

Bonterra Resources Inc.

Condensed Consolidated Interim Financial Statements

Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

Bonterra Resources Inc.

Nine Months Ended February 28, 2017

INDEX

Page

Condensed Consolidated Interim Financial Statements

Notice of No Auditor Review

Condensed Consolidated Interim Statements of Financial Position 1

Condensed Consolidated Interim Statements of Comprehensive Loss 2

Condensed Consolidated Interim Statements of Changes in Equity 3

Condensed Consolidated Interim Statements of Cash Flows 4

Notes to the Condensed Consolidated Interim Financial Statements 5-23

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED 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 condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of 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 condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

April 28, 2017

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	February 28, 2017	May 31, 2016
Assets		
Current		
Cash	\$ 99,283	\$ 351,029
Receivables	199,940	216,183
Prepaid expenses	220,538	42,705
	519,761	609,917
Prepaid Expenses	15,000	65,985
Equipment (note 7)	17,391	8,818
Exploration and Evaluation Assets (note 8)	22,079,102	16,376,551
	\$ 22,631,254	\$ 17,061,271
Liabilities		
Current		
Accounts payable and accrued liabilities (notes 9 and 11)	\$ 1,378,114	\$ 749,144
Due to related parties (note 10)	45,881	35,730
Other liabilities (note 9)	-	55,572
	1,423,995	840,446
Shareholders' Equity		
Share Capital (note 11)	40,618,448	35,314,325
Share-based Payments Reserve (note 11)	5,893,974	4,421,229
Deficit	(25,305,163)	(23,514,729)
	21,207,259	16,220,825
	\$ 22,631,254	\$ 17,061,271

Going Concern (note 2)

Commitments (note 14)

Subsequent Event (note 15)

Approved on behalf of the Board:

<i>"Robert Gagnon"</i>	<i>"Nav Dhaliwal"</i>
..... Director Director
Robert Gagnon	Nav Dhaliwal

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

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Expenses				
Amortization (note 7)	\$ 1,705	\$ 721	\$ 2,777	\$ 2,163
Consulting fees	87,971	205,870	475,195	721,785
Management and director fees (note 10)	258,500	55,500	371,500	149,000
Office and general	59,269	30,021	116,310	70,954
Professional fees (recovery) (note 10)	73,217	(8,471)	118,058	49,392
Rent (note 10)	6,677	4,239	16,838	16,663
Share-based payments (note 11)	10,381	152,168	88,132	674,641
Shareholder communications and investor relations	269,298	164,228	664,236	407,100
Transfer agent and filings fees	19,773	26,058	26,193	31,289
Travel	110,341	30,550	232,767	64,680
Net Loss Before Other Item	(897,132)	(660,884)	(2,112,006)	(2,187,667)
Other Item				
Other income (note 9)	53,120	210,837	321,572	315,624
Net and Comprehensive Loss for the Period	\$ (844,012)	\$ (450,047)	\$ (1,790,434)	\$ (1,872,043)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.05)
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	90,132,433	40,085,337	86,616,353	37,018,616

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

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Share-based Payments Reserve	Deficit	Total
	Number of Shares	Share Capital			
Balance May 31, 2015	21,190,067	\$ 23,485,669	\$ 2,346,061	\$ (20,175,682)	\$ 5,656,048
Private placements	28,518,188	5,098,601	500,099	-	5,598,700
Share issue costs	-	(402,239)	-	-	(402,239)
Fair value of finder's warrants	-	(181,832)	181,832	-	-
Shares issued on exercise of options	1,930,000	347,400	-	-	347,400
Transfer of stock options fair value on exercise	-	159,828	(159,828)	-	-
Stock options granted	-	-	674,641	-	674,641
Shares issued on exercise of warrants	1,593,000	318,600	-	-	318,600
Transfer of warrant fair value on exercise	-	58,911	(58,911)	-	-
Net loss and comprehensive loss for period	-	-	-	(1,872,043)	(1,872,043)
Balance, February 29, 2016	53,231,255	28,884,938	3,483,894	(22,047,725)	10,321,107
Shares issued on exercise of options	300,000	45,000	-	-	45,000
Transfer of stock options fair value on exercise	-	14,056	(14,056)	-	-
Stock options granted	-	-	1,107,383	-	1,107,383
Shares issued on exercise of warrants	2,511,407	549,782	-	-	549,782
Transfer of warrant fair value on exercise	-	155,992	(155,992)	-	-
Shares issued for exploration and evaluation assets	14,730,620	5,664,557	-	-	5,664,557
Net loss and comprehensive loss for the year	-	-	-	(1,467,004)	(1,467,004)
Balance, May 31, 2016	70,773,282	35,314,325	4,421,229	(23,514,729)	16,220,825
Private placements	18,314,915	5,283,035	1,278,685	-	6,561,720
Share issue costs	-	(332,180)	-	-	(332,180)
Fair value of finder's warrants	-	(194,714)	194,714	-	-
Stock options vested	-	-	88,132	-	88,132
Shares issued on exercise of warrants	2,245,982	459,196	-	-	459,196
Transfer of warrant fair value on exercise	-	88,786	(88,786)	-	-
Net loss and comprehensive loss for period	-	-	-	(1,790,434)	(1,790,434)
Balance, February 28, 2017	91,334,179	\$ 40,618,448	\$ 5,893,974	\$ (25,305,163)	\$ 21,207,259

