



Consolidated Financial Statements of
Magna Terra Minerals Inc.
(formerly Brionor Resources Inc.)

For the years ended
August 31, 2017 and August 31, 2016
(Expressed in Canadian Dollars)

Management's Responsibility for Financial Statements

The accompanying financial statements of Brionor Resources Inc. (the "Company" or "Brionor") are the responsibility of management and the Board of Directors.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statements of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders. The financial statements have been audited by parker simone LLP. Their report outlines the scope of their examination and opinion on the financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

DATED this 28th day of December, 2017.

MAGNA TERRA MINERALS INC.

Per: (signed) "Lew Lawrick"
Name: Lew Lawrick
Title: President & Chief Executive Officer

Per: (signed) "Errol Farr"
Name: Errol Farr
Title: Chief Financial Officer

Independent Auditor's Report

To the Shareholders of Magna Terra Minerals Inc.
(formerly Brionor Resources Inc.)

We have audited the accompanying financial statements of Magna Terra Minerals Inc. (formerly Brionor Resources Inc.) which comprise the statements of financial position as at August 31, 2017 and 2016, and the statements of income and comprehensive income, statements of cash flows and statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brionor Resources Inc. as at August 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, the accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in the notes to these financial statements, the Company has not generated revenues to date. This condition raises material uncertainties which may cast doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties.

December 28, 2017

parker simone LLP.

Magna Terra Minerals Inc.
(formerly Brionor Resources Inc.)
Consolidated Statements of Financial Position
(Canadian dollars)

As at	August 31 2017 \$	August 31 2016 \$
ASSETS		
Current		
Cash	140,047	5,307
HST/QST receivable	47,966	5,240
Prepaid expenses	-	-
Advances to Atala Resources Corporation (note 4)	-	76,000
Short term investments (note 5)	1,214,550	2,231,060
	1,402,563	2,317,607
Non-current		
Foreign VAT receivable	86,156	-
Exploration and evaluation assets (note 6)	1,686,764	5,722
	3,175,483	2,323,329
LIABILITIES		
Current		
Trade and other payables (note 10)	192,644	122,059
Due to related party (note 8)	-	29,000
	192,644	151,059
SHAREHOLDERS' EQUITY		
Share capital, warrants and share based payments (note 7)	6,206,172	4,902,704
Deficit	(3,223,332)	(2,730,436)
	2,982,840	2,172,270
	3,175,484	2,323,329

*The accompanying notes are an integral part of these financial statements.
Nature of operations and going concern (notes 1 and 2)
Subsequent events (note 15)*

Approved on behalf of the board:

(signed) "Lew Lawrick"

Director

(signed) "Dennis Logan"

Director

Magna Terra Minerals Inc.

(formerly Brionor Resources Inc.)

Consolidated Statements of Income and Comprehensive Income

(Canadian dollars)

	For the years ended	
	August 31	August 31
	2017	2016
	\$	\$
Expenses		
Professional fees	95,345	61,228
General and administrative (note 12)	174,863	56,920
Management fees (note 8)	125,625	24,000
Share based compensation	347,990	75,810
Foreign exchange (gain)	(49,988)	-
Reversal of Atala impairment losses (note 4)	(197,952)	-
Realized gain on sale of mineral property	-	(736,000)
Realized (gain) loss on short term investments (note 5)	(856,281)	16,622
Unrealized (gain) loss on short term investments	961,864	(1,238,685)
	601,466	(1,740,105)
Income (loss) and comprehensive income (loss) for the year	(601,466)	1,740,105
Income (loss) and comprehensive income (loss) per share basic and diluted	0.01	0.04
Weighted average number of shares outstanding basic and diluted	55,140,705	48,312,465

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

Magna Terra Minerals Inc.
(formerly Brionor Resources Inc.)
Consolidated Statements of Cash Flows
(Canadian dollars)

