



CANTERRA

MINERALS CORPORATION

TSX-V: CTM

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended

September 30, 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Canterra Minerals Corporation (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)

(Expressed in Canadian Dollars)

| | September 30 | December 31 |
|---------------------------------------------------|----------------------|----------------------|
| | 2014 | 2013 |
| ASSETS | | |
| Current | | |
| Cash | \$ 1,494,596 | \$ 185,994 |
| Marketable securities (Note 3) | 94,702 | 600,000 |
| Receivables (Note 4) | 24,082 | 25,418 |
| Prepaid expenses | 1,700 | 1,787 |
| | <u>1,615,080</u> | <u>813,199</u> |
| Mineral properties (Note 5) | 556,467 | 446,051 |
| Land Use deposits (Note 6) | <u>4,000</u> | <u>4,000</u> |
| | <u>\$ 2,175,547</u> | <u>\$ 1,263,250</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (Note 4) | \$ 196,747 | \$ 36,882 |
| Deferred flow-through premium (Note 7b) | <u>259,500</u> | <u>-</u> |
| | <u>456,247</u> | <u>36,882</u> |
| Shareholders' equity | | |
| Share capital (Note 7) | 105,406,672 | 103,695,034 |
| Reserves (Note 7) | 268,352 | 217,810 |
| Deficit | <u>(103,955,724)</u> | <u>(102,686,476)</u> |
| | <u>1,719,300</u> | <u>1,226,368</u> |
| | <u>\$ 2,175,547</u> | <u>\$ 1,263,250</u> |

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on October 22, 2014

"Randy C. Turner"

Randy C. Turner, Director

"James Eccott"

James Eccott, Director

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)

(Expressed in Canadian Dollars)

| | Three Month Period Ended September 30 2014 | Three Month Period Ended September 30 2013 | Nine Month Period Ended September 30 2014 | Nine Month Period Ended September 30 2013 |
|-----------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Expenses | | | | |
| Business development | \$ 3,524 | \$ 1,679 | \$ 7,263 | \$ 9,766 |
| Depreciation | - | 7,178 | - | 21,351 |
| Insurance | - | - | 35,975 | 35,975 |
| Legal, audit and accounting | 5,500 | - | 12,597 | 19,219 |
| Management fees and corporate services | 25,500 | 1,300 | 80,400 | 19,575 |
| Office and miscellaneous | 15,277 | 11,616 | 39,733 | 32,488 |
| Regulatory and transfer agent fees | 13,074 | 806 | 24,242 | 13,311 |
| Rent | 15,000 | 21,472 | 48,480 | 62,912 |
| Share-based compensation (Note 7) | 49,010 | - | 49,010 | 78,866 |
| Travel | 2,828 | - | 13,951 | 3,564 |
| Wages and benefits | 39,938 | 14,640 | 108,316 | 63,866 |
| Exploration expenditures (Note 5) | 312,279 | 87,558 | 542,911 | 325,051 |
| | <u>(481,930)</u> | <u>(146,249)</u> | <u>(962,878)</u> | <u>(685,944)</u> |
| Interest income | - | - | 36 | 4,406 |
| (Decrease)/increase in the fair value of marketable securities | 76,395 | - | (273,762) | - |
| Realized (loss)/gain on marketable securities | (90,678) | - | (171,120) | - |
| (Loss)/Gain on sale of mineral property (Note 5) | - | - | 129,888 | - |
| | <u>(14,283)</u> | <u>-</u> | <u>(314,958)</u> | <u>4,406</u> |
| Loss and comprehensive loss for the period | <u>\$ (496,213)</u> | <u>(146,249)</u> | <u>(1,277,836)</u> | <u>\$ (681,538)</u> |
| Basic and diluted loss per common share | <u>\$ (0.01)</u> | <u>\$ (0.01)</u> | <u>\$ (0.02)</u> | <u>\$ (0.01)</u> |
| Weighted average number of common shares outstanding | 66,937,639 | 49,911,009 | 55,648,921 | 49,780,972 |

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)