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

Bonterra Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended February 28,
(Expressed in Canadian Dollars)

	2017	2016
Operating Activities		
Net loss for the period	\$ (1,790,434)	\$ (1,872,043)
Items not involving cash		
Amortization	2,777	2,163
Share-based payments	88,132	674,641
Other income	(321,572)	(315,624)
Changes in non-cash working capital		
Receivables	16,243	(67,368)
Prepaid expenses	(126,848)	(14,467)
Accounts payable and accrued liabilities	(41,418)	1,351,913
Due to related parties	10,151	5,917
Cash Used in Operating Activities	(2,162,969)	(234,868)
Investing Activities		
Exploration and evaluation assets	(5,032,163)	(3,471,213)
Purchases of equipment	(11,350)	-
Cash Used in Investing Activities	(5,043,513)	(3,471,213)
Financing Activity		
Shares issued for cash, net of issuance costs	6,954,736	6,367,158
Cash Provided by Financing Activity	6,954,736	6,367,158
Inflow (Outflow) of Cash	(251,746)	2,661,077
Cash, Beginning of Period	351,029	98,606
Cash, End of Period	\$ 99,283	\$ 2,759,683

Supplemental Disclosure with Respect to Cash Flows (note 12)

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

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Bonterra Resources Inc. (the “Company”) is an exploration stage company incorporated on May 1, 2007, under the laws of the Province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the Provinces of Ontario and Quebec, Canada. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “BTR”. The Company’s head office and principal business address is 510-744 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1A5. The Company’s registered and records office is 1000-840 Howe Street, Vancouver, British Columbia, Canada, V6Z 2M1.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a comprehensive loss of \$1,790,434 for the nine months ended February 28, 2017 (February 29, 2016 - \$1,872,043), and has an accumulated deficit of \$25,305,163 at February 28, 2017 (May 31, 2016 - \$23,514,729). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed consolidated interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements (“financial statements”) of the Company have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements of the Company should be read in conjunction with the Company’s 2016 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 28, 2017.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale (“AFS”), and fair value through profit or loss (“FVTPL”). These condensed consolidated interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (Continued)

c) Subsidiaries

These condensed consolidated interim financial statements include the accounts of the Company and the following subsidiaries. All intercompany transactions and balances have been eliminated.

	Country of Incorporation	Percentage of Ownership at February 28, 2017	Percentage of Ownership at May 31, 2016
Symphony Resources Ltd. ("Symphony")	USA	100%	100%
0819904 B.C. Ltd.	Canada	100%	100%

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited financial statements for the year ended May 31, 2016.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below:

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditure and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES (Continued)

Critical judgments in applying accounting policies (continued)

c) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the consolidated financial statements.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES (Continued)

Key sources of estimation uncertainty (continued)

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at February 28, 2017, the Company has no known rehabilitation requirements and accordingly, no provision has been made.

b) Share purchase warrant valuation

The Company measures the value of share purchase warrants issued as part of private placement units using a pro rata method. The pro rata method requires each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components. The fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes pricing model. Estimating fair value for share purchase warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share purchase warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share purchase warrants are disclosed in note 11.

c) Valuation of flow-through premium

The determination of the valuation of flow-through premium and warrants in equity units is subject to significant judgment and estimates. The flow-through premium is valued as the estimated premium that investors pay for the flow-through feature, being the portion in excess of the market value of shares without the flow-through feature issued in concurrent private placement financing. In the case that the Company did not issue non flow-through shares together with the flow-through shares, the market value of shares without the flow-through feature will be determined using their closing quoted bid price.

6. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; receivables as loans and receivables; and accounts payable and accrued liabilities and due to related parties as other financial liabilities. The carrying value of these instruments approximates their fair values due to their short term to maturity.

The following table sets forth the Company's financial assets measured at fair value by levels within the fair value hierarchy:

February 28, 2017	Level 1	Level 2	Level 3	Total
Cash	\$ 99,283	\$ -	\$ -	\$ 99,283

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

May 31, 2016	Level 1	Level 2	Level 3	Total
Cash	\$ 351,029	\$ -	\$ -	\$ 351,029

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. Included in receivables is \$116,417 (May 31, 2016 - \$214,893) of GST receivable. Accordingly, the Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of February 28, 2017 equal \$1,423,995 (May 31, 2016 - \$840,446). All of the liabilities presented as accounts payable are due within 30 days of the reporting date. The Company addressed its liquidity risk by private placement financings subsequent to February 28, 2017.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- Currency risk* - The Company has no funds held in a foreign currency and as a result is not exposed to significant currency risk on its financial instruments at year-end.
- Interest rate risk* - Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates and, therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.
- Other price risk* - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (Continued)

d) Capital management

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the period ended February 28, 2017. The Company is not subject to externally imposed capital requirements.

7. EQUIPMENT

	Furniture and Equipment	Computer Equipment	Total
Cost			
Balance, May 31, 2015 and May 31, 2016	\$ 18,130	\$ 21,576	\$ 39,706
Additions	2,875	8,475	11,350
Balance, February 28, 2017	\$ 21,005	\$ 30,051	\$ 51,056
Amortization			
Balance, May 31, 2015	\$ 11,867	\$ 16,137	\$ 28,004
Amortization	1,252	1,632	2,884
Balance, May 31, 2016	13,119	17,769	30,888
Amortization	967	1,810	2,777
Balance, February 28, 2017	\$ 14,086	\$ 19,579	\$ 33,665
Net Book Value, May 31, 2016	\$ 5,011	\$ 3,807	\$ 8,818
Net Book Value, February 28, 2017	\$ 6,919	\$ 10,472	\$ 17,391

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

a) Gladiator Project

(i) Coliseum Property

During the year ended May 31, 2010, the Company acquired a 100% interest in 95 claim blocks in Quebec near Windfall Lake at a cost of \$20,000 (paid), the issuance of 50,000 common shares to the vendors and 5,440 common shares to a finder (issued) and incurring \$140,000 of exploration expenditures (incurred). The shares were valued at \$155,232 based on the market value of the shares on share issue date. The property is subject to a 2% net smelter returns royalty of which 0.5% can be purchased by the Company for \$1,000,000.

(ii) West Arena Property

The Company entered into an option agreement on September 15, 2010, as amended on February 8, 2011 and March 19, 2012 to acquire a 100% interest in 23 additional mineral claims adjacent to the Coliseum claims in Quebec for aggregate consideration of \$10,000 cash (paid), 87,500 common shares (issued) and \$750,000 in exploration expenditures (incurred). The Company has completed the acquisition and owns 100% subject to the NSR below.

The agreement is subject to a 2% NSR of which 1% can be purchased for \$500,000. A finder's fee of 2,845 shares was paid in connection with this acquisition.

On November 7, 2013, the Company sold an additional 1% NSR to GRO in exchange for 1,000,000 common shares of GRO, valued at \$325,000.

(iii) East Arena Property

On December 30, 2010, the Company closed and received approval from the TSX Venture Exchange for a property purchase agreement entered into on December 10, 2010 to acquire a 100% interest in 57 mineral claims east of the Urban-Barry Township in Quebec. Consideration paid was 100,000 common shares valued at \$860,000 based on the market price of the shares on the share issue date, and cash payments of \$35,000. The agreement is subject to a 2% NSR of which 1% may be purchased for \$1,000,000.

(iv) St-Cyr Property

On February 23, 2016, the Company entered into an agreement to acquire a 100% interest in the St-Cyr Property, located in Quebec. In consideration, the Company issued 700,000 common shares of the Company (issued on March 2, 2016 and valued at \$224,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for \$1,000,000.

(v) West Lacroix Lake Property

On February 23, 2016, the Company entered into an agreement with to acquire a 100% interest in the St-Cyr Property, located in Quebec. In consideration, the Company issued 500,000 common shares of the Company (issued on March 2, 2016 and valued at \$160,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for \$1,000,000.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Gladiator Project (continued)

(vi) Lac Barry Property

On March 10, 2016, the Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley") to acquire an 85% interest in Golden Valley's Lac Barry Property, located in Quebec.

