



FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for the year ended May 31, 2017 contains forward-looking information including forward-looking information about Bonterra Resources Inc. (the "Company" or "Bonterra")'s operations, estimates, and exploration and acquisition spending.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", "believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

GENERAL

This Management's Discussion and Analysis (MD&A) of the financial condition, results of operations and cash flows of the Company for the year ended May 31, 2017 should be read in conjunction with the audited consolidated financial statements as at May 31, 2017 and 2016. This MD&A is effective September 22, 2017. Additional information relating to the Company is available on SEDAR at www.sedar.com.

The Company has prepared its audited consolidated financial statements for the year ended May 31, 2017 in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

DESCRIPTION OF BUSINESS

The Company was incorporated under the laws of the Province of British Columbia on May 1, 2007. The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties. The Company is currently focusing its financial resources on conducting exploration programs. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the resource properties and upon future profitable production or proceeds from the disposition thereof.

BOARD OF DIRECTORS

Nav Dhaliwal

Position: President & Chairman of the Board of Directors

Mr. Dhaliwal brings a wealth of entrepreneurial, sales, and financing experience. He is particularly adept at nurturing early stage companies through their critical phases of evolution, having founded a number of companies over his career. Mr. Dhaliwal is also very experienced in corporate development, corporate communications and investor relations, bringing valuable business relationships with international analysts, brokers and investment bankers from Canada, the United States and Asia.

R. Dale Ginn, B.Sc., P.Geo.

Position: VP Exploration and Director

Mr. Ginn is an experienced mining executive and geologist of nearly 30 years. He is the founder of two exploration and mining companies and has led and participated in numerous gold and base metal discoveries,



many of which are in production today. While specializing in complex, structurally-controlled deposits, he also has extensive mine-operations, development and startup experience. Mr. Ginn is recognized as an advocate of First Nations and local community participation in mining and exploration. Mr. Ginn is a registered professional geologist in Manitoba and Ontario and is a graduate of the University of Manitoba.

Richard Boulay, B.Sc.

Position: Director

Mr. Richard Boulay is a geologist with over 40 years of experience in the exploration and mining industries in Canada and internationally, including 15 years of mining and infrastructure financing experience gained with Bank of Montreal, Royal Bank of Canada and Bank of Tokyo. During Mr. Boulay's project financing career he arranged the financing of numerous underground and open pit mining projects, hydro and diversion dams, nuclear reactors, pipelines and offshore oil exploration and production platforms. He has extensive experience in the management and financing of public companies in Canada and the United States. Mr. Boulay also brings extensive exploration experience that can be applied to Bonterra's current projects as a result of previously exploring for gold deposits in the greenstone belts of northwestern Quebec.

Robert Gagnon, P.Geo.

Position: Director

Mr. Gagnon earned a Mining Techniques Diploma from the Collège de la région de l'Amiante in 1995 and a Bachelor of Geology from the University of Quebec in Chicoutimi in 1999. He has been a member in good standing of the Ordre des géologues du Québec since 2002, a member of the Board of Directors of the Quebec Mineral Exploration Association since 2009, and President of the Association des prospecteurs du Nord du Québec since 2012.

P. Joseph Meagher, CPA, CA

Position: Chief Financial Officer and Director

Mr. Meagher holds a CPA, CA designation with a Bachelor of Commerce from the University of British Columbia. Mr. Meagher currently serves as the Chief Financial Officer and a Director for several publicly listed companies. Previously, Mr. Meagher worked at Smythe Ratcliffe LLP as a manager focusing on publicly listed and private company audits, as well as staff training and development.

