



Condensed Consolidated Interim Financial Statements

For the Nine Months Ended

September 30, 2011

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)

	<u>September 30</u> <u>2011</u>	<u>December 31</u> <u>2010</u>	<u>January 1</u> <u>2010</u>
ASSETS			
Current			
Cash	\$ 167,112	\$ 459,768	\$ 2,820,287
Receivables (Note 4)	42,498	97,657	222,077
Prepaid expenses	<u>7,074</u>	<u>18,920</u>	<u>18,981</u>
	216,684	576,345	3,061,345
Equipment (Note 5)	179,581	234,009	303,167
Exploration deposits (Note 6)	34,000	172,088	314,282
Exploration advances	-	16,300	-
Mineral properties (Note 7)	<u>33,626,261</u>	<u>33,397,829</u>	<u>72,957,695</u>
	<u>\$ 34,056,526</u>	<u>\$ 34,396,571</u>	<u>\$ 76,636,489</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities (Note 8)	\$ 336,758	\$ 95,728	\$ 288,153
Deferred income taxes	<u>-</u>	<u>-</u>	<u>737,000</u>
	<u>336,758</u>	<u>95,728</u>	<u>1,025,153</u>
Shareholders' equity			
Share capital (Note 10)	101,723,305	101,723,305	101,600,305
Reserves (Note 10)	956,869	2,412,310	2,658,481
Deficit	<u>(68,960,406)</u>	<u>(69,834,772)</u>	<u>(28,647,450)</u>
	<u>33,719,768</u>	<u>34,300,843</u>	<u>75,611,336</u>
	<u>\$ 34,056,526</u>	<u>\$ 34,396,571</u>	<u>\$ 76,636,489</u>
Nature of continuance of operations (Note 1)			
Commitments (Note 15)			

Approved and authorized by the Board on November 28, 2011

"Randy Turner"

Randy C. Turner, Director

"James Eccott"

James E. Eccott, Director

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)

(Expressed in Canadian Dollars)

	Three Month Period Ended September 30 <u>2011</u>	Three Month Period Ended September 30 <u>2010</u>	Nine Month Period Ended September 30 <u>2011</u>	Nine Month Period Ended September 30 <u>2010</u>
EXPENSES				
Depreciation	\$ 13,336	\$ 17,480	\$ 39,428	\$ 51,679
Business development	2,759	4,267	13,279	45,767
Insurance	-	14,229	43,280	49,560
Legal, audit and accounting	16,027	22,760	34,159	71,450
Management fees and corporate services	7,239	80,659	32,225	208,980
Office and miscellaneous	11,723	31,248	47,437	93,615
Regulatory and transfer agent fees	1,362	(3,176)	15,570	22,000
Rent	20,731	44,113	91,416	131,607
Share-based compensation (Note 10)	-	-	-	150,150
Travel	2,434	5,309	7,595	16,386
Wages and benefits	42,329	30,116	172,617	178,774
Expense recovery	-	(42)	-	(36,813)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before other items	<u>(117,940)</u>	<u>(246,963)</u>	<u>(497,006)</u>	<u>(983,155)</u>
OTHER ITEMS				
Interest income	-	160	1,535	25,862
Write-off of mineral properties (Note 7)	(28,657)	-	(85,604)	-
	<u>(28,657)</u>	<u>160</u>	<u>(84,069)</u>	<u>25,862</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss and comprehensive loss for the period	<u>\$ (146,597)</u>	<u>(246,803)</u>	<u>(581,075)</u>	<u>\$ (957,293)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Basic and diluted loss per common share	<u>(0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weighted average number of common shares outstanding	35,657,743	35,657,743	35,957,743	35,657,743

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)

(Expressed in Canadian Dollars)