In consideration, the Company issued 519,480 common shares of the Company (issued on March 16, 2016 and valued at \$225,973). In order to maintain the option, the Company must incur expenditures of \$2,000,000 as follows:

- \$250,000 before March 10, 2017;
- an additional \$750,000 on or before March 10, 2018; and
- an additional \$1,000,000 on or before March 10, 2019.

Golden Valley retains a 15% interest in the property and a 3% NSR, of which 1% can be purchased by the Company for \$1,000,000.

(vii) Macho South Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Macho South Property, located in Quebec. In consideration, the Company issued 1,200,000 common shares of the Company (issued on March 21, 2016 and valued at \$510,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for \$1,000,000.

(viii) Barry Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Barry Property, located in Quebec. In consideration, the Company issued 800,000 common shares of the Company (issued on March 21, 2016 and valued at \$340,000). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for \$1,000,000.

(ix) Bailly Property

On March 11, 2016, the Company entered into an agreement to acquire a 100% interest in the Bailly Property, located in Quebec. In consideration, the Company issued 250,000 common shares of the Company (issued on March 21, 2016 and valued at \$106,250). The vendor retains a 2% NSR, of which 1% can be purchased by the Company for \$1,000,000.

On March 21, 2016, the Company issued 202,232 common shares of the Company (valued at \$85,949) as finder's fees on the acquisitions of the Macho South, Barry and Bailly properties.

b) Larder Lake Project

On March 16, 2016, the Company entered into an option agreement to acquire a 100% interest in the Larder Lake Property from Kerr Mines and its wholly-owned subsidiary, Bear Lake Gold Ltd., located in Ontario. The terms of the agreement were amended on April 14, 2016 and TSX-V approval for the transaction was received on April 26, 2016.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Larder Lake Project (continued)

In consideration for the Larder Lake Property, the Company issued 10,000,000 common shares of the Company (issued on April 26, 2016 and valued at \$3,800,000). The Company must also pay \$1,150,000 as follows:

- \$200,000 upon TSX-V approval (paid);
- \$300,000 on or before December 26, 2016 (paid);
- \$350,000 on or before April 26, 2017; and
- \$300,000 on or before October 26, 2017.

In the event the Company completes an equity financing for gross proceeds of \$4,000,000 or more in non-flow through financing, then the second cash payment of \$300,000 and third cash payment of \$350,000 are due within ten days of the closing of the equity financing, and the fourth cash payment of \$300,000 is due on or before April 26, 2017.

In relation to the transaction, the Company paid a finder's fee of 558,908 common shares (issued and valued at \$212,385).

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS (Continued)

	Gladiator Project	Larder Lake Project	Total
Balance, May 31, 2015	\$ 5,969,976	\$ -	\$ 5,969,976
Acquisition Costs			
Claim renewals	12,166	81	12,247
Acquisition and option payments	1,566,223	4,000,000	5,566,223
Finder's fees	85,949	212,385	298,334
Total Acquisition Costs	1,664,338	4,212,466	5,876,804
Property Exploration Costs			
Assays and geochemistry	108,009	-	108,009
Camp and other costs	930,489	-	930,489
Drilling	2,854,677	-	2,854,677
Geological	383,951	39,200	423,151
Geophysics	190,162	-	190,162
Travel and transport	23,283	-	23,283
Total Exploration Costs	4,490,571	39,200	4,529,771
Balance, May 31, 2016	12,124,885	4,251,666	16,376,551
Acquisition Costs			
Claim renewals	8,399	25,622	34,021
Option payments	-	300,000	300,000
Total Acquisition Costs	8,399	325,622	334,021
Property Exploration Costs			
Assays and geochemistry	230,696	198	230,894
Camp and other costs	474,406	41,490	515,896
Drilling	3,847,361	-	3,847,361
Geological	461,427	109,305	570,732
Geophysics	165,690	-	165,690
Travel and transport	36,857	1,100	37,957
Total Exploration Costs	5,216,437	152,093	5,368,530
Balance, February 28, 2017	\$ 17,349,721	\$ 4,729,381	\$ 22,079,102

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

9. OTHER LIABILITIES

Other liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances.