(Expressed in Canadian Dollars)

| | Nine Month Period Ended September 30 2014 | Nine Month Period Ended September 30 2013 |
|--------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Cash flows from operating activities | | |
| Income (loss) for the period | \$ (1,277,836) | \$ (681,538) |
| Items not affecting cash: | | |
| Depreciation | - | 21,351 |
| Share-based compensation | 49,010 | 78,866 |
| Realized (gain)/loss on marketable securities | 171,120 | - |
| Decrease/(increase) in the fair value of marketable securities | 273,762 | - |
| Loss/(Gain) on sale of mineral property | (129,888) | - |
| Changes in non-cash working capital items: | | |
| (Increase)/decrease in receivables | (13,776) | 17,891 |
| (Increase)/decrease in prepaid expenses | 87 | (2,899) |
| Increase/(decrease) in accounts payable and accrued liabilities | 159,865 | (73,652) |
| Net cash used in operating activities | <u>(767,656)</u> | <u>(639,981)</u> |
| Cash flows from financing activities | | |
| Issuance of capital stock for cash | 2,000,000 | - |
| Share issuance costs | (18,742) | - |
| Net cash provided by financing activities | <u>1,981,258</u> | <u>-</u> |
| Cash flows from investing activities | | |
| Proceeds on sale of marketable securities | 218,416 | - |
| (Acquisition)/disposition of mineral properties | (123,416) | (57,139) |
| (Acquisition)/disposition of equipment | - | 2,500 |
| Net cash used in investing activities | <u>95,000</u> | <u>(54,639)</u> |
| Change in cash during the period | 1,308,602 | (694,620) |
| Cash, beginning of the period | <u>185,994</u> | <u>958,244</u> |
| Cash, end of the period | <u>\$ 1,494,596</u> | <u>\$ 263,624</u> |

Supplemental disclosure with respect to cash flows (Note 9)

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY (unaudited)

(Expressed in Canadian Dollars)

| | <u>Share Capital</u> | | | | |
|-----------------------------------------|----------------------|-----------------------|-------------------|-------------------------|---------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Reserves</u> | <u>Deficit</u> | <u>Total</u> |
| Balance, December 31, 2013 | 49,911,009 | \$ 103,695,034 | \$ 217,810 | \$ (102,686,476) | \$ 1,226,368 |
| Issued for cash | 24,864,285 | 2,000,000 | - | - | 2,000,000 |
| Flow-through premium | - | (259,500) | - | - | (259,500) |
| Share issuance costs | - | (28,862) | 10,120 | - | (18,742) |
| Share-based compensation | - | - | 49,010 | - | 49,010 |
| Reserves transferred on expired options | - | - | (8,588) | 8,588 | - |
| Loss for the period | - | - | - | (1,277,836) | (1,277,836) |
| Balance, September 30, 2014 | <u>74,775,294</u> | <u>\$ 105,406,672</u> | <u>\$ 268,352</u> | <u>\$ (103,955,724)</u> | <u>\$ 1,719,300</u> |
| Balance, December 31, 2012 | 49,411,009 | \$ 103,655,034 | \$ 189,889 | \$ (94,068,115) | \$ 9,776,808 |
| Issued for mineral properties | 500,000 | 40,000 | - | - | 40,000 |
| Share-based compensation | - | - | 78,866 | - | 78,866 |
| Reserves transferred on expired options | - | - | (59,266) | 59,266 | - |
| Loss for the period | - | - | - | (681,538) | (681,538) |
| Balance, September 30, 2013 | <u>49,911,009</u> | <u>\$ 103,695,034</u> | <u>\$ 209,489</u> | <u>\$ (94,690,387)</u> | <u>\$ 9,214,136</u> |

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

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Canterra Minerals Corporation (the "Company") is incorporated under the Business Corporations Act, British Columbia and is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, the Company has not yet determined whether its mineral properties contain ore reserves.

The Company's head office and principal address is 1410 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. The Company's registered and records office is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has no source of recurring revenue. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties, monetizing marketable securities or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The recovery of the amounts comprised in mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2013.

These condensed consolidated interim financial statements should be read in conjunction with the most recently issued audited consolidated financial statements, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies which were presented in Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2013 and have been consistently applied in the preparation of the Company's consolidated interim financial statements.