Allan J. Folk

Position: Director

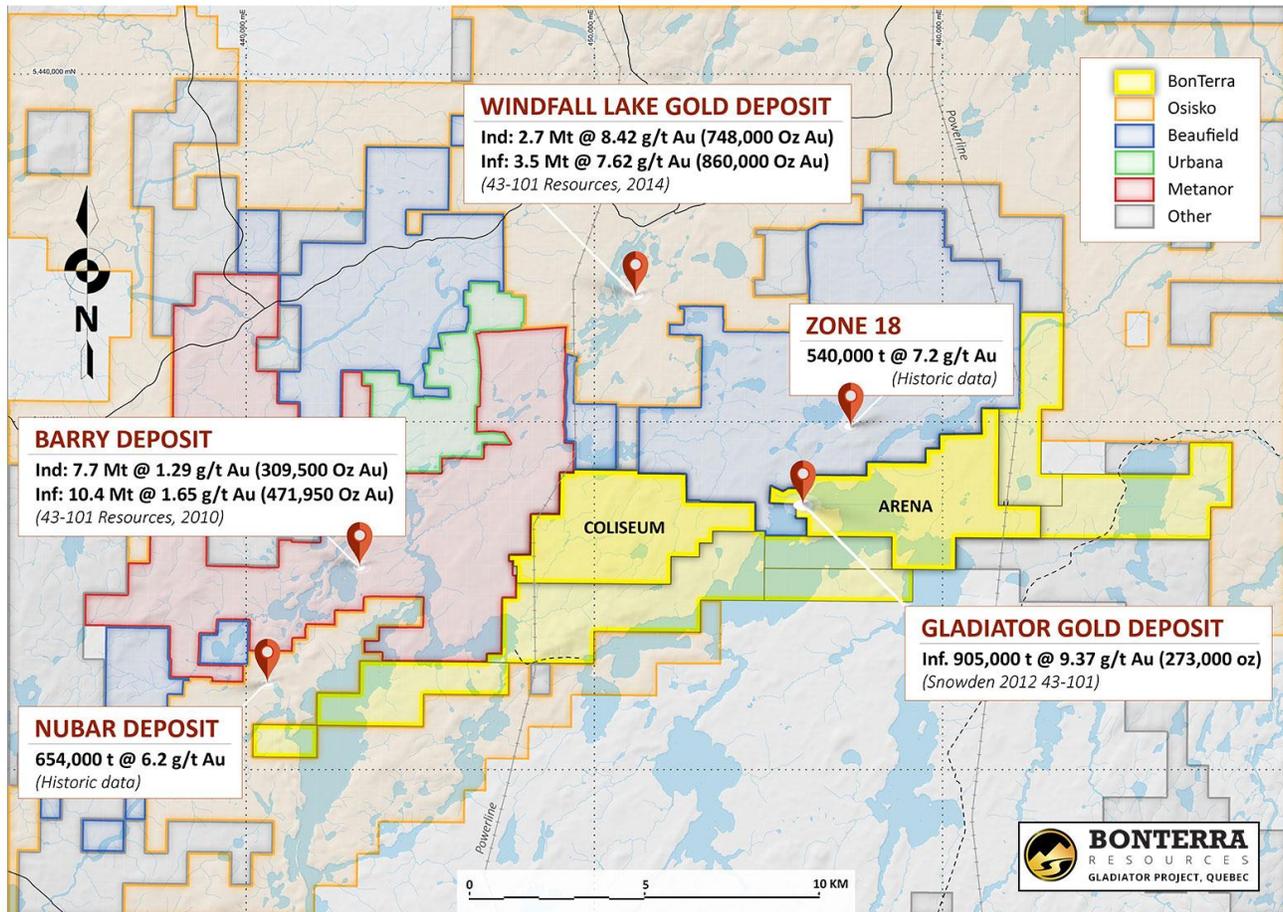
Mr. Folk brings over 35 years of extensive leadership experience in the Canadian mining finance industry. During his career, he has financed and advised both junior and advanced Canadian companies at the senior board or executive level. Mr. Folk is a graduate of the University of Wisconsin, and currently is Vice President of Brant Securities Ltd. He is also a director of Barkerville Gold Mines Ltd., Interim CEO of Monarca Minerals Inc. and is the Chairman of Atlanta Gold Inc.

BUSINESS OF THE COMPANY

The Company conducts gold exploration in Archean greenstone belts in the Canadian Shield; specifically, in the Urban-Barry greenstone belt of northwestern Quebec and the prolific Cadillac-Larder break structure between Kirkland Lake and Virginiatown.



EXPLORATION PROJECTS – GLADIATOR GOLD PROJECT, QUEBEC



(i) COLISEUM PROPERTY (formerly Urban Barry)

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 (issued), 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 royalty ("NSR") of which 0.5% can be purchased by the Company for \$1,000,000.

The Abitibi Greenstone Belt hosts significant gold mineralization in several parallel NE to SW trending zones. Gold in the Urban-Barry Township is primarily associated with quartz-carbonate veins mineralized with sulphides. The Coliseum property is situated between Metanor Resources Inc.'s Barry Mine and Bonterra's flagship property, the West Arena.