	Issued During the Year Ended May 31, 2016	Issued During the Nine Months Ended February 28, 2017	Total
Balance, May 31, 2015	\$ -	\$ -	\$ -
Liability incurred on flow-through shares issued July 2015	172,212	-	172,212
Liability incurred on flow-through shares issued December 2015	406,485	-	406,485
Settlement of flow-through share liability by incurring expenditures	(523,125)	-	(523,125)
Balance, May 31, 2016	55,572	-	55,572
Liability incurred on flow-through shares issued July 2016	-	227,250	227,250
Liability incurred on flow-through shares issued August 2016	-	38,750	38,750
Settlement of flow-through share liability by incurring expenditures	(55,572)	(266,000)	(321,572)
Balance, February 28, 2017	\$ -	\$ -	\$ -

During the nine months ended February 28, 2017

On July 7, 2016, the Company issued 7,575,000 flow-through shares at a price of \$0.40 per share. The premium paid by investors was calculated as \$0.03 per share. Accordingly, \$227,250 was recorded as other liabilities.

On August 29, 2016, the Company issued 775,000 flow-through shares at a price of \$0.40 per share. The premium paid by investors was calculated as \$0.05 per share. Accordingly, \$38,750 was recorded as other liabilities.

At February 28, 2017, the Company has completed its commitment to incur exploration expenditures in relation to its July 2016 and August 2016 flow-through share financings.

Included in accounts payable and accrued liabilities at February 28, 2017 is a provision for tax liabilities as a result of not meeting flow-through expenditure requirements from flow-through common shares issued in calendar 2012 and 2013 of \$243,794, and a provision for Part XII.6 tax and penalties of \$20,061.

During the year ended May 31, 2016

On July 6, 2015, the Company issued 6,527,274 flow-through shares at a price of \$0.22 per share. The premium paid by investors was calculated as \$0.02 per share. Accordingly, \$130,545 was recorded as other liabilities. Also on July 6, 2015, the Company issued 2,083,350 flow-through units at a price of \$0.24 per unit. The premium paid by investors was calculated as \$0.02 per share. Accordingly, \$41,667 was recorded as other liabilities.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

9. OTHER LIABILITIES (Continued)

On December 23, 2015, the Company issued 13,549,509 flow-through shares at a price of \$0.22 per share. The premium paid by investors was calculated as \$0.03 per share. Accordingly, \$406,485 was recorded as other liabilities.

At May 31, 2016, the Company had a remaining commitment to incur exploration expenditures in relation to its December 2015 flow-through share financings of \$407,530.

Included in accounts payable and accrued liabilities at May 31, 2016 is a provision for tax liabilities as a result of not meeting flow-through expenditure requirements from flow-through common shares issued in calendar 2012 and 2013 of \$243,794, and a provision for Part XII.6 tax and penalties of \$23,701. The Company has paid \$69,939 towards Part XII.6 tax and penalties during the year ended May 31, 2016.

10. RELATED PARTY TRANSACTIONS

These amounts of key management compensation are included in the amounts shown on the consolidated statements of comprehensive loss:

	Nine Months Ended February 28, 2017	Nine Months Ended February 29, 2016
Short-term compensation	\$ 654,500	\$ 262,000

During the nine months ended February 28, 2017, short-term compensation to related parties consisted of \$371,500 in management and director fees (2016 - \$149,000), \$215,000 in deferred exploration costs (2016 - \$95,000) and \$68,000 in professional fees (2016 - \$18,000).

During the nine months ended February 28, 2017, the Company received \$19,579 for rent expense recovery from companies related by common officers (2016 - \$nil). Included in accounts receivable at February 28, 2017 was \$83,523 due from companies related by common officers for reimbursement of shared expenses (May 31, 2016 - \$nil).

During the nine months ended February 28, 2017, the Company paid \$121,063 (2016 - \$55,000) to private companies with common directors for exploration and evaluation asset expenditures.

As at February 28, 2017, the Company had outstanding amounts payable to officers and directors of the Company of \$45,881 (May 31, 2016 - \$35,730) for outstanding fees and expenses. The amounts payable are non-interest-bearing, uncollateralized and are repayable on demand.

11. SHARE CAPITAL

a) Authorized

Unlimited number of common voting shares without par value

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

b) Issued and outstanding

During the nine months ended February 28, 2017

On July 7 2016, the Company completed a non-brokered private placement for gross proceeds of \$5,056,970 (of which \$3,030,000 is for flow-through expenditures). The Company issued 7,575,000 flow-through shares at a price of \$0.40 per share, and 5,791,343 non-flow units at a price of \$0.35 per unit. Each non-flow-through unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.50 per share for a period of two years. These warrants had a value of \$688,640 using the pro rata method.

