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Management's Discussion and Analysis
For the Year Ended December 31, 2016
Dated: April 27, 2017

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Valterra Resource Corporation

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Year Ended December 31, 2016

A. Introduction

The following Management's Discussion and Analysis ("MD&A") of the operating results and financial condition of Valterra Resource Corporation (the "Company") is for the year ended December 31, 2016, and is dated April 27, 2017. This MD&A was prepared to conform to National Instrument 52-102F1 and was approved by the Board of Directors prior to its release. This analysis should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016, and the accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's shares are listed on the TSX Venture Exchange ("VQA.V"), the Frankfurt Stock Exchange ("3VA.F") and the OTCQB Marketplace ("VRSCF").

The Company's functional and presentation currency is the Canadian dollar and all amounts included herein are in Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including detailed drill results previously disclosed in news releases, is available on the Company's website at valterraresource.com and on SEDAR at sedar.com.

B. Qualified Person

Robert W. J. Macdonald, P. Geo., is the qualified person under National Instrument 43-101 responsible for the technical information included in this MD&A and the supervision of work done in association with the exploration and development programs. Mr. Macdonald graduated with a B.Sc. degree from Memorial University of Newfoundland and a M.Sc. from the University of British Columbia. His work has focused on vein and intrusive-related gold systems and massive sulfide deposits.

C. Conversion Tables

Precious metal units and conversion factors

ppb - Part per billion	1 ppb	=	0.0010 ppm	=	0.000030 oz/t
ppm - Part per million	100 ppb	=	0.1000 ppm	=	0.002920 oz/t
oz - Ounce (troy)	10,000 ppb	=	10.0000 ppm	=	0.291670 oz/t
oz/t - Ounce per ton (avdp.)	1 ppm	=	1.0000 ug/g	=	1.000000 g/tonne
g - Gram					
g/t - Gram per metric ton	1 oz/t	=	34.2857 ppm		
mg - Milligram	1 Carat	=	41.6660 mg/g		
kg - Kilogram	1 ton (avdp.)	=	907.1848 kg		
ug - Microgram	1 oz (troy)	=	31.1035 g		

Information from www.onlineconversion.com

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D. Summary of Mineral Property

The Company's principal business activities include the acquisition, exploration, and development of natural resource properties for enhancement of value and disposition pursuant to sales agreements or development by way of third party option and/or joint venture agreements and its current focus is in British Columbia, Canada.

Swift Katie

The Swift Katie Cu-Au-porphyry property consists of 19 contiguous MTO mineral claims, covering over 83 square kilometres and is located near Salmo, British Columbia in an area that, historically, has hosted several important mining districts, and is underlain by rocks considered very favourable for the discovery of gold-quartz veins and porphyry-style mineralization.

During December 2016, the Company completed a six NQ2-sized diamond drill hole program, totaling 1,954 metres, at the Swift Zone on two high priority targets. The drill targets were prioritized from a series of gold anomalies identified from an earlier infill soils and reconnaissance rock sampling program which re-evaluated prospects from historical 1980s work and 2014 drilling. The 2016 program highlights includes two near-surface zones from hole SK16-011, drilled adjacent to historical collar 87-6, and returned as follows:

Hole #	Collar Data			From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)
	Az Deg	Dip Deg	Depth (m)					
SK16-006	125	-50	341.50	310.6	312.4	1.8	0.32	9.1
SK16-007	000	-90	343.81	27.3	28.2	0.9	0.28	4.6
				162.1	162.5	0.4	2.13	4.1
				243.3	244.2	0.9	0.20	3.5
SK16-008	000	-90	352.96	22.8	23.8	1.0	0.18	5.9
				336.3	337.9	1.5	0.31	13.3
SK16-009	325	-50	302.51	252.8	253.9	1.2	0.71	1.1
				259.5	262.0	2.5	0.55	0.9
SK16-010	000	-90	404.88	215.0	216.0	1.0	0.29	1.2
				223.0	224.0	1.0	0.58	0.5
				311.4	312.1	0.7	0.50	9.0
SK16-011	360	-50	208.18	41.0	47.6	6.6	0.96	0.6
				<i>incl</i> 46.2	47.6	1.4	2.33	1.2
				50.9	53.5	2.5	0.95	1.8
				62.3	69.8	7.5	0.44	0.2

Reported intervals are core lengths, true widths undetermined. Core samples were prepared and analyzed at Bureau Veritas Labs in Vancouver BC. Accuracy of results is tested through the systematic inclusion of QA/QC standards, blanks and duplicates.