On September 14, 2017, the Company announced recent exploration activities located west of the Gladiator Deposit and within the extensive Coliseum Property have led to the discovery a new gold and silver bearing



horizon ("Temica Gold Zone"), located approximately 4 km to the south west of the Gladiator Deposit. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade		Zone/Area
				(g/t Au)	(g/t Ag)	
CL-17-14	394.5	397.2	2.7	4.7	44.6	Temica
CL-17-06	351.0	352.0	1.0	13.0		Temica
CL-17-01	64.0	65.0	1.0	4.8		Temica

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

Please see the surface plan map (<http://www.bonterraresources.com/en/gladiator/maps-sections>) showing the locations of the new Temica Gold Zone drill holes and other targets relative to the location of the Gladiator Gold Deposit. The resource development drill program at the Gladiator Gold Deposit continues to focus on extending the known gold zones, with attention on the new, additional discovered gold zones located to the north and south of the initial Gladiator gold veins.

(ii) WEST ARENA PROPERTY (formerly Eastern Extension)

The Company entered into an option agreement on September 15, 2010, as amended on February 8, 2011 and March 19, 2012 to acquire 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 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 October 25, 2013, the Company entered into an agreement to sell a 1% NSR interest in the West Arena property to Gold Royalties Corporation (TSX-V: GRO).

On July 27, 2012, the Company filed a technical report pursuant to National Instrument 43-101 ("NI 43-101") entitled "Bonterra Resources Inc.: Eastern Extension Property Project No. V1216 NI43-101 Technical Report" dated July 26, 2012 (the "Report") prepared by Abolfazl Ghayemghamian, MSc, P.Geo., APEGBC, Senior Consultant and Walter A. Dzick, B.Sc. (Geology), M.B.A, CPG #11458, MAusIMM, MAIPG, Principal Consultant with Snowden Mining Industry Consultants Inc. ("Snowden"). Both authors of the Report are independent of Bonterra and are Qualified Persons as defined by NI 43-101.

The Report includes all work Bonterra completed on the Property up until the end of 2011. Of a total of 21,559.50 metres of drilling completed by Bonterra to date, only 15,642.60 metres of this is included in the resource estimate. This 15,642.60 metres was drilled on the Property in 2010 and 2011 in 49 drill holes which averaged 319 metres in length. In addition to this 15,642.60 metres of drilling, historical drilling by Xemac Resources Inc. ("Xemac") was also used. Xemac drilled 59 holes totaling 8,727 metres in 1997, 1998, 2000 and 2001. After hitting significant gold at depths of approximately 600 metres, management believes there is significant down-dip potential. This assertion is further strengthened by the fact that the veins are vertical to sub-vertically dipping.

The purpose of the Report was to provide a resource estimate for the West Arena Property (the "Property") which is located approximately 170 kilometers northeast of Val d'Or, Quebec in the Urban-Barry belt, and to support Bonterra's news release dated June 13, 2012 which disclosed that, using a 1.0 g/t cut-off grade, the Property contains an inferred gold resource of 4,337,000 tonnes, grading 3.53 g/t for 492,000 ounces. See Table below.



**NI 43-101 Resource Estimate – West Arena Gold Property
Dated July 2012 – Prior to 2015/2016 Drilling**

Resource Estimate NI 43-101 Compliant

Cut off Grade	Metric Tonnes	Grade (g/t)	Gold Oz
1.0	4,337,000	3.53	492,000
2.0	2,266,000	5.29	385,000
3.0	1,170,000	7.97	300,000
4.0*	905,000	9.37	273,000
5.0	863,000	9.5	264,000
6.0	778,000	9.94	249,000
7.0	673,000	10.46	226,000
8.0	513,000	11.44	189,000
9.0	409,000	12.27	161,000
Inferred			492,000

*Note: Using a 4.0 g/t cut-off grade, the Property contains an inferred gold resource of 905,000 tonnes, grading 9.37 g/t for 273,000 ounces NI-43-101 Mineral Resource Estimate and technical report filed July 27, 2012, Snowden Mining Consultants.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. Estimates are rounded since the figures are not precise calculations. Mineral resource estimates are reported for the Property above a range of Au cut-off grades (see Table 1-1 of the Report). To that date, no analysis had been made to determine the economic cut-off grade that will ultimately be applied to any mineral resources. As stated in the Report, management is not aware of any legal, political, environmental, or other risks that could materially affect the potential development of the inferred mineral resource.