The Company's condensed consolidated interim financial statements are unaudited. Financial information in this report reflects any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to a fair presentation of results for the interim periods in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

As at September 30, 2014, the Company holds the following common shares of public companies listed on the TSX Venture Exchange:

| | September 30, 2014 | | December 31, 2013 | |
|------------------------------------------------|--------------------|-----------|-------------------|------------|
| | # of shares | value | # of shares | value |
| Zadar Ventures Ltd. ⁽¹⁾ | 818,500 | \$ 53,203 | 2,000,000 | \$ 600,000 |
| Skyharbour Resources Ltd. ⁽²⁾ (note | 300,000 | 16,500 | - | - |
| Margaret Lake Diamonds Inc. ⁽³⁾ | 100,000 | 25,000 | - | - |
| | 1,218,500 | \$ 94,703 | 2,000,000 | \$ 600,000 |

Pursuant to the sale of certain mineral properties the company received:

⁽¹⁾ 2,000,000 common shares of Zadar Ventures Ltd. at a fair value of \$505,350 in 2013.

⁽²⁾ 1,000,000 common shares of Skyharbour Resources Ltd. at a value of \$130,000 on February 13, 2014 (Note 5a).

⁽³⁾ 100,000 common shares of Margaret Lake Diamonds Inc. at a value of \$28,000 on September 9, 2014 (Note 5b).

4. RELATED PARTY TRANSACTIONS

These condensed consolidated interim financial statements include the financial statements of Canterra Minerals Corporation and its subsidiaries listed in the following table:

| Name of Subsidiary | Country of Incorporation | Ownership | Principal Activity |
|----------------------------|--------------------------|-----------|--------------------------|
| Nickel Bay Resources Ltd. | British Columbia, Canada | 100% | Dissolved (October 2013) |
| Triex Minerals Corporation | British Columbia, Canada | 100% | Holding company |
| Triex Minerals (US) Inc. | Nevada, USA | 100% | Inactive |

Key Management Personnel

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered are as follows:

| | 9 month period ended September 30, 2014 | 9 month period ended September 30, 2013 |
|----------------------------|--------------------------------------------|--------------------------------------------|
| Management fees | \$ 80,400 | \$ 19,575 |
| Geological consulting fees | 100,358 | 105,000 |
| Share-based compensation* | 21,004 | 63,579 |
| Total | \$ <u>201,762</u> | \$ <u>188,154</u> |

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

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

| | 9 month period ended September 30, 2014 | 9 month period ended September 30, 2013 |
|--------------------|--------------------------------------------|--------------------------------------------|
| Rent | \$ 45,000 | \$ 45,000 |
| Wages and benefits | 53,549 | 22,500 |
| Total | \$ <u>98,549</u> | \$ <u>67,500</u> |

Included in receivables at September 30, 2014 is \$6,040 (December 31, 2013 - \$7,609) due from companies with common directors and/or officers. Included in accounts payable and accrued liabilities at September 30, 2014 is \$773 (December 31, 2013 - \$1,365) due to companies with common directors and/or officers.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

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

| | September 30, 2014 | | December 31, 2013 | |
|------------------------------------------------------------------------------------------------------------|---------------------------|----------------|--------------------------|----------------|
| Northwest Territories & Nunavut - Canada | | | | |
| Hilltop Property, Northwest Territories/Cache Property, Nunavut A 100% interest/An 80% interest. | \$ | 290,232 | \$ | 252,770 |
| King Property, Northwest Territories A 100% interest | | 80,588 | | 60,509 |
| Carat Property, Northwest Territories A 70% interest. | | 132,772 | | 132,772 |
| Gwen Property, Northwest Territories A 100% interest | | 24,512 | | - |
| Marlin Property, Northwest Territories A 100% interest. (Note 5b) | | - | | - |
| Prisim Property, Northwest Territories A 100% interest | | 28,363 | | - |
| Total Mineral Properties: | \$ | <u>556,467</u> | \$ | <u>446,051</u> |

5a. On January 16, 2014 the Company sold certain mineral properties that were previously written-down in exchange for \$15,000 cash and 1,000,000 common shares of Skyharbour Resources Ltd. valued at \$130,000.

5b. On August 28, 2014, the Company entered into an option Agreement with Margaret Lake Diamonds ("MLD") granting MLD the right to acquire up to a 49% interest in the Marlin Property. To acquire an initial 30% interest, MLD must make cash payments of \$80,000 (\$40,000 received to date), issue 300,000 common shares (100,000 received to date at a value of \$28,000) and incur \$1,000,000 in exploration expenditures (\$71,858 incurred to date) by September 15, 2016. MLD has the option to earn an additional 19% interest by paying an additional \$20,000 and incurring no less than \$750,000 in additional exploration expenditures on or before September 15, 2017. Upon MLD having earned either 30% or 49% interest, MLD and the Company will enter into a Joint Venture Agreement and which time MLD will issue the Company an additional 300,000 common shares.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

