelter royalty ("NSR") of which the Company has the option to purchase one-half (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, 2010 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 base of December 31, 2006 and are deductible from future NSR payments (December 31, 2021 - unpaid).

In addition to the NSR and the AMR, if the Company completes a positive feasibility study, the Company will issue 2,500 common shares to the optionors and if the Company achieves commercial production, the Company will issue 5,000 common shares to the optionors.

#### *Los Reyes*

Pursuant to an agreement dated June 11, 2018, as amended, the Company had the right to acquire a 100% interest in two claims in Chihuahua, Mexico. On July 27, 2022, the Company and the optionor agreed to terminate the agreement.

A contingent finder's fee was payable upon payment of each earn-in amount in the form of 120,000 common share purchase warrants exercisable to purchase one common share at an exercise price of \$0.50 per share, which were issued on August 16, 2018. Upon termination of the agreement, those warrants related to the unpaid earn-in amounts were cancelled (Note 10).

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

### 6. Mineral Properties, continued

#### *Weepah*

With respect to a terminated option agreement, a contractual obligation remains outstanding of US\$98,750 (December 31, 2021 – US\$98,750) and is included in accounts payable and accrued liabilities.

#### *Exploration and Evaluation Expenditures*

Exploration and evaluation expenditures for the six months ended June 30, 2022 and 2021 were:

	Swift Katie		Los Reyes		Total	
	\$	\$	\$	\$	\$	\$
	2022	2021	2022	2021	2022	2021
Project supervision	2,578	443	716	2,303	3,294	2,746
Other	590	-	545	489	1,135	489
	<u>3,168</u>	<u>443</u>	<u>1,261</u>	<u>2,792</u>	<u>4,429</u>	<u>3,235</u>
General, net of recoveries					3,187	2,482
					<u>7,616</u>	<u>5,717</u>

### 7. Other Investment

The Company owns 4,000,000 common shares of Pilar Gold Inc., a private Canadian company, with a fair value of \$2,400,000 (December 31, 2021 - \$2,400,000) measured in accordance with Level 3 of the fair value hierarchy.

### 8. Related Party Balances and Transactions

Except as disclosed elsewhere, the Company entered into the following related party transactions:

(a) Pursuant to a service agreement between the Company and a private company controlled, until October 31, 2021, by a director and officer of the Company, the Company was charged as:

- \$nil (2021 - \$30,000) for office space and general administration services;
- \$nil (2021 - \$16,500) for professional services;
- \$nil (2021 - \$15,233) for consulting services;
- \$nil (2021 - \$21,103) for investor relations services;
- \$nil (2021 - \$4,199) for geological services; and
- \$nil (2021 - \$1,026) for the mark-up on out-of-pocket expenses.

On May 19, 2022, pursuant to a debt settlement agreement, the Company issued 7,798,086 common shares with a fair value of \$155,962 to settle amounts due of \$389,904. A gain on settlement of debt was recognized of \$233,942. Amounts payable as at June 30, 2022 were \$73,605 (December 31, 2021 - \$463,509).

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

### 8. Related Party Balances and Transactions, continued

- (b) Amounts payable related to prior year legal fees charged by a Company controlled by a director and officer of the Company as at June 30, 2022 were \$123,396 (December 31, 2021 - \$123,396).
- (c) Legal fees in the amount of \$3,300 (2021 - \$nil) were charged by a Company controlled by an officer of the Company. Fees are included in professional fees, mineral property acquisition or exploration expenditures or share issue costs where applicable. Amounts payable as at June 30, 2022 were \$3,696 (December 31, 2021 - \$6,317).
- (d) Fees in the amount of \$6,000 (2021 - \$6,000) were charged by an officer of the Company for consulting services. Amounts payable as at June 30, 2022 were \$6,300 (December 31, 2021 - \$23,900).
- (e) Fees in the amount of US\$nil (2021 - US\$6,750) were charged by a director of the Company for geological consulting services. Amounts payable as at June 30, 2022 were \$37,010 (US\$28,750) (December 31, 2021 - \$36,386 (US\$28,750)).