	Nine Month Period Ended September 30 2011	Nine Month Period Ended September 30 2010
Cash flows from operating activities		
Income (loss) for the period	\$ (581,075)	\$ (957,293)
Items not affecting cash:		
Depreciation	39,428	51,679
Share-based compensation	-	150,150
Write-off of mineral properties	85,604	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	55,159	85,115
(Increase) decrease in prepaid expenses	11,846	(5,222)
Increase (decrease) in accounts payable and accrued liabilities	225,003	(190,663)
	<u>(164,035)</u>	<u>(866,234)</u>
Net cash provided by (used in) operating activities		
	<u>(164,035)</u>	<u>(866,234)</u>
Cash flows from investing activities		
(Acquisition) disposition of equipment	15,000	-
Mineral property expenditures	(281,709)	(943,514)
Exploration deposits	138,088	142,194
	<u>(128,621)</u>	<u>(801,320)</u>
Net cash provided by (used in) investing activities		
	<u>(128,621)</u>	<u>(801,320)</u>
Change in cash during the period	(292,656)	(1,667,554)
Cash, beginning of the period	459,768	2,820,287
Cash, end of the period	\$ <u>167,112</u>	\$ <u>1,152,733</u>

Supplemental disclosure with respect to cash flows (Note 12)

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

CANTERRA MINERALS CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN 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, January 1, 2010	35,657,743 \$	101,600,305 \$	2,658,481 \$	(28,647,450) \$	75,611,336
Issued for mineral properties	300,000	81,000	-	-	81,000
Share-based compensation	-	-	291,944	-	291,944
Reserves transferred on expired options	-	-	(538,115)	538,115	-
Future income tax	-	42,000	-	(42,000)	-
Loss for the period	-	-	-	(41,683,437)	(41,683,437)
Balance, December 31, 2010	35,957,743 \$	101,723,305 \$	2,412,310 \$	(69,834,772) \$	34,300,843
Reserves transferred on expired options	-	-	(1,455,441)	1,455,441	-
Loss for the period	-	-	-	(581,075)	(581,075)
Balance, September 30, 2011	<u>35,957,743 \$</u>	<u>101,723,305 \$</u>	<u>956,869 \$</u>	<u>(68,960,406) \$</u>	<u>33,719,768</u>
Balance, January 1, 2010	35,657,743 \$	101,600,305 \$	2,658,481 \$	(28,647,450) \$	75,611,336
Share-based compensation	-	-	150,150	-	150,150
Reserves transferred on expired options	-	-	(538,115)	538,115	-
Loss for the period	-	-	-	(957,293)	(957,293)
Balance, September 30, 2010	<u>35,657,743 \$</u>	<u>101,600,305 \$</u>	<u>2,270,516 \$</u>	<u>(29,066,628) \$</u>	<u>74,804,193</u>

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (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.

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.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. A number of alternatives including, but not limited to selling an interest in one or more of its properties 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 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 AND FIRST-TIME ADOPTION OF IFRS

Statement of Compliance

These consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS is January 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("GAAP"). Historical results and balances have been restated under IFRS. These consolidated interim financial statements should be read in conjunction with the Company's 2010 GAAP annual financial statements, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 16. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these interim financial statements nor in the Company's most current annual GAAP financial statements.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS *(continued)*

Basis of Consolidation and Presentation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries (Note 9). All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of receivables, valuation and depreciation of equipment and mineral properties, valuation of share-based payments, recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%
Field supplies and equipment	20%

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest method.

Mineral properties

Pre-exploration costs are expenses as incurred.

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Mineral properties *(continued)*

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

Flow through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow through features at the time of issue is credit to other liabilities and included in income at the same time the qualifying expenditures are made.

New standards not yet adopted

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement". In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact the Company upon implementation of the issued standard.

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)

4. RECEIVABLES

The Company's receivables are as follows:

	September 30 2011	December 31 2010	January 1 2010
HST receivable	\$ 13,463	\$ 36,099	\$ -
Advances receivable	29,035	61,558	608,295
Allowance for doubtful accounts	-	-	(386,218)
Total	\$ 42,498	\$ 97,657	\$ 222,077