The mineralized intervals in SK16-011 are found within a broader +80 metre downhole zone of strongly foliated and quartz-carbonate-altered volcanic rock, and tested the target structure approximately 30 metres down-dip and to the southeast of historical drilling in the area. Historical drill results include*:

- 10m averaging 1.83g/t Au from hole 87-6, including 2.0m grading 5.15g/t Au;
- 1.5m grading 1.43g/t Au from hole 87-7; and
- 3.6m averaging 1.27g/t Au from hole 87-8.

* Historical assay results have not been verified and should not be relied upon as such.

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D. Summary of Mineral Property, continued

Swift Katie, continued

The gold zone in hole SK16-011 crops out on surface and was one of two main areas, approximately 600 metres apart, targeted with surface rock, trenching and drilling by Falconbridge Mines in the late 1980's. Mineralized outcrop with strong quartz-sericite-carbonate alteration extends beyond these two areas, and forms a NE-SW trending zone measuring approximately 2,500 metres long which has been partially traced and confirmed.

Historical mapping of the zone reported variable gold-bearing quartz + quartz-carbonate veins within strongly propylitic and mixed areas of intense carbonate-silica-sericite and limonite alteration. Past work by Falconbridge includes soil sampling, prospecting, geophysics, over thirty mechanical trenches and eight widely-spaced diamond drill holes totaling 892 metres. The historical trenching identified five areas of strongly anomalous gold mineralization (>0.5g/t Au over +10 metres) with higher grade results of up to 8.5g/t Au and 100g/t Au which will be the continued focus of follow-up exploration on the property.

A 2017 Phase I allocated budget for spring/summer mapping, soil sampling and drilling at Swift is approximately \$250,000. Currently, the priority drill targets are being optimized and the Company expects the majority of collars to focus on near-surface gold potential adjacent to hole SK16-011, and also on prospective areas along strike in the 'Alteration Corridor'. Permits are in place and program planning activities are ongoing.

Exploration results to date support the Company's belief of a widespread gold-enriched, vein system at the Swift target and a large alkali porphyry system at the Katie target. Further work will be designed to continue to expand the known mineral systems and evaluate several other targets which remain to be tested on the property.

Acquisition Costs

Mineral property acquisition costs as at December 31, 2016, were as follows:

	Swift Katie	Total
	\$	\$
Balance as at December 31, 2014	388,175	388,175
Impairment	(388,175)	(388,175)
Balance as at December 31, 2015	-	-
Additions	194,197	194,197
Balance as at December 31, 2016	194,197	194,197

An impairment provision was recognized against all capitalized costs totalling \$388,175 during the year ended December 31, 2015 as the Company continued to assess planned courses of action with respect to the property and determined this to be an indicator of impairment using a Level 3 estimate of fair value according to the fair value hierarchy.

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D. Summary of Mineral Property, continued

Swift Katie, continued

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures incurred for the years ended December 31, 2016 and 2015, were as follows:

	Swift Katie		Total	
	\$	\$	\$	\$
	2016	2015	2016	2015
Assays and analysis	29,169	515	29,169	515
Camp and supplies	2,562	-	2,562	-
Drilling	156,028	-	156,028	-
Equipment rental and field supplies	15,236	-	15,236	-
Geological services	21,508	-	21,508	-
Project supervision	105,895	-	105,895	-
Travel	16,823	-	16,823	-
	<u>347,221</u>	<u>515</u>	<u>347,221</u>	<u>515</u>
General / BC METC recoveries			1,262	(698)
			<u>348,483</u>	<u>(183)</u>

E. Results of Operations

The Company incurred a net loss and comprehensive loss of \$622,497 for the year ended December 31, 2016 (2015 - \$429,013).

Differences in administration, consulting, investor relations, office and general and professional fees arose partly as a result of reinstatement of charges for such service fees (*I - Related Party Transactions*).

As per the Company's mandate to acquire, explore, and develop mineral resource properties, the Company continued to invest in its mineral property completing an initial drill program at Swift Katie (*D - Summary of Mineral Properties*).

Investor relations costs also increased due to the engagement of external investor relations consultants and increased activity associated with on-going financing and promotional initiatives. Additional professional and regulatory fees were incurred with respect to obtaining a listing on the OTCQB Marketplace and with respect to reinstatement of charges for legal fees (*I - Related Party Transactions*).