On September 27, 2012, the Company announced receiving gold assays for two holes, BA-12-12 ("Hole 12") and BA-12-14 ("Hole 14"), from the Rivage Zone on its West Arena property. Hole 12 was the highlight as this drill hole hit the target Rivage Vein as well as four additional veins. The best drill core sample of the Rivage Vein assayed 23.30 g/t over 1.0 metre. Bonterra discovered the Rivage in 2011. The Rivage is characterized by a series of parallel veins mineralized with sulphides and often visible gold.

Highlights of assay results for the Rivage Vein include 23.3 g/t over 1.0 metre at 50 metres vertical depth in Hole 12 as disclosed in this news release, 204.0 g/t in a surface chip sample taken from the discovery outcrop as previously disclosed in the Company's news release dated October 4th, 2011 and 220.0 g/t over 1.0 metre at 200 metres in vertical depth in BA-12-10 ("Hole 10") as previously disclosed in the Company's news release dated May 10th, 2012. When reviewing results for Hole 10 and Hole 12, gold grades seem to increase with



depth. Bonterra intercepted the high grade Rivage Vein and four other parallel veins in Hole 12 which is encouraging for the Company. Significant drill results from Hole 12 are shown in Table 1 with the collar details shown in Table 2.

Table 1: Significant drill results (down hole depths)

Drill Hole Number	From (metres)	To (metres)	Length (metres)	Gold Grade (g/t)
BA-12-12	54.00	55.00	1.00	23.30
BA-12-12	176.00	177.00	1.00	2.42
BA-12-12	202.00	203.00	1.00	3.74
BA-12-12	277.00	278.00	1.00	2.16
BA-12-12	300.00	301.00	1.00	2.74
BA-12-14	No Significant Values			

On June 12, 2013, the Company announced it had submitted samples from three drill holes to ALS Laboratories ("ALS") in Val d'Or, Quebec from the Company's flagship West Arena Property. Two of these three holes were drilled into the Peninsula Zone to test continuity of veins hosting high grade nearby while the final hole was drilled at the Rivage Zone.

On February 9, 2015, the Company announced results from one of the three holes, BA12-07. Results for holes BA12-09 and BA12-11 are still pending as reassaying of its existing core is needed to comply with QA/QC protocols. One of the key targets for both holes BA12-07 and BA12-09 is a high-grade quartz vein/structure. BA12-07 returned values of 3.07 g/t Au over 5.0 m (101.0 to 106.0 m), which included 10.75 g/t Au over 1.0 m. The hole intersected the main NE-SW gold bearing structure identified by Bonterra during previous drilling campaigns, as expected. This hole is 120.0 meters along strike from BA11-23 (42.60 g/t over 1.30 metres) and BA11-26 (10.19 g/t over 2.60 metres), which returned similar values. This intercept is associated with a sheared felsic intrusives with numerous quartz-pyrite-tourmaline veinlets.

2015 Phase 1 Drill Program

The 2015 Phase 1 drill program targeted the plunge and strike extensions in the Company's newly discovered Gladiator Zone located on the Spartacus Trend within the West Arena Property. To that date, the deposit had been drilled over a 500-meter strike length from surface and consists of a number of parallel, anastomosing and intersecting steeply dipping shear zones. The Phase 1 drill program, essentially a reconnaissance effort using drills, met and exceeded expectations by localizing impressive gold bearing veins and also confirming the presence of a massive intrusive body, possibly porphyritic, defined by intercepts of up to 155 m with gold values between approximately 0.4 g/t and 0.9 g/t.

The Spartacus Trend was identified as a northeast trending shear zone primarily within mafic volcanic units that host local intrusions of syenite and gabbro. Gold mineralization is predominantly contained within quartz-carbonate veining and associated alteration related to shearing, faults, folds and other typical structural controls. The Main Zone is highly silicified and altered sheared contact between mafic volcanics and an altered and mineralized syenite, locally exhibiting quartz porphyritic textures. Smoky quartz veining also occurs locally both in the contact zones and the larger felsic intrusive syenite unit. These veins contain the bulk of the mineralization and free gold, as well as tourmaline and chlorite occupying fractures. A third upper or Footwall Zone occurs at the sheared contact between the mafic volcanics and a mafic intrusive sill or gabbro and displays similar mineralization and alteration as the Main Zone. Mineralization consists of minor (trace to 2%) pyrite, chalcopyrite and yellow sphalerite throughout, but mostly in and near the contacts with the quartz veining.