5. EQUIPMENT

	Furniture and equipment	Computer equipment	Field Supplies and equipment	Total
Cost				
Balance, January 1, 2010	\$ 231,434	\$ 411,045	\$ 179,603	\$ 822,082
Additions	-	-	-	-
Balance, December 31, 2010	\$ 231,434	\$ 411,045	\$ 179,603	\$ 822,082
Additions (dispositions)	-	-	(15,000)	-
Balance, September 30, 2011	\$ 231,434	\$ 411,045	\$ 164,603	\$ 807,082
Accumulated depreciation				
Balance, January 1, 2010	\$ 120,041	\$ 323,900	\$ 74,974	\$ 518,915
Depreciation	22,217	26,072	20,869	69,158
Balance, December 31, 2010	\$ 142,258	\$ 349,972	\$ 95,843	\$ 588,073
Depreciation	13,291	13,654	12,483	39,428
Balance, September 30, 2011	\$ 155,549	\$ 363,626	\$ 108,326	\$ 627,501
Carrying amounts				
As at January 1, 2010	\$ 111,393	\$ 87,145	\$ 104,629	\$ 303,167
As at December 31, 2010	\$ 89,176	\$ 61,073	\$ 83,760	\$ 234,009
As at September 30, 2011	\$ 75,885	\$ 47,419	\$ 56,277	\$ 179,581

6. EXPLORATION DEPOSITS

Exploration 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 included in mineral properties (Note 7).

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)

7. MINERAL PROPERTIES

	Alberta		Saskatchewan		Ontario		Nunavut		Northwest Territories			Total
	Buffalo Hills	Pasfield	Other	Nickel Bay	Gold	Other	Mtn Lake	Other	Hilltop/Cache	King	Other	
Acquisition costs												
Balance, January 1, 2010	\$ 8,278,519	570,688	578,430	250,000	-	1,575,404	240,906	935,809	252,770	60,509	5,573,007	18,316,042
Additions	-	-	-	-	197,000	-	-	-	-	-	-	197,000
Written off	-	-	-	-	-	(1,575,292)	-	(885,240)	-	-	(5,440,235)	(7,900,767)
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-
Balance, December 31, 2010	\$ 8,278,519	570,688	578,430	250,000	197,000	112	240,906	50,569	252,770	60,509	132,772	10,612,275
Additions:	-	-	-	-	71,376	-	-	-	-	-	-	71,376
Written off	-	-	-	-	-	-	-	-	-	-	-	-
Recoveries:	-	-	-	-	-	-	-	-	-	-	-	-
Balance, September 30, 2011	\$ 8,278,519	570,688	578,430	250,000	268,376	112	240,906	50,569	252,770	60,509	132,772	10,683,651
Exploration costs												
Balance, January 1, 2010	\$ 3,028,289	-	-	2,530,056	-	1,824,562	-	6,933,991	5,923,291	6,726,385	27,675,079	54,641,653
Geology & Geophysics	36,575	-	-	4,988	16,536	8,135	-	17,383	208	4,580	5,981	94,386
Field Sampling	-	-	-	-	79	-	-	-	-	-	-	79
Drilling	701,491	-	-	400	-	-	-	-	-	-	-	701,891
Land Tenure	136,598	-	-	3,228	818	817	-	3,972	5,136	10,515	7,138	168,222
Reports & Data Evaluation	13,340	-	-	5,291	4,316	19	-	916	-	157	-	24,039
Mineralogy	1,285	-	-	-	-	-	-	13,577	-	2,586	-	20,034
Environmental & Safety	5,397	-	-	2,339	-	-	-	369,927	-	100,024	138,227	615,914
Community Relations	-	-	-	-	-	-	-	-	-	-	-	-
Written off	894,686	-	-	16,246	21,749	8,971	-	405,775	5,344	117,862	153,932	1,624,565
Recoveries	(413,186)	-	-	-	-	(1,803,393)	-	(7,339,766)	-	-	(23,924,319)	(33,067,478)
Balance, December 31, 2010	\$ 3,509,789	-	-	2,546,302	21,749	30,140	-	-	5,928,635	6,844,247	3,904,692	22,785,554
Geology & Geophysics	12,460	-	-	17,476	17,074	31,350	-	-	9,182	8,824	8,675	105,041
Field Sampling	-	-	-	-	-	-	-	-	-	-	-	-
Drilling	4,340	-	-	-	-	-	-	-	-	-	-	4,340
Land Tenure	20,414	-	-	25,419	423	693	-	-	4,762	20,445	-	72,156
Reports & Data Evaluation	2,812	-	-	-	17,830	3,550	-	-	-	-	-	24,192
Mineralogy	-	-	-	-	-	-	-	-	-	-	-	-
Environmental & Safety	-	-	-	14,568	-	-	-	-	-	1,141	21,223	36,932
Community Relations	-	-	-	-	-	-	-	-	-	-	-	-
Written off	40,026	-	-	57,463	35,327	35,593	-	-	13,944	30,410	29,898	242,661
Recoveries	-	-	-	-	-	(28,656)	-	-	-	-	(56,948)	(85,604)
Balance, September 30, 2011	\$ 3,549,815	-	-	2,603,765	57,076	37,077	-	-	5,942,579	6,874,657	3,877,642	22,942,611
Total, January 1, 2010	\$ 11,306,808	570,688	578,430	2,780,056	-	3,399,966	240,906	7,869,800	6,176,061	6,786,894	33,248,086	72,957,695
Total, December 31, 2010	\$ 11,788,308	570,688	578,430	2,796,302	218,749	30,252	240,906	50,569	6,181,405	6,904,756	4,037,464	33,397,829
Total, September 30, 2011	\$ 11,828,334	570,688	578,430	2,853,765	325,452	37,189	240,906	50,569	6,195,349	6,935,166	4,010,414	33,626,262