A non-cash charge was recognized with respect to the fair value of 350,000 units issued pursuant to a previous bank indebtedness guarantee extension agreement.

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E. Results of Operations, continued

A flow-through share premium of \$35,450 was recognized relating to a private placement of flow-through shares, of which \$34,722 was reversed upon completion of the qualifying expenditure.

Gains on settlement of debt were recognized with respect to negotiations undertaken with certain vendors.

A summary of variances is as follows:

	2016	2015	Change
	\$	\$	\$
Administration	25,000	-	25,000
Consulting	28,024	12,000	16,024
Exploration and evaluation	348,483	(183)	348,666
Investor relations	92,613	4,433	88,180
Office and general	25,077	11,803	13,274
Professional fees	90,776	20,840	69,936
Regulatory fees and taxes	41,573	8,502	33,071
Shareholders communications	2,745	-	2,745
Transfer agent	8,128	2,940	5,188
Gain on settlement of debt	(5,200)	(19,497)	14,297
Mineral property impairment	-	388,175	(388,175)
Reversal of flow-through premium	(34,722)	-	(34,722)

F. Summary of Quarterly Results

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

	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
	2016	2016	2016	2016	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Net loss	420,038	163,957	26,526	11,976	374,759	8,020	26,791	19,443
Basic and diluted loss per share	\$0.01	\$0.01	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00

Due to the nature of its current operations, the Company earned no revenue during the periods presented. Quarterly fluctuations mainly relate to mineral property exploration expenditures and impairments which occur as projects are identified and results are analyzed or other indicators arise. Significant impairment charges were recognized in the three months ended December 31, 2015. Costs increased in the three months ended September 30, 2016 and December 31, 2016 as a result of reinstatement of charges for certain fees (*I - Related Party Transactions*).

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G. Fourth Quarter

During the three months ended December 31, 2016, the Company closed a non-flow-through private placement and issued 16,584,000 units at a price of \$0.05 per unit for gross proceeds of \$829,200 and two flow-through private placements and issued 12,720,215 flow-through units at a price of \$0.05 per unit for gross proceeds of \$636,011.

Net proceeds from the above are being used for corporate purposes and to fund costs associated with recent and proposed exploration on Swift Katie.

No other unusual events affected the Company's financial performance or cash flows during the fourth quarter.

H. Summary of Annual Information

The following represents certain financial data for the previous three fiscal years:

	2016	2015	2014
	\$	\$	\$
Net loss	(622,497)	(429,013)	(274,538)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)
Current assets	557,097	10,174	9,375
Other non-current assets	12,000	-	10,000
Mineral properties	194,197	-	388,175
Total assets	763,294	10,174	407,550
Total non-current financial liabilities	-	-	-
Cash dividends per common share	-	-	-

The Company earned no revenue during the periods presented other than minimal interest income due to the nature of the industry and its current operations.

The Company's operating costs fluctuate as financing or other ad-hoc projects are undertaken. Costs increased in the year ended December 31, 2016 as a result of reinstatement of charges for certain fees (*I - Related Party Transactions*) and obtaining a listing on the OTCQB Marketplace. The Company continues to invest in its mineral properties as finance and assessments have permitted. Impairment charges are recognized as relevant indicators arise.

To date, the Company has not paid dividends and does not have any long-term financial liabilities.

I. Related Party Transactions

The Company entered into the following related party transactions during the year ended December 31, 2016:

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I. Related Party Transactions, continued

(a) Fees were charged by a company controlled by a director and officer of the Company as follows:

- \$25,000 (2015 - \$nil) for office space and administration services;
- \$14,024 (2015 - \$nil) for consulting services;
- \$13,000 (2015 - \$nil) for professional services;
- \$8,835 (2015 - \$nil) for investor relations services;
- \$49,270 (2015 - \$nil) for geological consulting services; and
- \$999 (2015 - \$nil) for mark-up on out of pocket expenses.

Accounts payable as at December 31, 2016 were \$21,939 (2015 - \$11,025).

(b) Fees in the amount of \$75,580 (2015 - \$nil) were charged by or accrued to a law firm controlled by a director and officer of the Company and included in professional fees, mineral property expenditures and share issue costs where applicable. Amounts payable as at December 31, 2016 were \$16,862 (2015 - \$4,373).

(c) Fees in the amount of \$12,000 (2015 - \$12,000) were charged by an officer of the Company for consulting services. Amounts payable as at December 31, 2016 were \$1,000 (2015 - \$30,500).