	For the years ended	
	August 31 2017 \$	August 31 2016 \$
Operating activities		
Comprehensive income (loss) for the period	(601,466)	1,740,105
Adjustment for non-cash items:		
Realized (gain) loss on short-term investments	(856,281)	16,622
Proceeds from the sale on mineral property	-	(736,000)
Unrealized (gain) loss on short term investments	961,864	(1,238,685)
Reversal of Atala impairment losses (note 3)	(197,952)	-
Share based compensation	347,990	75,810
Net change in non-cash working capital balances related to operating activities:		
HST/QST taxes receivable	42,726	4,592
Due to related party	(29,000)	(13,325)
Trade and other payables	70,585	(51,350)
Net cash used in operating activities	(346,986)	(202,231)
Investing activities		
Purchase of short-term investment	(700,391)	-
Foreign VAT taxes receivable	(86,156)	-
Proceeds from sale of exploration and evaluation assets	-	250,000
Loan to Atala Resources Corporation	-	(76,000)
Proceeds from sale of short-term investment	1,611,316	33,379
Additions to mineral properties	(1,107,090)	-
Net cash provided from (used in) investing activities	(282,321)	207,738
Financing activities		
Common shares issued for cash	794,546	-
Share issue costs	(30,498)	-
Net cash provided from financing activities	764,048	-
Net increase in cash	134,740	5,148
Cash, beginning of the year	5,307	159
Cash, end of the year	140,047	5,307

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

Magna Terra Minerals Inc.

(formerly Brionor Resources Inc.)

Consolidated Statements of Changes in Equity

(Canadian dollars)

	Share capital		Share based payments	Share capital and share based payments	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, August 31, 2015	48,312,465	4,794,134	38,140	4,832,274	(4,475,9213)	356,353
Expiry of options	-	-	(5,380)	(5,380)	5,380	-
Share based compensation	-	-	75,810	75,810	-	75,810
Net income for the year	-	-	-	-	1,740,105	1,740,105
Balance, August 31, 2016	48,312,465	4,794,134	108,570	4,902,704	(2,730,436)	2,172,268
Common shares issued for cash	15,890,928	794,546	-	794,546	-	794,546
Common shares issued for mineral properties	6,000,000	300,000	-	300,000	-	300,000
Share issue expenses	-	(30,498)	-	(30,498)	-	(30,498)
Share based compensation	-	-	347,990	347,990	-	347,990
Expiry of options	-	-	(32,760)	(32,760)	32,760	-
Cancellation of options	-	-	(75,810)	(75,810)	75,810	-
Net loss for the year	-	-	-	-	(601,466)	(601,466)
Balance, August 31, 2017	70,203,393	5,858,182	347,990	6,206,172	(3,223,332)	2,982,840

The accompanying notes are an integral part of these financial statements

Magna Terra Minerals Inc.
(formerly Brionor Resources Inc.)
Notes to the Consolidated Financial Statements
For the year ended August 31, 2017

1. Nature of operations

Magna Terra Minerals Inc. (formerly Brionor Resources Inc.) ("Magna Terra" or the "Company") is incorporated under the *Canada Business Corporations Act*, and is involved in the acquisition and exploration of mining properties in Argentina and Canada (see note 5). Substantially all of the Company's efforts are devoted to financing and developing these properties. On June 6, 2017, the Company received a certificate of amendment under the Canada Business Corporations Act to change its name to Magna Terra Minerals Inc.

Its stock is listed on the TSX Venture Exchange under the symbol MTT. The address of the Company and its registered office is located at 150 York Street, Suite 410, Toronto, Ontario, M5H 3S5.

2. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the year ended August 31, 2017, the Company had a net loss of \$601,466 (for the year ended August 31, 2016 incurred net income of \$1,740,105), had a cash deficiency from operations of \$346,987 (for the year ended August 31, 2016 - used \$202,231), and as at August 31, 2017, had an accumulated deficit of \$3,223,332 (August 31, 2016 - \$2,730,436) and a working capital surplus of \$1,209,920 (August 31, 2016 - a surplus of \$2,166,546).

To date there has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations; and the ability of the Company to raise alternative financing; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Statement of compliance

These audited financial statements have been prepared in accordance with accounting policies in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on IFRS issued and outstanding as of December 28, 2017, the date the Board of Directors approved the financial statements.

Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3.

Functional and presentation currency

The audited financial statements are presented in Canadian dollars, which is the Company's functional

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currency.

3. Significant accounting policies

Significant estimates and judgments

The preparation of these audited financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses.

Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to impairment assessments of exploration and evaluation assets (“E&E assets”), the short-term investments and the valuation of share based payments. The most significant judgments relate to the use of the going concern assumption in the preparation of the financial statements and the determination of the economic viability of exploration and evaluation assets.