5. MINERAL PROPERTIES *(continued)*

During the period ended September 30, 2014, the Company incurred exploration expenditures as follows:

| | Geology & Geophysics | Field Sampling | Drilling | Land Use & Tenure | Data Evaluation | Reclamation & Safety | Recoveries | Total for the period |
|----------------|-------------------------|-------------------|----------|----------------------|--------------------|-------------------------|-----------------|-------------------------|
| NWT | | | | | | | | |
| Hilltop/Cache | \$ 41,880 | 105,219 | - | - | 16,110 | - | - | \$ 163,209 |
| King | 11,659 | 19,668 | - | 15,324 | 6,917 | - | - | 53,568 |
| Carat | 1,204 | - | - | 4,762 | - | - | - | 5,966 |
| Gwen | 16,865 | 45,920 | - | - | 7,096 | - | - | 69,881 |
| Marlin | 23,775 | 71,858 | - | - | 8,164 | - | (78,181) | 25,616 |
| Prisim | 28,230 | 65,727 | - | - | 10,141 | - | - | 104,098 |
| Rex | - | - | - | - | - | - | - | - |
| Reconnaissance | 82,090 | - | - | - | 13,911 | - | - | 96,001 |
| ALBERTA | | | | | | | | |
| Buffalo Hills | 4,829 | - | - | 18,116 | 982 | - | - | 23,927 |
| ONTARIO | | | | | | | | |
| Other | 130 | - | - | 515 | - | - | - | 645 |
| | \$ 210,662 | 308,392 | - | 38,717 | 63,321 | - | (78,181) | \$ 542,911 |

During the period ended September 30, 2013, the Company incurred exploration expenditures as follows:

| | Geology & Geophysics | Field Sampling | Drilling | Land Use & Tenure | Data Evaluation | Safety & Reclamation | Recoveries | Total for the period |
|-------------------------|-------------------------|-------------------|----------|----------------------|--------------------|-------------------------|------------|-------------------------|
| ALBERTA | | | | | | | | |
| Buffalo Hills | 8,643 | - | - | 18,112 | - | - | - | 26,755 |
| BRITISH COLUMBIA | | | | | | | | |
| Reconnaissance | 8,623 | - | - | - | - | - | - | 8,623 |
| NEVADA | | | | | | | | |
| East Manhattan | 51,898 | - | - | 14,805 | - | - | - | 66,703 |
| Highland | 73,697 | 20,674 | - | 69,373 | - | - | - | 163,744 |
| NUNAVUT | | | | | | | | |
| Mountain Lake | 3,549 | - | - | - | - | 7,438 | - | 10,987 |
| Other | 5,629 | - | - | - | - | 11,796 | - | 17,425 |
| NWT | | | | | | | | |
| Hilltop/Cache | - | - | - | - | - | - | - | - |
| King | 7,312 | - | - | 15,323 | - | - | - | 22,635 |
| Other | 2,272 | - | - | 4,762 | - | - | - | 7,034 |
| ONTARIO | | | | | | | | |
| Reconnaissance | 369 | - | - | - | - | - | - | 369 |
| Other | 251 | - | - | 525 | - | - | - | 776 |
| | 162,243 | 20,674 | - | 122,900 | - | 19,234 | - | \$ 325,051 |

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

6. LAND USE DEPOSITS

Land use deposits are interest-bearing and are held by major financial institutions on behalf of mining regulators. These deposits are held primarily for prospecting permits and will be released upon the Company incurring certain exploration expenditures on specific mineral properties. Exploration deposits surrendered to mining regulators are expensed.

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares are fully paid.

b) Issued share capital

During the period ended, September 30, 2014 the Company issued 16,214,285 units (the "Units") at a price of \$0.07 per Unit and 8,650,000 common shares issued as flow-through shares (the "Flow-Through Shares") at a price of \$0.10 per Flow-Through Share (the "Offering") for total proceeds of \$2 million. Each Unit consisted of one common share ("Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Warrant") of the Company. Each Warrant entitles the holder thereof to purchase one Common Share at \$0.10 and is exercisable until July 29, 2016.