Within the West Arena Property, two additional parallel trends were identified by geophysical signature and limited drilling, namely the Crixus to the north and the Gannicus to the south, each trend is separated by



approximately 500 meters. The Coliseum Property is situated immediately to the west along strike from the Spartacus and Crixus trends. The Barry Deposit and open pit are located along strike immediately to the west of the Coliseum property.

All results from the 2015 Phase 1 Drill Program are tabled below:

Drill Hole	Length (m)	Zone	From (m)	To (m)	Width* (m)	Au (g/t)
BA-15-01A	378	Footwall Zone	62.5	66.0	3.5	9.1
		Main Zone	210.6	217.2	6.6	14.0
		<i>Including</i>	<i>215.9</i>	<i>216.7</i>	<i>0.8</i>	<i>104.5</i>
BA-15-02	501	Footwall Zone	107.6	110.2	2.6	4.7
		Gabbro	224.3	225.2	0.9	7.6
		Intrusive	320.5	476.0	155.5	0.5
		Main Zone	476.0	483.7	7.7	7.2
BA-15-03	504	Footwall Zone	187.0	188.5	1.5	4.3
		Gabbro	200.0	204.0	4.0	1.3
		Gabbro	219.0	220.0	1.0	3.8
		Intrusive	339.0	379.0	40.0	0.4
		Intrusive	392.8	397.0	4.2	1.6
		Intrusive	479.0	499.4	20.4	0.9
BA-15-04	324	Main Zone	224.0	235.4	11.4	1.5
		<i>Including</i>	<i>234.1</i>	<i>235.4</i>	<i>1.3</i>	<i>8.0</i>

The first hole, BA-15-01A, encountered the main zone at 175 meters below surface, intersecting 14.0 g/t gold over 6.6 meters. This included a high-grade section of 104.5 g/t over 0.8 meters where numerous flecks of visible gold were observed. The second hole, BA-15-02, intersected 7.2 g/t Au over 7.7 meters. Hole BA-15-03, located approximately 75 meters to the west of drill hole BA-15-02, encountered a number and range of gold intersections. High grade was discovered in the FW Zone, and broad lower gold grades were intersected within a mineralized felsic porphyritic intrusive in the lower half of the hole. Hole BA-15-04, which intersected 1.3 m of 8.0 g/t Au, was located approximately 50 meters to the east of drill hole BA-15-01, and even though the hole was placed much higher in the system and above plunge, it hit the Main Zone with similar higher-grade mineralization as seen in BA-15-01 and BA-15-02.

2016 Multi-Phase Exploration and Drill Program

On February 2, 2016, the Company announced it had commenced the 2016 Multi-Phase Exploration and Drill Program commenced on Gladiator. Based on results from the 2015 Phase 1 Drill Program and the successful financing in late 2015, the 2016 Exploration and Drill Program was expanded to consist of up to 25,000 meters with a minimum of two drill rigs to extend and expand the known Gladiator zones. The Company also proceeded to explore the known and newly-discovered mineralized trends along strike, which further defined and extended by a recently completed ground geophysical program. The Program focused on expanding the Main Zone and expand mineralization into the new strike extensions recently generated by ground geophysics. The geophysical strike extensions showed new identical signatures as the Main Zone's approximately 5km along strike to the west into the Coliseum Property.

On March 2, 2016, the Company announced it had received assays from the first two holes (BA-16-01 and BA-16-03) from its 2016 Multi-Phase Exploration and Drill Program on Gladiator.