(d) Fees in the amount of \$56,625 (2015 - \$nil) were charged by a company controlled by a director of the Company for geological consulting services. Amounts payable as at December 31, 2016 were \$16,160 (2015 - \$nil).

(e) Loans totaling \$1,000 (2015 - \$5,460) were advanced to the Company by certain directors. Amounts payable as at December 31, 2016 were \$nil (2015 - \$5,460).

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

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

	2016	2015
Short-term benefits	\$ 12,000	\$ 12,000
Total	\$ 12,000	\$ 12,000

J. Financial Condition, Liquidity and Capital Resources

As at December 31, 2016, the Company had working capital of \$40,234 (2015 - working capital deficit of \$501,265). Wherever possible, the Company has been negotiating its trade payables and reviewing its future commitments to identify opportunities to reduce or delay spending and payments. However, the Company does not generate any revenue from operations and does not have sufficient capital to meet the requirements for its administrative overhead and maintaining its mineral interests.

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J. Financial Condition, Liquidity and Capital Resources

For the foreseeable future, the Company will need to rely on raising capital in the equity markets and/or enter into joint venture agreements with third parties to provide working capital and to finance its mineral property activities. Although the Company has been successful in obtaining financing through the issuance of its securities, there can be no assurance that the Company will be able to obtain adequate future financing. Failure to do so could result in delay or indefinite postponement of further exploration and reduction or termination of operations.

Claims

A Notice of Claim filed in Small Claims Court regarding disputed amounts owed to a certain vendor remains outstanding in an amount of \$25,000 plus interest and costs.

K. Outstanding Equity and Convertible Securities

i) Issued and outstanding

As at April 27, 2017, the Company had 62,390,140 common shares issued and outstanding.

ii) Share Purchase Warrants

As at April 27, 2017, share purchase warrants outstanding were as follows:

Exercise Price	Expiry Date	Balance	
		December 31, 2016	Expired
\$0.05	February 20, 2019	3,105,000	-
\$0.05	February 21, 2017	785,650	785,650
\$0.05	June 10, 2019	1,000,000	-
\$0.05	August 12, 2017	100,000	-
\$0.10	October 5, 2021	16,584,000	-
\$0.10	October 5, 2021	3,545,000	-
\$0.10	October 5, 2021	120,000	-
\$0.05	November 14, 2017	350,000	-
\$0.10	December 29, 2021	2,815,107	-
\$0.10	December 29, 2021	105,600	-
		28,510,357	785,650
			27,724,707
Weighted average exercise price		\$0.09	\$0.05
Weighted average contractual life remaining (years)		3.94	4.03

On January 16, 2017, the expiry dates of 3,105,000 share purchase warrants originally expiring on February 20, 2017 and the expiry dates of 1,000,000 share purchase warrants originally expiring on June 10, 2017, were extended by two years.

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K. Outstanding Equity and Convertible Securities

iii) Stock Options

As at April 27, 2017, stock options outstanding and exercisable were as follows:

Exercise Price	Expiry Date	Balance		
		December 31, 2016	Granted	
				Balance April 27, 2017
\$0.10	July 19, 2017	445,000	-	445,000
\$0.12	December 17, 2017	1,265,000	-	1,265,000
\$0.17	March 1, 2018	100,000	-	100,000
\$0.05	March 27, 2022	-	4,200,000	4,200,000
		1,810,000	4,200,000	6,010,000
Weighted average exercise price		\$0.12	\$0.05	\$0.07
Weighted average contractual life remaining (years)		0.87		3.60

L. Financial Instruments

The Company's financial instruments include cash, reclamation bond, accounts payable and accrued liabilities and amounts due to related parties. The Company has classified its financial instruments into the following categories:

Financial Instrument	Category	Carrying Value
Cash	FVTPL	Fair Value
Reclamation Bond	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Other Financial Liabilities	Amortized Cost
Due to Related Parties	Other Financial Liabilities	Amortized Cost

The carrying values of accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short period to maturity. The reclamation bond is non-interest-bearing, has no maturity date and carrying value approximates fair value.

These financial instruments have no material risk exposure. Risk is managed with respect to cash by risk management policies that require significant cash deposits or short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. In addition, all investments must be less than one year in duration.

M. Events After the Reporting Period and Outlook

There are no other material events subsequent to the date of this document.

The Company is confident that its current property has potential warranting continued exploration and activities over the ensuing year will focus on this. The Company also expects to continue its strategy of acquiring properties and collaborating with experienced mining companies to develop such properties to advance them to production.