The premium paid by investors on the flow-through shares was calculated as \$0.03 per share. Accordingly, \$227,250 was recorded as other liabilities.

The Company paid finder's fees of \$228,210 and issued 782,800 finder's warrants with an exercise price of \$0.40 for a period of two years. The finder's warrants were valued at \$161,281 (note 11(c)). Other share issue costs of \$27,467 were incurred.

On August 19, 2016, the Company completed a non-brokered private placement for gross proceeds of \$1,770,750 (of which \$310,000 is for flow-through expenditures). The Company issued 775,000 flow-through shares at a price of \$0.40 per share, and 4,173,572 non-flow-through units at a price of \$0.35 per unit. Each non-flow-through unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.50 per share for a period of two years. These warrants had a value of \$590,045 using the pro rata method.

The premium paid by investors on the flow-through shares was calculated as \$0.05 per share. Accordingly, \$38,750 was recorded as other liabilities.

The Company paid finder's fees of \$66,900 and issued 126,000 finder's warrants with an exercise price of \$0.35 for a period of two years. The finder's warrants were valued at \$33,433 (note 11(c)). Other share issue costs of \$9,604 were incurred.

During the nine months ended February 28, 2017, the Company issued 2,245,982 common shares for proceeds of \$459,196 on the exercise of 2,245,982 share purchase warrants. The value of the warrants of \$88,786 was transferred to share capital from share-based payments reserve upon exercise. At February 28, 2017, no shares were held in escrow (May 31, 2016 – 1,288,094).

During the year ended May 31, 2016

On July 6, 2015, the Company completed a non-brokered private placement for gross proceeds of \$2,536,004 (of which \$1,936,004 is for flow-through expenditures). The Company issued 6,527,274 flow-through shares at a price of \$0.22 per share, 2,083,350 flow-through units at a price of \$0.24 per unit and 3,000,000 non-flow-through units at a price of \$0.20 per unit. Each flow-through unit consisted of one flow-through common share of the Company and one non-flow-through share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.35 per share for a period of two years. These warrants had a value of \$162,282 using the pro rata method. Each non-flow-through unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.30 per share for a period of three years. These warrants had a value of \$241,634 using the pro rata method.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

The premium paid by investors on the flow-through shares was calculated as \$0.02 per share. Accordingly, \$130,545 was recorded as other liabilities. The premium paid by investors on the flow-through units was calculated as \$0.02 per share. Accordingly, \$41,667 was recorded as other liabilities.

The Company paid finder's fees of \$158,020 and issued 25,000 finder's warrants valued at \$3,371 (note 11(c)) with the same terms as the warrants in the non-flow-through units and 690,242 finder's warrants valued at \$78,411 (note 11(c)) with an exercise price of \$0.20 for a period of two years. Other share issue costs of \$15,059 were incurred.

On December 23, 2015, the Company completed a non-brokered private placement for gross proceeds of \$3,387,392 (of which \$2,980,892 is for flow-through expenditures). The Company issued 13,549,509 flow-through shares at a price of \$0.22 per share, 1,532,500 non-flow-through units at a price of \$0.20 per unit and 555,555 non-flow-through shares at a price of \$0.18 per share. Each non-flow-through unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at an exercise price of \$0.30 per share for a period of two years. These warrants had a value of \$96,183 using the pro rata method.

The premium paid by investors on the flow-through shares was calculated as \$0.03 per share. Accordingly, \$406,485 was recorded as other liabilities.

The Company paid finder's fees of \$210,912 and issued 977,127 finder's warrants valued at \$100,050 (note 11(c)). Each finder's warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 per share for a period of two years. Other share issue costs of \$18,247 were incurred.

On January 20, 2016, the Company completed a non-brokered private placement for gross proceeds of \$254,000. The Company issued 1,270,000 common shares at a price of \$0.20 per share.

During the year ended May 31, 2016, the Company issued 2,230,000 common shares for proceeds of \$392,400 on the exercise of 2,230,000 stock options. The fair-value of the stock options of \$173,884 was transferred to share capital from share-based payments reserve upon exercise.

During the year ended May 31, 2016, the Company issued 4,104,407 common shares for proceeds of \$868,382 on the exercise of 4,104,407 share purchase warrants. The value of the warrants of \$214,903 was transferred to share capital from share-based payments reserve upon exercise.