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. With the exception of interest-bearing loans, 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, including amounts in (d) and (e) above, was as follows:

	2022	2021
Short-term benefits	\$ 6,000	\$ 14,420
Total	\$ 6,000	\$ 14,420

### 9. Supplemental Cash Flow Information

	2022	2021
Non-Cash Items		
Investing Activities		
Shares issued for accounts payable	\$ 389,904	\$ -
Mineral property acquisition in accounts payable	\$ 131,272	\$ 126,250

### 10. Share Capital

#### (a) Authorized

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

### 10. Share Capital, continued

#### (b) Share Purchase Warrants

Share purchase warrants outstanding as at June 30, 2022 were:

Exercise Price	Expiry Date	Balance December 31, 2021	Balance June 30, 2022
\$0.125	* August 1, 2023	390,000	390,000
\$0.50	August 1, 2023	5,600	5,600
\$0.125	* September 18, 2023	1,070,340	1,070,340
\$0.10	June 15, 2024	7,260,000	7,260,000
\$0.10	June 15, 2024	177,800	177,800
\$0.10	July 9, 2024	20,910,000	20,910,000
\$0.10	July 9, 2024	398,300	398,300
\$0.125	November 30, 2023	3,610,167	3,610,167
\$0.125	November 30, 2023	6,650	6,650
\$0.125	December 14, 2023	7,333,334	7,333,334
\$0.10	August 3, 2024	4,135,000	4,135,000
\$0.10	August 3, 2024	341,300	341,300
\$0.10	October 21, 2025	8,000,000	8,000,000
		<b>53,638,491</b>	<b>53,638,491</b>
	Weighted average exercise price	\$0.11	\$0.11
	Weighted average contractual life remaining (years)	2.57	2.07

\* Certain warrants are subject to an accelerated exercise period provision whereby if the closing price of the common shares is \$0.165 or higher for 10 consecutive trading days (the "Premium Trading Days"), warrant holders will have 30 calendar days, commencing 7 calendar days after the last Premium Trading Day, to exercise the warrants.

The weighted average fair value of warrants expired was \$nil (2021 - \$0.05).

Share purchase warrants issued and contingently exercisable as at June 30, 2022 were:

Exercise Price	Expiry Date	Balance December 31, 2021	Balance June 30, 2022
\$0.50	August 11, 2022	30,000	30,000
\$0.50	August 11, 2023	30,000	30,000
\$0.50	Note 1	30,000	30,000
\$0.50	Note 1	30,000	30,000
		<b>120,000</b>	<b>120,000</b>
	Weighted average exercise price	\$0.50	\$0.50
	Weighted average contractual life remaining (years)	2.11	0.32

(1) Cancelled on July 11, 2022 upon termination of Los Reyes property earn-in agreement.

## Valterra Resource Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2022 and 2021

(Expressed in Canadian Dollars, Unaudited)

### 10. Share Capital, continued

#### (c) Stock Options

Stock options outstanding and exercisable as at June 30, 2022 were:

Exercise Price	Expiry Date	Balance		Balance June 30, 2022
		December 31, 2021	Expired	
\$0.50	March 27, 2022	390,000	390,000	-
\$0.08	October 19, 2025	100,000	-	100,000
\$0.10	December 21, 2025	4,550,000	-	4,550,000
		<b>5,040,000</b>	<b>390,000</b>	<b>4,650,000</b>
Weighted average exercise price		\$0.13	\$0.50	\$0.10
Weighted average contractual life remaining (years)		3.68		3.48

The weighted average fair value of stock options expired was \$0.48 (2021 - \$nil).

### 11. Segmented Information

The Company has one operating segment, the acquisition and exploration of mineral properties. As at June 30, 2022, the Company's non-current assets were located in Canada (\$12,000) and Brazil (\$2,400,000) (December 31, 2021 - Canada (\$12,000) and Brazil (\$2,400,000)).

### 12. Events after the Reporting Period

Other than disclosed elsewhere, the following events occurred subsequent to June 30, 2022:

- On August 11, 2022, 30,000 common share purchase warrants exercisable at \$0.50 expired unexercised.