Consolidation

During the year the Company acquired all of the issued and outstanding shares of Atala Resources Corporation (“Atala”). Therefore, these consolidated financial statements include the accounts of the Company, which includes its wholly-owned subsidiary Atala and Atala’s wholly owned subsidiaries. Subsidiaries are those entities over which Atala has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns, generally accompanying a shareholding that confers more than half of the voting rights. The consolidated financial statements include the operating results of acquired subsidiaries from the date the Company obtains control.

Magna Terra’s principal wholly-owned subsidiaries, and the main countries in which they operate, are as follows:

Name	Principal Place of Business	% Ownership	Functional Currency
Atala Resources Corporation	Canada	100	Canadian Dollar
Atala Argentina S.A.	Argentina	100	Canadian Dollar
AUEX Argentina S.A.	Argentina	100	Canadian Dollar

Exploration and evaluation assets

Costs related to the acquisition, and exploration of E&E assets are capitalized until a decision is made as to whether or not the assets contains sufficient economic reserves for mine development. Upon management concluding that an asset is economic for mine development than the asset will be transferred to mine under development. The Company’s management reviews the carrying amounts of E&E assets for impairment on a regular basis, at least annually. Government assistance is applied as a reduction of deferred exploration expenditures.

The direct cost of E&E assets consist of:

- Acquisition of exploration properties;
- Gathering exploration data through topographical and geological studies;
- Exploratory drilling, trenching and sampling;
- Determining the volume and grade of the resource;

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- Test work on geology, metallurgy, mining, geotechnical and environmental; and
- Conducting engineering, marketing and financial studies.

Where the Company enters arrangements with a third party to provide a working interest in a mineral property held, in exchange for cash and/or share consideration and/or certain exploration expenditures on the property, the exploration incurred by the third party is not recognized as part of the Company's interest and any cash/share consideration received is offset against the carrying value of the property and property option revenue is recognized after the carrying value is eliminated.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its mineral properties on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

Impairment exists when the carrying amount of the asset, or group of assets, exceeds its recoverable amount. The impairment loss is the amount by which the carrying value exceeds the recoverable amount and such loss is recognized in the statement of loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Basic and diluted comprehensive loss per share

Basic income or loss per share is calculated using the weighted average number of shares outstanding during the period. In order to determine diluted loss per share, any expected proceeds from the exercise of dilutive warrants and options are assumed to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The dilutive effect of these convertible securities is reflected in diluted loss per share assuming such conversion occurred at the beginning of the period. The diluted loss per share calculation excludes any potential conversion of options and warrants that would decrease loss per share.

Income taxes

Income taxes on the loss for the period presented is comprised of deferred income taxes and is recognized in the statement of operations.

A deferred income 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 the excess.

Share-based payment transactions

Employees, including directors and senior executives, of the Company receive a portion of their remuneration in the form of share - based payment transactions, whereby employees render services as consideration for equity instruments ("equity - settled transactions"). In situations where equity instruments are issued and some or all of the services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share - based payment.

Equity-settled transactions

The costs of equity - settled transactions with employees are measured by reference to the fair value at the date on which they are granted. The costs of equity - settled transactions are recognized, together

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with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity - settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity - settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share - based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Share issuance costs

Share issuance costs incurred on the issue of the Company's shares are charged directly to share capital.

Financial instruments

All financial assets and liabilities are initially recognized at fair value. In subsequent periods, financial assets and liabilities which are fair-value-through-profit-loss ("FVTPL") are recorded at fair value with gains and losses recognized in net income; financial assets which are loans and receivables or held to maturity are recorded at amortized cost using the effective interest rate method and gains and losses recognized in net income; financial assets which are available for sale are recorded at fair value with gains and losses recognized (net of applicable taxes) in other comprehensive income except for prolonged and significant losses which are recognized in net income; financial liabilities that are not FVTPL are recorded at amortized cost using the effective interest rate method and recognized in net income.

Fair value through profit and loss

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statement of loss. Costs related to the modification or extinguishment of debt are included in operations.

The Company does not currently hold any derivative instruments or apply hedge accounting.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Transaction costs related to financial instruments other than FVTPL are capitalized as part of the cost of the financial instruments. Transaction costs related to FVTPL are expensed as incurred.