Drill highlights are tabled below:

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Zone
BA-16-01	126.0	127.0	1.0	5.2	FW
	240.0	378.0	138.0	0.4	Intr.
<i>Including</i>	299.0	302.4	3.4	1.7	Main
<i>Including</i>	353.8	357.0	3.2	1.9	Main
BA-16-03	4.0	9.0	5.0	9.0	Main
<i>Including</i>	4.0	6.9	2.9	13.5	Main

Drilling had extended all zones 100 meters to the west of previously known limits most notably in the Main zone with a high grade near surface intersection of 9.0 g/t over 5.0 m in hole BA-16-03. BA-16-03 was a shorter probe hole located to test only for the western extension of the Main zone near surface. Drill hole BA-16-01 intersected three zones, most notably the broad and mineralized intrusive unit at approximately 300 meters in depth, extending this zone another 100 meters to the west. Visible gold was noted in the Main zone at 355 meters in hole BA-16-01.

On March 29, 2016, the Company announced it had received assays from an additional five holes from its 2016 Multi-Phase Exploration and Drill Program on Gladiator. Two new high-grade mineralized zones had been discovered to the north (BA-16-02) and south (BA-16-05) of the extensions of the main deposits. On April 29, 2016, the Company announced that it had received assays from an additional four (4) holes from its 2016 Exploration and Drill Program on its Gladiator Gold Project; reporting 11 of the 19 holes completed were reported, with eight (8) holes remaining in the lab. The summary results of the available data from the 2015 and 2016 drill programs are reported in the table below.

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Zone
BA-15-01A	62.5	66.0	3.5	9.1	Footwall
	210.6	217.2	6.6	14.0	Main
<i>Including</i>	215.9	216.7	0.8	104.5	Main
BA-15-02	107.6	110.2	2.6	4.7	Footwall
	224.3	225.2	0.9	7.6	Gabbro
	320.5	476.0	155.5	0.5	Intrusive
	476.0	483.7	7.7	7.2	Main
BA-15-03	187.0	188.5	1.5	4.3	Footwall
	200.0	204.0	4.0	1.3	Gabbro
	219.0	220.0	1.0	3.8	Gabbro
	339.0	379.0	40.0	0.4	Intrusive
	392.8	397.0	4.2	1.6	Intrusive
	479.0	499.4	20.4	0.9	Intrusive
BA-15-04	224.0	235.4	11.4	1.5	Main
<i>Including</i>	234.1	235.4	1.3	8.0	Main
BA-16-01	126.0	127.0	1.0	5.2	Footwall
	240.0	378.0	138.0	0.4	Intrusive
<i>Including</i>	299.0	302.4	3.4	1.7	Main



<i>Including</i>	353.8	357.0	3.2	1.9	Main
BA-16-02	11.0	55.0	44.0	0.4	New (North Shear 2)
	79.0	137.0	58.0	2.5	New (North Shear 1)
<i>Including</i>	79.0	95.0	16.0	6.1	New (North Shear 1)
<i>Including</i>	79.0	84.0	5.0	15.3	New (North Shear 1)
	92.5	95.0	2.5	7.5	New (North Shear 1)
	103.0	145.0	42.0	1.0	Local Shear
BA-16-03	4.0	9.0	5.0	9.0	Footwall
<i>Including</i>	4.0	6.9	2.9	13.5	Footwall
BA-16-04	64.0	70.0	6.0	10.4	Main
BA-16-05	25.0	26.5	1.5	3.5	Main
	184.0	186.0	2.0	12.7	Main
	290.7	294.0	3.3	29.0	New (South)
BA-16-06	20.8	30.0	9.2	2.1	Footwall
	336.0	337.5	1.5	3.0	Intrusive
	416.0	420.0	4.0	1.7	Main
BA-16-07	142.6	147.0	4.4	8.0	Main
<i>Including</i>	144.2	147.0	2.8	11.9	Main
	155.0	156.0	1.0	14.9	Main
	378.0	381.0	3.0	20.7	New South
BA-16-08	245.0	332.8	87.8	0.31	Intrusive
	368.0	371.0	3.0	3.0	New South
BA-16-09	21.7	27.4	5.7	24.3	Main
	110.1	111.2	1.1	41.7	Main
	364.0	369.0	5.0	1.8	New (South)
BA-16-10	318.0	328.0	10.0	9.3	Main
<i>Including</i>	321.0	324.0	3.0	27.5	Main
	438.0	445.5	7.5	1.1	New South
BA-16-11	35.0	36.7	1.7	13.6	Main
	40.9	44.0	3.1	4.6	Main
	187.4	187.9	0.5	24.4	New South

*Stated lengths are core width as drilled, true widths have not yet been determined.