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7. MINERAL PROPERTIES *(continued)*

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, except as described below, are properly registered and in good standing.

Buffalo Hills Property, Alberta

A 33% interest.

Pasfield Lake Property, Saskatchewan

An 82% interest. The property is subject to an underlying 3% NSR, which may be reduced to a 1% NSR by making a cash payment of \$2,000,000 at any time up to six months after the date commercial production has been achieved.

Other Properties, Saskatchewan - Riverlake Property

A 51% interest in certain claims.

Other Properties, Saskatchewan - Mann Lake Property

A 60% interest subject to a 2.5% NSR. The Company may buy back 1.5% of the NSR for \$1,500,000.

Other Properties, Saskatchewan - West Carswell Property

A 100% interest.

Nickel Bay Property, Ontario

A 100% interest, subject to a 1.5% NSR. The Company may buy back up to 1% of the NSR through staged payments to 2019.

Gold Properties, Ontario – Boxer Property

An option to purchase a 100% interest, subject to a 1.5% NSR. To acquire the property, the Company must make cash payments of \$96,000 (\$8,000 paid to date) and issue 200,000 common shares (100,000 common shares with a fair value of \$27,000 issued to date) on or before December 13, 2014. The Company has the option, at any time after exercise, to buy-back one half (0.75%) of the NSR for \$750,000.

Gold Properties, Ontario - Hornet Property

An option to purchase a 100% interest, subject to a 2.0% NSR. To acquire the property, the Company must make cash payments of \$121,000 (\$38,000 paid to date) and issue 200,000 common shares (100,000 common shares with a fair value of \$27,000 issued to date) on or before December 13, 2014. The Company has the option, at any time after exercise, to buy-back one half (1.0%) of the NSR for \$1,000,000.

Gold Properties, Ontario - Drake & Essex Property

An option to purchase a 100% interest, subject to a 2.0% NSR. To acquire the property, the Company must make cash payments of \$195,000 (\$70,000 paid to date) and issue 400,000 common shares (100,000 common shares with a fair value of \$27,000 issued to date) on or before December 13, 2014. The Company has the option, at any time after exercise, to buy-back one half (1.0%) of the NSR for \$1,000,000.

Other Properties, Ontario – Tak Property

A 10% interest, subject to a sliding scale NSR ranging from 3% to 6%.

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7. MINERAL PROPERTIES (continued)**Gold Properties, Ontario - Chartrand Property**

A 100% interest by staking.

Gold Properties, Ontario - Revell Property

A 100% interest by staking.

Gold Properties, Ontario - Esox Property

A 100% interest by staking.