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Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Related party transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Recent accounting pronouncements "IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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4. Acquisition of Atala Resources Corporation (“Atala”)

On May 5, 2017, the Company completed a Share Purchase Agreement (the “Agreement”), with Atala and the shareholders of Atala (the “Atala Shareholders”); whereby Magna Terra acquired all of the issued and outstanding shares of Atala for a total purchase price of \$300,000. As consideration for the purchase price, Magna Terra issued 6 million common shares at a deemed price of \$0.05 per Magna Terra Share. Under the terms of the Agreement, Magna Terra also assumed all of Atala’s liabilities.

The acquisition of Atala includes all of the assets and liabilities of Atala and its 100% owned subsidiaries Atala Resource Argentina S.A. and AuEx Argentina S.A. This acquisition has been accounted for as an asset acquisition and not a business combination. This is because Atala’s primary assets are exploration and evaluation assets and it has neither operating revenues nor employees. As such, Atala does not have any significant inputs and processes applied to those inputs that have the ability to create outputs.

The allocation of the purchase price to the net assets of Atala is as follows:

	\$
Current assets	100,117
Exploration and evaluation assets	800,665
Total assets	990,782
Total liabilities	(1,073,200)
Liabilities in excess of assets acquired	(82,418)
Common shares issued	(300,000)
Purchase price discrepancy (“PPD”)	382,418
Acquisition costs	106,194
PPD and acquisition costs allocated to exploration and evaluation assets	488,612

Immediately prior to the closing of the acquisition, Magna Terra recorded the reversal of its impairment losses of \$197,952 that it previously recognized on its advances to Atala. The loans to Atala have been eliminated on consolidation.

5. Short term investments

On April 28, 2016, the Company received 2,535,293 common shares of First Mining Finance Corp (“First Mining”) as part of the property purchase agreement with First Mining as described below in Note 5 for the Pitt Gold property. During the year ended August 31, 2017, the Company sold 1,535,293 First Mining shares for proceeds of \$1,302,859. As at August 31, 2017 the Company holds 1,000,000 First Mining shares with a quoted market value of \$690,000.

During the year ended August 31, 2017, the Company acquired 15,000,000 common shares of Northern Superior Resources Inc. (“Northern”). The Company sold 5,000,000 common shares of Northern for gross proceeds of \$313,252 and purchased units of Northern at a cost of \$250,000. Each unit consists of one common share and one common share purchase warrant (the “Warrant”). The Warrant entitles the Company to acquire Northern common share at a price of \$0.075 until March 6, 2019. As at August 31, 2017 the Company holds 15,000,000 Northern shares with a quoted market value of \$525,000.

On August 10, 2015, the Company received 211,865 common shares of Wealth Minerals Inc. (“Wealth”) as part of the option agreement with Wealth as described below in Note 5 for the Noyell property. During the year ended August 31, 2016 the Company sold all of the Wealth shares for net proceeds of \$33,378.

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6. Exploration and evaluation assets

The Company holds interests in the following exploration properties.

Properties	Interest %	Balance as at August 31 2016 \$	Acquisition of mineral properties \$	Expenditures \$	Balance as at August 31 2017 \$
Argentina					
Santa Cruz projects	100	-	1,289,277	344,568	1,633,845
Quebec					
Verneuil	50	1,630	-	47,197	48,827
Noyell	100	352	-	-	352
Matchi-Manitou	29	3,740	-	-	3,740
		5,722	1,289,277	391,765	1,686,764

Properties	Interest %	Balance as at August 31 2015 \$	Sale of mineral property \$	Expenditures \$	Balance as at August 31 2016 \$
Quebec					
Verneuil	50	1,630	-	-	1,630
Noyell	100	352	-	-	352
Pitt Gold	100	514,000	(514,000)	-	-
Matchi-Manitou	29	3,740	-	-	3,740
		519,722	-	-	5,722

Santa Cruz Projects

The Santa Cruz projects consist of an exploration property portfolio that spans approximately 103,000 hectares in 8 independent areas in the highly prospective Province of Santa Cruz, Argentina.