The Company paid finders' fees totaling \$18,741 representing 6% of a portion of the gross proceeds raised and issued aggregate finders warrants of 258,729 representing 6% of a portion of the Offering sold. Each of the finders' warrants are exercisable until July 29, 2015, at a price of \$0.10 per share. The agents' warrants have been recorded at a fair value of \$10,120 which is included in reserves. The fair value of the agents' warrants was determined using the Black-Scholes option pricing model using the following assumptions: Risk-free interest rate of 1.07%, expected life of 1.00 year, expected volatility of 101.41% and a dividend rate of 0.00%.

During the period ended September 30, 2013 the Company issued 500,000 common shares, with a value of \$40,000 as consideration towards the acquisition of mineral properties (Note 5).

c) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

As at September 30, 2014, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|-----------------|
| 795,000 | 0.25 | April 14, 2015 |
| 2,635,000 | 0.10 | April 24, 2018 |
| 700,000 | 0.15 | August 14, 2019 |
| <u>4,130,000</u> | | |

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

c) Stock Options (continued)

Stock option transactions are summarized as follows:

| | September 30, 2014 | | December 31, 2013 | |
|----------------------------------------|--------------------|---------------------------------|-------------------|---------------------------------|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of the period | 3,732,250 | \$ 0.14 | 1,332,250 | \$ 0.28 |
| Granted | 700,000 | 0.15 | 2,760,000 | 0.10 |
| Exercised | - | - | - | - |
| Expired/cancelled | (302,250) | \$0.23 | (360,000) | 0.31 |
| Balance, end of the period | 4,130,000 | \$ 0.14 | 3,732,250 | \$ 0.14 |
| Options exercisable, end of the period | 4,130,000 | \$ 0.14 | 3,732,250 | \$ 0.14 |

d) Share-based compensation

During the period ended September 30, 2014, the Company granted 700,000 (2013 - 2,760,000) stock options with a fair value of \$49,010 (2013 - \$78,866) or \$0.07 (2013 - \$0.03) per option. All options vest immediately on grant.

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

| | 2014 | 2013 |
|--------------------------|------------|---------|
| Risk-free interest rate | 1.33% | 1.19% |
| Expected life of options | 4.38 years | 5 years |
| Annualized volatility | 83.13% | 93.64% |
| Dividend rate | - | - |
| Weighted average FV | \$0.07 | \$0.03 |

e) Warrants

As at September 30, 2014 the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|---------------------------|----------------|----------------|
| 13,153,266 ⁽¹⁾ | \$0.25 | June 21, 2016* |
| 258,729 ⁽²⁾ | \$0.10 | July 29, 2015 |
| 8,107,143 ⁽²⁾ | \$0.10 | July 29, 2016 |
| 21,519,138 | | |

⁽¹⁾ In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange of greater than \$0.50 per common share during any twenty consecutive trading-day period, the Company may accelerate the expiry date by giving such notice to the holders thereof and in such case the warrants will expire on the 21st business day after the date on which such notice is given.

* During the period ended September 30, 2014, the Company extended the expiry date of 13,153,266 outstanding share purchase warrants from June 21, 2014 to June 21, 2016. No value was attributed to the warrant extension.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 (Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

e) Warrants (continued)

⁽²⁾ In the event that, at any time after the expiry of the four month hold period, the Company's common shares trade at a closing price on the TSX Venture Exchange is greater than \$0.20 per share during any twenty consecutive trading-day period the Company may accelerate the Warrant Expiry Date by giving notice to the holders thereof and in such case the Warrants will expire on the 21st business day after the date on which such notice is given to the holders by the Company.

Share purchase warrant transactions were as follows:

| | September 30, 2014 | | December 31, 2013 | |
|---------------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Balance, beginning of the period | 13,153,266 | \$ 0.25 | 13,603,462 | \$ 0.25 |
| Granted | 8,365,872 | 0.10 | - | - |
| Expired/cancelled | - | - | (450,196) | 0.25 |
| Balance, end of the period | 21,519,138 | \$ 0.19 | 13,153,266 | \$ 0.25 |
| Warrants exercisable, end of the year | 21,519,138 | \$ 0.19 | 13,153,266 | \$ 0.25 |

8. SEGMENT INFORMATION

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

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended September 30, 2014 consisted of:

- the receipt of 1,000,000 common shares valued at \$130,000 pursuant to the sale of certain mineral properties (Note 5)
- the receipt of 100,000 common shares valued at \$28,000 pursuant to the option of certain mineral properties (Note 5).

The significant non-cash investing and financing transactions during the period ended September 30, 2013 consisted of:

- the issuance of 500,000 common shares valued at \$40,000 for mineral properties.