During the year ended May 31, 2016, the Company issued 14,730,620 common shares valued at \$5,664,557 for the acquisition of exploration and evaluation assets (note 8).

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Nine Months Ended February 28, 2017		Year Ended May 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	9,637,562	\$ 0.27	6,200,000	\$ 0.20
Issued	10,873,715	0.49	7,541,969	0.29
Exercised	(2,245,982)	0.20	(4,104,407)	0.21
Expired	(990,000)	0.20	-	-
Outstanding, end of year	17,275,295	\$ 0.42	9,637,562	\$ 0.27

The following warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	February 28, 2017
July 6, 2017	0.35	\$ 0.20	145,835
July 6, 2017	0.35	\$ 0.35	2,083,350
December 23, 2017	0.82	\$ 0.20	956,145
December 23, 2017	0.82	\$ 0.30	766,250
July 6, 2018	1.35	\$ 0.30	2,450,000
July 7, 2018	1.35	\$ 0.40	782,800
July 7, 2018	1.35	\$ 0.50	5,791,343
August 19, 2018	1.47	\$ 0.35	126,000
August 19, 2018	1.47	\$ 0.50	4,173,572
	1.20		17,275,295

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. The fair value of each finder's warrant grant was calculated using the following weighted average assumptions:

	Nine Months Ended February 28, 2017	Year Ended May 31, 2016
Expected life (years)	2.00	2.01
Risk-free interest rate	0.48%	0.57%
Volatility	122%	123%
Dividend yield	N/A	N/A
Stock price at grant date	\$ 0.36	\$0.19
Exercise price	\$ 0.39	\$0.20
Weighted average grant date fair value	\$ 0.21	\$0.11

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

c) Warrants (continued)

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

d) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a 12-month period with no more than 25% of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the nine months ended February 28, 2017 and year ended May 31, 2016:

	Nine Months Ended February 28, 2017		Year Ended May 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	5,800,000	\$ 0.37	556,000	\$ 0.23
Granted	-	-	8,061,000	0.32
Exercised	-	-	(2,230,000)	0.18
Expired	(250,000)	0.28	(587,000)	0.23
Outstanding, end of period	5,500,000	\$ 0.38	5,800,000	\$ 0.37

The weighted average trading price on date of exercise for the stock options exercised during the year ended May 31, 2016 was \$0.23.

The following options were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	February 28, 2017	
			Outstanding	Exercisable
October 14, 2020	3.63	\$ 0.22	1,600,000	1,600,000
December 8, 2020	3.78	\$ 0.22	800,000	800,000
March 30, 2021	4.08	\$ 0.50	3,150,000	3,075,000
	3.91		5,550,000	5,475,000

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (Continued)

d) Stock options (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each option grant was calculated using the following weighted average assumptions:

	Nine Months Ended February 28, 2017	Year Ended May 31, 2016
Expected life (years)	N/A	3.88
Risk-free interest rate	N/A	0.65%
Volatility	N/A	146%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	\$0.29
Exercise price	N/A	\$0.32
Weighted average grant date fair value	N/A	\$0.23

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

During the nine months ended February 28, 2017, the Company recorded \$88,132 (2016 - \$nil) on the vesting of 525,000 stock options (2016 - nil) previously granted.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2017	2016
Income tax paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
Non-cash investing and financing activities:		
Fair value of agent's warrants issued	\$ 194,714	\$ 181,832
Fair value of warrants issued as units	\$ 1,278,685	\$ 500,099
Fair value of warrants exercised	\$ 88,786	\$ 58,911
Fair value of options exercised	\$ -	\$ 159,828
Exploration and evaluation expenditures in accounts payable and due to related parties	\$ 1,047,990	\$ 818,539

13. SEGMENTED DISCLOSURE

The Company has one operating segment, being mineral exploration and development. All of the Company's assets are located in Canada.

14. COMMITMENTS

On August 10, 2016, the Company entered into a consulting agreement with the VP Exploration whereby the Company will pay a base fee of \$192,000 per year and minimum incentive fee of \$20,000 per year. If the agreement is terminated without cause, the Company is required to pay an amount equal to two times the base fee. If the agreement is terminated on change of control, the Company is required to pay an amount equal to two times the base fee, and two times the average incentive fee of the preceding two years.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

14. COMMITMENTS (Continued)

On August 10, 2016, the Company entered into a consulting agreement with the CEO whereby the Company will pay a base fee of \$192,000 per year and minimum incentive fee of \$20,000 per year. If the agreement is terminated without cause, the Company is required to pay an amount equal to two times the base fee. If the agreement is terminated on change of control, the Company is required to pay an amount equal to two times the base fee, and two times the average incentive fee of the preceding two years.