The Company owns the mining rights to the El Monte, Gertrudis, Boleadora group and Katrina projects which were acquired from Renaissance Gold Inc. ("RenGold") by Atala in 2014. In the original acquisition agreement (the "Agreement"), for a period of 10 years from 2014, the Company was obligated to pay to RenGold an amount of \$30,000 should it complete an equity financing of minimum proceeds \$1 million and an additional amount of \$50,000 should it complete an additional financing for additional minimum proceeds of \$1 million. On October 26, 2017, the Company closed an amending agreement (the "Amending Agreement") which modifies the Agreement. The Amending Agreement terminates certain rights RenGold retained for future cash payments above, in return for providing RenGold with:

- (i) 250,000 common shares of the Company; and
- (ii) \$25,000 cash.

Subsequent to year end, the Company paid RenGold the required \$25,000 and issued RenGold the agreed upon 250,000 common shares.

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RenGold is also entitled to a 4% NSR royalty on certain properties, less any royalties payable to the Province of Santa Cruz and any underlying vendor. The royalty can be purchased back in an amount in excess of 1% at a price of US\$1 million per 1%. In no case will the RenGold NSR be less than 1%.

The Peidra Negra, El Meridano, Covadonga, and La Rosita projects are subject to an underlying option agreement with a private Argentine vendor pursuant to which Atala shall make options payments to the vendor commencing on January 1st of every year for the next 6 years (US\$35,000 for the next 3 years, US\$50,000 in the fourth year, US\$125,000 in the fifth year and US\$300,000 in the last year for a total of US\$580,000. The Vendor is also entitled to receive a 2% NSR royalty. The royalty can be purchased back for US\$800,000.

Quebec Projects

Verneuil

The Company holds a 50% interest (SOQUEM Inc. 50%) in 34 claims located approximately 15 km to the east of the Lebel-sur-Quevillon, district of Abitibi. A 2% net smelter return royalty on future production is attached to the property.

Noyell

The Company holds a 100% interest in 49 claims located approximately 25 km south of Matagami, along the Douay-Cameron Corridor adjacent to the Vezza deposit, district of Abitibi.

On July 27, 2015, the Company announced that it had executed a Definitive Option / Joint Venture Agreement (the "Agreement") with Wealth Minerals Limited ("Wealth"), granting Wealth the exclusive option to acquire up to 100% of the Noyell Property (the "Property" or "Noyell"), in three phases, through issuance to Brionor of Wealth common shares valued at \$850,000 over four years.

On July 27, 2016, Wealth provided a formal notification that pursuant to the Option Agreement, it would no longer proceed with its Year 2 option payment and therefore, the Option Agreement was terminated. In July 2016 Wealth and Brionor entered into a Quitclaim Deed and Assignment under which Wealth assigned, conveyed and quitclaims unto Brionor all of Wealth's rights, titles and interests in the Noyell property.

Pitt Gold

The Company held a 100% interest in 24 mining claims located approximately 35 km north of Rouyn-Noranda, district of Abitibi. A 4% net smelter return royalty on future production was attached to the property.

On April 27, 2016, the Company completed the sale of the Pitt Gold Property to First Mining for an aggregate purchase price of \$1,250,000 of which \$1,000,000 of the purchase price was satisfied through the issuance of 2,535,293 common shares of First Mining, based on the 20-day VWAP and the remaining \$250,000 was paid in cash. The Company has recognized a realized gain of \$736,000 on the sale of the Pitt Gold Property during the year ended August 31, 2016.

Matchi-Manitou

The Company holds a 29% interest in 29 claims located in Tavernier and Pershing townships, district of Abitibi. A 1% net smelter return royalty on future production is attached to the property. In accordance with this joint venture agreement on a 29/71% basis, each partner has to contribute its share, failing which; its interest would be diluted.

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7. Shareholders' equity

Authorized share capital

The Company is authorized to issue an unlimited number of common shares.

On April 25, 2016, and on March 30, 2017 the shareholders of the Company approved the consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation share for not more than four (4) pre-consolidation common shares. The timing of the consolidation is dependent on the decision of the board of directors.

On May 5, 2017, the Company completed the first tranche of a non-brokered private placement and the acquisition of Atala. The Company issued 13,720,928 units (the "Units") of Brionor for gross proceeds of \$686,046. Each Unit consists of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.075 until May 5, 2019. Finders fees in the amount of \$10,500 were paid in conjunction with the Offering. In connection with the Atala Transaction the Company issued 6,000,000 common shares to the Atala shareholders.