Gold Properties, Ontario - Bedivere Property

A 100% interest by staking.

Gold Properties, Ontario - Taylor Property

A 100% interest by staking.

Mountain Lake, Nunavut

A 50% interest. Certain claims are subject to a 5% NSR. The Company and its partner may purchase one-half the royalty at any time up to six months after the date commercial production has been achieved on the optioned property for an aggregate cash payment of \$5,000,000.

Other Properties, Nunavut - Kendall River

A 50% interest subject to a 5% NSR, one-half of which may be purchased back for a cash payment of \$2,500,000.

Hilltop/Cache Property, Northwest Territories

A 100% interest/An 80% interest.

King Property, Northwest Territories

A 100 % interest.

Other Properties, Northwest Territories - Carat

A 70% interest.

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	September 30, 2011	December 31, 2010	January 1, 2010
Trade payables	\$ 211,578	\$ 55,728	\$ 238,153
Advances payable	125,000	-	-
Accrued liabilities	-	40,000	50,000
Total	\$ 336,578	\$ 95,728	\$ 288,153

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9. RELATED PARTY TRANSACTIONS

The consolidated 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%	Inactive
Triex Minerals Corporation	British Columbia, Canada	100%	Holding company
Triex Minerals (US) Inc.	Nevada, USA	100%	Inactive

The Company entered into the following transactions with related parties during the period ending September 30, 2011:

- a) Paid or accrued administrative fees included in management fees of \$Nil (2010 - \$9,741) to Rand Explorations Ltd, a management company controlled by the chairman and director of the Company.
- b) Paid or accrued management fees of \$21,250 (2010 - \$166,464) to Rand Explorations Ltd.
- c) Paid or accrued geological consulting fees included in mineral properties of \$3,750 (2010 - \$29,376) to Rand Explorations Ltd.
- d) Paid or accrued consulting fees included in management fees of \$6,475 (2010 - \$17,074) to Adera Company Management Inc., a management company controlled by the chief financial officer of the Company.
- e) Paid or accrued wages included in wages and benefits of \$66,664 (2010 - \$Nil) to David Clarke, the former President of the Company.
- f) Paid or accrued wages included in mineral properties of \$66,664 (2010 - \$Nil) to David Clarke, the former President of the Company.

Included in receivables at September 30, 2011 is \$38,023 (December 31, 2010 - \$108) due from companies with common directors.

Included in accounts payable and accrued liabilities at September 30, 2011 is \$190,453 (December 31 2010 - \$5,116) due to companies controlled by directors and officers.

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10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

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

b) Issued share capital

On December 13, 2010 the Company issued 300,000 common shares, with a value of \$81,000 as consideration towards the acquisition of mineral properties (see Note 7).

c) Stock options

The Company has an incentive stock options 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, 2011, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
174,250	0.33	January 22, 2012
17,000	0.33	July 27, 2012
26,000	0.33	October 1, 2012
365,000	0.33	October 9, 2012
187,000	0.33	January 23, 2013
5,000	0.33	February 6, 2013
233,750	0.33	January 26, 2014
930,000	0.25	April 14, 2015
<hr/> 1,938,000		

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10. SHARE CAPITAL AND RESERVES (continued)

c) Stock options (continued)

Stock option transactions are summarized as follows:

	September 30, 2011		December 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	2,696,250	\$ 0.30	1,830,250	\$ 3.87
Granted	-	-	1,197,500	0.25
Exercised	-	-	-	-
Expired/cancelled	(758,250)	0.31	(331,500)	4.67
Balance, end of year	1,938,000	\$ 0.29	2,696,250	\$ 0.30
Options exercisable, end of year	1,938,000	\$ 0.29	2,696,250	\$ 0.30

d) Options – Share-based compensation

During the period ended September 30, 2011, the Company granted Nil (2010 – 947,500) stock options with a fair value of \$Nil (2010 - \$142,125) or \$Nil (2010 - \$0.15) per option. Share-based compensation expense was \$Nil (2010 - \$150,150) which was credited to reserves on the balance sheet.

e) Warrants

As at September 30, 2011 and December 31, 2010, the Company had no outstanding share purchase warrants.

11. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended September 30, 2011 consisted of:

- Mineral property costs of \$23,462 included in accounts payable;
- Mineral property recoveries \$22,922 included in receivables.

The significant non-cash investing and financing transactions during the period ended September 30, 2010 consisted of:

- Mineral property costs of \$32,529 included in accounts payable;
- Mineral property recoveries \$22,922 included in receivables.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash is measured based on level 1 of the fair value hierarchy. The fair values of receivables, exploration deposits and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company manages credit risk by carrying short-term investments with investment grade ratings. The Company's receivables consist primarily of sales tax receivables due from federal and provincial government agencies and receivables from exploration partners with whom the Company has established credit policies. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash is invested in interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The risk that the Company will realize a loss in cash is limited because the Company's deposits are redeemable on demand.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk - The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of diamonds and precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

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15. COMMITMENTS

The Company is committed to an operating lease on its premises expiring December 31, 2011 at annual lease commitments and estimated operating costs of \$198,690.

16. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these consolidated financial statements are for the period covered by the Company's second interim condensed consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the condensed consolidated financial statements for the period ended September 30, 2011 and 2010, the consolidated financial statements for the year ended December 31, 2010 and the opening IFRS statement of financial position on January 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended September 30, 2011, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with GAAP. An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date; and
- b) to apply the requirements of IFRS 2, Share-based payment, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its GAAP estimates for the same date.

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16. FIRST TIME ADOPTION OF IFRS (continued)

The reconciliation between GAAP and IFRS consolidated statement of financial position as at January 1, 2010 (date of transition to IFRS) is provided below:

	Note	January 1, 2010		
		GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		\$ 2,820,287	\$ -	\$ 2,820,287
Receivables		222,077	-	222,077
Prepays		<u>18,981</u>	<u>-</u>	<u>18,981</u>
		3,061,345	-	3,061,345
Equipment		303,167	-	301,000
Exploration deposits		314,282	-	314,282
Mineral properties		<u>72,957,695</u>	<u>-</u>	<u>71,957,695</u>
		\$ 76,636,489	\$ -	\$ 76,636,489
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable		\$ 288,153	\$ -	\$ 288,153
Deferred income tax liability		<u>737,000</u>	<u>-</u>	<u>737,000</u>
		<u>1,025,153</u>	<u>-</u>	<u>1,025,153</u>
Shareholders' equity				
Share capital		100,594,087	1,006,218	101,600,305
Reserves	16 a)	4,567,962	(1,909,481)	2,658,481
Deficit	16 a)	<u>(29,550,713)</u>	<u>903,263</u>	<u>(28,647,450)</u>
		<u>75,611,336</u>	<u>-</u>	<u>75,611,336</u>
Total shareholders' equity and liabilities		\$ 76,636,489	\$ -	\$ 76,636,489

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16. FIRST TIME ADOPTION OF IFRS (continued)

The reconciliation between GAAP and IFRS consolidated statement of financial position as at December 31, 2010 is provided below:

	Note	December 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		\$ 459,768	\$ -	\$ 459,768
Receivables		97,657	-	97,657
Prepays		<u>18,920</u>	<u>-</u>	<u>18,920</u>
		576,345	-	576,345
Equipment		243,009	-	243,009
Exploration deposits		172,088	-	172,088
Exploration advances		16,300	-	16,300
Mineral properties		<u>33,397,829</u>	<u>-</u>	<u>33,397,829</u>
		\$ 34,396,579	\$ -	\$ 34,396,579
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable		\$ 95,728	\$ -	\$ 95,728
		<u>95,728</u>	<u>-</u>	<u>95,728</u>
Shareholders' equity				
Share capital	16 b)	100,675,087	1,048,218	100,723,305
Reserves	16 a)	4,859,906	(2,447,596)	2,412,310
Deficit	16 b)	<u>(71,234,150)</u>	<u>1,399,378</u>	<u>(69,834,772)</u>
		<u>34,300,843</u>	<u>-</u>	<u>34,300,843</u>
Total shareholders' equity and liabilities		\$ 34,396,571	\$ -	\$ 34,396,571