On February 1, 2017, the Company entered into a consulting agreement with the CFO and director whereby the Company will pay a base fee of \$60,000 per year and minimum incentive fee of \$6,250 per year. If the agreement is terminated without cause, the Company is required to pay an amount equal to one times the base fee. If the agreement is terminated on change of control, the Company is required to pay an amount equal to one times the base fee, and one times the average incentive fee of the preceding two years.

15. SUBSEQUENT EVENTS

- a) On March 2, 2017, the Company closed a bought deal private placement for gross proceeds of \$13,974,800. The Company issued 11,000,000 flow-through common shares of the Company at a price of \$0.35 per share and 36,160,000 common shares of the Company at a price of \$0.28 per share. The underwriters received a cash fee of \$826,504. The Company also issued 1,886,401 broker warrants, each warrant exercisable to acquire one common share at a price of \$0.28 and expiring on March 2, 2019.
- b) Upon closing of the March 2, 2017 private placement, conditions were met for accelerated option payments on the Larder Lake Property, and the Company paid the remaining \$650,000.
- c) On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the Thubi re Property, located in Quebec. In consideration, the company paid \$5,000 and issued 150,000 common shares.
- d) On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the McVittie claim, located in Ontario. The Company issued 100,000 common shares as consideration. The vendors retain 2% NSR on the claim, of which 1% (one-half) may be repurchased by the Company for \$750,000.
- e) On March 13, 2017, the Company closed a non-brokered private placement and issued 3,660,000 common shares of the Company at a price of \$0.28 per share, for gross proceeds of \$1,024,800. The Company issued 146,400 finder warrants, each warrant exercisable to acquire one common share at a price of \$0.28 and expiring on March 13, 2019.
- f) On March 14, 2017, the Company entered into an agreement to acquire a 100% interest in the Lac Mista Property, located in Quebec. In consideration, the company paid \$10,000 and issued 150,000 common shares. The vendors retain 2% GOR on the claim, of which 1% (one-half) may be repurchased by the Company for \$1,000,000.
- g) On March 17, 2017, the Company amended the consulting agreements with its CEO and VP Exploration to include a cash bonus payable upon any non-flow-through equity financings. The amount of the bonus is set at the discretion of the Board. The base fee payable to each was amended to \$264,000 per year.
- h) On March 27, 2017, the Company closed a private placement and issued 14,857,400 common shares of the Company to Kinross Gold Corporation at a price of \$0.25 per share, for gross proceeds of \$5,200,104. The Company issued 742,872 finder warrants, each warrant exercisable to acquire one common share at a price of \$0.35 and expiring on March 27, 2019.

BONTERRA RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine Months Ended February 28, 2017

(Expressed in Canadian Dollars)

15. SUBSEQUENT EVENTS (Continued)

- i) On March 30, 2017, the Company entered into an option agreement with Durango Resources Inc. (“Durango”) to acquire a 100% interest in the Trove Property, located in the Urban-Barry Gold Camp, Quebec.

In consideration, the Company must make payments as follows:

- cash payment of \$150,000 and issuance of 1,500,000 common shares of the Company upon approval by the TSX-V;
- an additional cash payment of \$150,000 and issuance of an additional 1,500,000 common shares of the Company on or before April 19, 2018; and
- an additional cash payment of \$200,000 on or before April 19, 2019.

The Company must also incur exploration expenditures of \$1,000,000 by April 19, 2019. Durango retains a 2% NSR, of which 1% (one-half) may be repurchased by the Company for \$1,000,000.

- j) On March 30, 2017, the terms of the Lac Barry option agreement were amended. The Company paid an additional \$25,000 and the \$250,000 exploration expenditure requirement was extended to April 15, 2017.
- k) On April 3, 2017, the Company granted 6,300,000 stock options to officers, directors and consultants of the Company. The options are exercisable at \$0.40 per share and expire on April 3, 2020. Of the 6,300,000 stock options granted, 6,150,000 vested immediately while 150,000 vest at 25% every three months from the date of grant.
- l) Subsequent to February 28, 2017, the Company issued 1,938,500 common shares for proceeds of \$677,225 on the exercise of 1,938,500 share purchase warrants and 400,000 common shares for proceeds of \$88,000 on the exercise of 400,000 stock options.