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N. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate entering into any such arrangements in the foreseeable future.

O. Disclosure Controls and Procedures

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors who meet at least quarterly with management and at least annually with the external auditors to review accounting, internal control, financial reporting, and audit matters. There have been no significant changes to the Company's internal control over financial reporting that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Audit Committee has established procedures for complaints received regarding accounting, internal controls or auditing matters, and for a confidential, anonymous submission procedure for employees who have concerns regarding questionable accounting or auditing matters. The Whistleblower policy is in accordance with National Instrument 52-110 Audit Committees, National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices.

Being a venture issuer, the Company is exempted from the certification on Disclosure Controls and Procedures and Internal Control Over Financial Reporting. The Company is required to file Form 52-109FV1 for annual reporting and Form 52-109FV2 for interim reporting.

P. Risks and Uncertainties

The principal business of the Company is the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of development, the following risk factors, among others, should be considered:

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration.

Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities.

Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

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P. Risks and Uncertainties, continued

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many other companies possessing much greater financial and technical resources.

Competition is particularly intense with respect to the acquisition of desirable undeveloped properties. The principal competitive factors in the acquisition of prospective properties include the staff and data necessary to identify and investigate such properties, and the financial resources necessary to acquire and develop the projects. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration.

Operating History and Availability of Financial Resources

The Company has no operating revenues and is unlikely to generate any significant amount in the foreseeable future. Hence, it may not have sufficient financial resources to undertake by itself all of its planned mineral property acquisition and exploration activities. Operations will continue to be financed primarily through the issuance of securities and such reliance on the issuance of securities for future financing may result in dilution to existing shareholders.

Furthermore, the amount of additional funds required may not be available under favourable terms, if at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or discontinue its operations.

Price Volatility and Lack of Active Market

For some time, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of the investment may be limited and the market price of such securities may decline below the subscription price.

Title to Property

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned.

The Company's mineral property interest may be subject to prior unregistered agreements or transfers, aboriginal land claims, government expropriation and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties.

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P. Risks and Uncertainties, continued

Licenses and Permits

The operations of the Company require licenses and permits from various government authorities. The Company believes that it holds all necessary licenses and permits under applicable laws and regulations for work in progress and believes it is presently complying in all material respects with the terms of such licenses and permits.

However, such licenses and permits are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities or to maintain continued operations that economically justify the cost.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key directors, officers and senior personnel. Loss of any one of those persons could have an adverse effect on the Company. The Company does not currently maintain "key-man" insurance in respect of any of its management.

Government Regulations and Environmental Risks and Hazards

The Company conducts exploration activities in Canada, and is subject to various federal and provincial laws, rules and regulations, including environmental legislation. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource property interests, the potential for production on the property may be diminished or negated.

The Company has adopted environmental practices designed to ensure that it continues to comply with environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. Environmental hazards may exist on the Company's properties, hazards that are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any existing environmental hazards related to any of its current or former property interests that may result in material liability to the Company.

Q. Changes in Accounting Policies Including Initial Adoption

Future Accounting Standards Changes

IFRS 9: *Financial Instruments* will eventually form a complete replacement for IAS 39: *Financial Instruments: Recognition and Measurement*. All financial assets are classified as measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified at fair value through profit and loss, financial guarantees and certain other exceptions.

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Q. Changes in Accounting Policies Including Initial Adoption, continued

In response to delays to the completion of the remaining phases of the project, on December 16, 2011, the IASB issued amendments to IFRS 9 which deferred the mandatory effective date from January 1, 2013 to annual periods beginning on or after January 1, 2018. The amendments also provided relief from the requirement to restate comparative consolidated financial statements for the effects of applying IFRS 9. The Company is currently assessing these effects.

R. Proposed Transactions

Other than normal course review of monthly submittals there are no other proposed transactions contemplated as at the date of this report.

S. Forward-Looking Statements

Some of the statements contained in this MD&A may be deemed "forward-looking statements."

These include estimates and statements that describe the Company's future plans, objectives or goals, and expectations of a stated condition or occurrence. Forward-looking statements may be identified by the use of words such as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results relating to, among other things, results of exploration, reclamation, capital costs, and the Company's financial condition and prospects, could differ materially from those currently anticipated in such statements for many reasons such as but not limited to; changes in general economic conditions and conditions in the financial markets; changes in demand and prices for the minerals the Company expects to produce; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not assume any obligation to update or revise any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws, whether as a result of new information, future events or otherwise.