CANTERRA MINERALS CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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16. FIRST TIME ADOPTION OF IFRS (continued)

The reconciliation between GAAP and IFRS consolidated statement of financial position as at September 30, 2010 is provided below:

	September 30, 2010		
	GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current			
Cash	\$ 1,152,733	\$ -	\$ 1,152,733
Receivables	136,962	-	136,962
Prepays	<u>24,203</u>	<u>-</u>	<u>24,203</u>
	1,313,898	-	1,313,898
Equipment	251,488	-	251,488
Exploration deposits	172,088	-	172,088
Mineral properties	<u>73,926,572</u>	<u>-</u>	<u>73,926,572</u>
	\$ 75,664,046	\$ -	\$ 75,664,046
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable	\$ 122,853	\$ -	\$ 122,853
Deferred income tax liability	<u>737,000</u>	<u>-</u>	<u>737,000</u>
	859,853	-	859,853
Shareholders' equity			
Share capital	100,594,087	1,006,218	101,600,305
Reserves	16 a) 4,718,112	(2,447,596)	2,270,516
Deficit	16 a) <u>(30,508,006)</u>	<u>1,441,378</u>	<u>(29,066,628)</u>
	<u>74,804,193</u>	<u>-</u>	<u>74,804,193</u>
Total shareholders' equity and liabilities	\$ 75,664,046	\$ -	\$ 75,664,046

CANTERRA MINERALS CORPORATIONNOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 (Expressed in Canadian Dollars)**16. FIRST TIME ADOPTION OF IFRS (continued)**

There was no change to the comprehensive loss for the nine months ended September 30, 2010 on transition to IFRS, therefore a reconciliation is not provided. Also no adjustment was required to the comprehensive loss for the year ended December 31, 2010.

	Note	Year Ended December 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS
EXPENSES				
Depreciation		\$ 69,158	\$ -	\$ 69,158
Business development		53,193	-	53,193
Insurance		63,788	-	63,788
Legal, audit and accounting		130,389	-	130,389
Management fees		289,714	-	289,714
Office and miscellaneous		145,890	-	145,890
Transfer agent and filing fees		49,478	-	49,478
Rent		178,471	-	178,471
Share-based compensation		291,944	-	291,944
Travel		20,924	-	20,924
Wages and benefits		249,289	-	249,289
Expense recovery		<u>(60,704)</u>	<u>-</u>	<u>(60,704)</u>
		<u>(1,481,634)</u>	<u>-</u>	<u>(1,481,634)</u>
OTHER ITEMS				
Interest income		29,443	-	29,443
Write-off of mineral properties		<u>(40,968,246)</u>	<u>-</u>	<u>(40,968,246)</u>
		<u>(40,938,803)</u>	<u>-</u>	<u>(40,938,803)</u>
Loss before income taxes		(42,420,437)	-	(42,420,437)
Deferred income tax recovery		<u>737,000</u>	<u>-</u>	<u>737,000</u>
Loss and comprehensive loss for the year		\$ (41,683,437)	\$ -	\$ (41,683,437)

CANTERRA MINERALS CORPORATION

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16. FIRST TIME ADOPTION OF IFRS *(continued)*

There are no significant differences between IFRS and GAAP in connection with the Company's statements of cash flows for the period ended September 30, 2010 or the year ended December 31, 2010.

a) Share-based payments

Under IFRS, the Company can reverse the fair value of share-based awards when the award is cancelled or forfeited. Under GAAP, the fair value of share-based awards could not be reversed regardless of the awards forfeiture or cancellation. Therefore, on transition the Company has reversed the valuation of all historical share based awards which were subsequently cancelled or forfeited.

b) Flow through shares

GAAP has specific guidance for the treatment of flow-through shares, which are an equity instrument unique to Canada, and therefore there is no specific equivalent guidance under IFRS. Under the IFRS framework, the Company accounts for flow-through shares whereby any premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and then included income at the time the qualifying expenditures are made.

Therefore, on transition the Company has reversed the GAAP effects on accounting for flow through shares.