On June 19, 2017, the Company completed the second tranche of its private placement for gross proceeds of \$108,500 bringing the total amount raised to \$794,546. In this tranche a total of 2,170,000 Units were issued at \$0.05 per Unit. Each Unit consists of one common share and one Warrant. Each Warrant entitles the holder to acquire one common share of the Company at a price of \$0.08 until June 19, 2019. No finder's fees were paid in conjunction with this portion of the private placement.

Warrants

The composition of the outstanding warrants as at August 31, 2017 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	May 5, 2019	13,720,928	\$0.08
Warrants	June 19, 2019	2,170,000	\$0.08
		15,890,928	

Share based payments

The Company adopted a fixed stock option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors, management consultants and external consultants of the Company or of its subsidiary thereof, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board. The exercise price of each option may not be lower than the market price of the common shares at the time of the grant of the options. The options vest at the date of the grant unless additional restrictions on the vesting of the options are imposed by the Board of Directors except for the consultants working in investor relations, whose options are vested in quarterly installments over a twelve-month period from grant. The option period is a period of time fixed by the Board of Directors but cannot exceed 5 years.

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As at August 31, 2017, the Company had 7,020,339 options available for issuance under the Plan.

	Options #	Weighted average exercise price \$
Outstanding, August 31, 2015	850,000	0.10
Issued	1,900,000	0.05
Expired	(200,000)	0.10
Balance, August 31, 2016	2,550,000	0.06
Issued	3,400,000	0.065
Issued	1,900,000	0.07
Expired	(650,000)	0.10
Cancelled	(1,900,000)	0.05
Balance, August 31, 2017	5,300,000	0.06
Options exercisable at August 31, 2017	5,300,000	0.06

A summary of the outstanding stock options is presented below:

Date of grant	Remaining life	Number of options #	Exercise price \$
May 18, 2017	4.09 years	3,400,000	0.065
August 9, 2017	4.96 years	1,900,000	0.070
		5,300,000	

On June 28, 2016, the Company granted 1,900,000 stock options with an exercise price of \$0.05 and expiring on June 28, 2021. On August 9, 2017, these options were cancelled. The options were valued using the Black-Scholes method with a risk-free interest rate of 0.55%, expected volatility of 219%, dividend yield of nil and an expected life of 5 years, resulting in share based compensation of \$75,810.

On May 18, 2017, the Company granted 3,400,000 stock options with an exercise price of \$0.065 and expiring on May 18, 2022. The options have been valued using the Black-Scholes method with a risk-free interest rate of 1.14%, expected volatility of 214%, dividend yield of nil and an expected life of 5 years, resulting in share based compensation of \$217,260.

On August 9, 2017, the Company granted 1,900,000 stock options with an exercise price of \$0.065 and expiring on August 9, 2022. The options were valued using the Black-Scholes method with a risk-free interest rate of 1.77%, expected volatility of 213%, dividend yield of nil and an expected life of 5 years, resulting in share based compensation of \$130,730.

On April 18, 2017, 650,000 stock options expired unexercised.

8. Key management compensation and related party transactions

The Company defines its key management as the Board of Directors, Chief Executive Officer and Chief Financial Officer. For the year ended August 31, 2017, \$187,875 was paid as management compensation (for the year ended August 31, 2016 – \$44,000). Share based compensation awarded to key management for the year ended August 31, 2017 was \$239,973 (for the year ended August 31, 2016 - \$69,825).

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	For the year ended August 31	
	2017	2016
	\$	\$
Management fees	125,625	24,000
Professional fees	55,000	20,000
Directors fees	7,250	-
	187,875	44,000

During the year ended August 31, 2016, a loan was provided by Thorsen-Fordyce Merchant Capital Inc. (controlled by Lewis Lawrick, CEO) for the amount of \$29,000. \$1,500 was added to the loan during the year ended August 31, 2017 and then fully repaid. The loan was non-interest bearing, unsecured and without fixed repayment terms.

9. Financial instrument risk management

a) Fair value of financial instruments

The carrying value of cash, trade and other payables and due to related party approximates fair value due to the short-term nature of these financial instruments.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	FVTPL
Short term investment	FVTPL
Advances receivable	Loans and receivables
Financial liabilities:	Classification:
Trade and other payables	Other financial liabilities
Due to related party	Other financial liabilities

As of August 31, 2017, except for cash and short-term investments, none of the Company's financial instruments are recorded at fair value in the statement of financial position. Cash and short-term investment are classified as level 1 fair value. Short term investment is based on exchange trading price.

b) Risk management

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash has been placed with major Canadian financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash and short-term investments. As at August 31, 2017, the Company has \$140,047 in cash to settle current liabilities of \$192,644. In addition, the Company has taxes receivable and short-term investments with a market value of \$1,262,516. As the Company does not

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have operating cash flow, the Company has and will continue to rely primarily on equity financing and the sale of its short-term investments to meet its capital requirements.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its short-term investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector.

10. Capital risk management

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. As at August 31, 2017, the Company's capital consists of equity, which is comprised of share capital, share based payments and deficit, in the amount of \$2,982,840 (August 31, 2016 - \$2,172,270).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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 does not have any externally imposed capital requirements or covenants.

11. Trade and other payables

As at	August 31 2017	August 31 2016
	\$	\$
Trade payables	149,044	27,599
Accruals	43,600	94,460
	192,644	122,059

The standard maturity terms of the Company's trade and other payables are 30 – 60 days.

12. General and administrative

	For the year August 31	
	2017	2016
	\$	\$
Consulting fees	44,000	-
Geologic consulting	11,397	-
Shareholder services	61,529	25,400
Insurance	8,319	11,402
Listing fees	25,417	11,818
Office	2,593	4,778
Conferences and promotion	21,608	3,522
	174,863	56,920

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13. Segmented information

The Company operates in a single reportable operating segment, being the acquisition, exploration and retention of mineral property assets. Geographic segment information of the Company's non-current assets as at August 31, 2017 and August 31, 2016 are as follows:

	August 31 2017	August 31 2016
	\$	\$
Canada	54,920	5,722
Argentina	1,718,000	
	1,772,920	5,722

14. Income Taxes

Income tax expense

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined statutory Canadian federal and provincial income tax rate with the Company's effective tax rate is as follows:

	2017		2016	
	\$	%	\$	%
Income tax expense (recovery) at statutory rates				
Income (loss) before income taxes	(601,466)		1,740,105	
Income taxes at the combined federal and provincial statutory rates	(227,400)	(37.8)	468,100	26.9
Non-deductible expenses and other	3,300	0.5	11,500	0.7
Non-taxable portion of realized (gain) loss on short-term investments	(161,800)	(26.9)	2,200	0.1
Reversal of Atala impairment losses	(74,800)	(12.4)		
Unrealized loss (gain) on short term investments	181,800	30.2	(333,200)	(19.1)
Share based payments	131,500	21.9	20,400	1.2
Change in valuation allowance	147,400	24.5	(169,000)	9.8
Income tax expense (recovery)	-		-	-

Deferred income tax

The primary differences that give rise to the deferred income tax balances at August 31, 2017 and 2016 are as follows:

	2017	2016
	\$	\$
Deferred income tax assets (liabilities)		
Deductible financing fees and CCA	19,000	7,000
Non-capital and capital losses carried forward	-	4,000
Non-current assets	1,367,000	979,000
	1,386,000	990,000
Less: valuation allowance	(1,386,000)	(990,000)
Net deferred tax asset	-	-

At August 31, 2017 and 2016, the Company recorded a 100% valuation allowance against its deferred income tax asset balances due to uncertainty surrounding their realization.

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Tax loss carry forward balances

As at August 31, 2017, the Company has non-capital loss carry forwards, available to offset future taxable income, expiring as follows:

	Total
	\$
2035	14,400
2037	1,220,000
	1,234,400

The unamortized balance, for income tax purposes, of deductible financing costs amounts to approximately \$34,900 and will be deductible over the next four years.

The Company also has cumulative Canadian and foreign exploration expenditures, available to offset future taxable income, of \$3,613,100 that may be carried forward indefinitely.

15. Subsequent events

On September 7, 2017, the Company issued 400,000 stock options to a director with an exercise price of \$0.05 for a period of 5 years.