On May 18, 2016, the Company announced it had received assays from an additional eight holes from its 2016 Multi-Phase Exploration and Drill Program on Gladiator. BA-16-19, targeting the lower and westernmost extents of the Gladiator zones, generated a high-grade intersection of 137.4 g/t over 2.5 m with coarse visible gold having been observed in the core. A summary of results is as follows:

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Zone
BA-16-12	75.0	84.0	9.0	1.9	Main
BA-16-13	82.5	83.5	1.0	2.4	Main
BA-16-14	107.0	110.5	3.5	12.0	Main
	193.0	203.0	10.0	1.0	Intrusive



BA-16-15	124.0	126.6	2.6	8.6	Footwall
	224.0	226.0	2.0	6.2	Main
BA-16-16	144.0	153.0	9.0	3.0	Footwall
	205.1	207.3	2.2	4.3	Main
BA-16-17	186.0	189.0	3.0	15.0	Footwall
BA-16-18	197.0	200.0	3.0	2.7	Footwall
	245.0	251.0	6.0	1.4	Main
BA-16-19	288.5	291.0	2.5	137.4	Main
<i>Including</i>	288.5	289.0	0.5	677.0	Main

**Stated lengths are core width as drilled, true widths have not yet been determined.*

In mid-2016, the Company carried out a successful drill program, resulting in a November 16, 2016, announcement that it had significantly extended its Gladiator Gold Zones by over 250 m down plunge and to the east with multiple intersections of high grades and meaningful widths. Assays from an additional seven holes were reported as follows:

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Zone/Area
BA-16-26	412.0	413.0	1.0	19.6	Mid East
BA-16-27	392.7	396.0	3.3	2.9	Mid East
<i>and</i>	420.0	423.0	3.0	2.6	Mid East
BA-16-29	169.0	170.0	1.0	4.8	Upper East
BA-16-30	370.0	373.0	3.0	4.7	Upper East
BA-16-31	628.6	634.0	5.4	1.7	Mid East
BA-16-38	769.0	733.0	4.0	12.4	Deep East
<i>Including</i>	769.0	771.0	2.0	24.3	
BA-16-39	723.0	733.0	10.0	1.5	New
<i>and</i>	813.5	819.0	5.5	70.0	Mid East
<i>Including</i>	814.5	816.5	2.0	191.4	
<i>and</i>	846.0	851.0	5.0	3.1	New

**Stated lengths are core width as drilled, true widths have not yet been determined.*



On December 8, 2016, the Company announced that the first two drill holes targeted within the “Rivage Gap” successfully located new high-grade gold mineralization, resulting in the addition of over 500 meters of strike length to the Gladiator Deposit. Assays from the two additional holes were received and are as follows:

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Zone/Area
BA-16-40	152.0	154.0	2.0	64.3	Rivage Gap
BA-16-42	507.0	510.0	3.0	8.7	Rivage Gap

**Stated lengths are core width as drilled, true widths have not yet been determined.*

2017 Multi-Phase Exploration and Drill Program

On January 31, 2017, the Company announced that multiple high-grade intersections had been discovered at the Deep Eastern Zone of the Gladiator Deposit. Assays from significant intersection were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-01	262.0	272.0	10.0	1.6	New (East Side)
	367.0	375.5	8.5	15.7	Footwall
	566.0	571.0	5.0	20.7	Main

On February 2, 2017, the Company announced positive drilling results from the “Rivage Gap Western Extension”. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Zone/Area
BA-16-47	254.0	255.0	1.0	5.6	Main
	376.0	379.0	3.0	2.0	New
BA-16-48	358.0	359.0	1.0	14.9	Footwall
	394.0	397.8	3.8	16.8	Main

**Stated lengths are core width as drilled, true widths have not yet been determined. Core axis angles of the intersection contacts and surrounding rock units average 55 degrees.*

All reported are located near the known western and deepest limits of the Rivage gap area of the Gladiator Deposit. The high grade Main and Footwall Zones are near the contact between mafic volcanic units and a mineralized felsic porphyritic intrusive.

On May 16, 2017, the Company announced further drill result from the “Rivage Gap”. Assays from selected intersections were reported as follows:



Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
					West - Rivage Gap
BA-17-04	88.8	93.0	4.2	9.5	North
	233.0	237.0	4.0	10.0	Footwall
	272.0	297.0	25.0	1.4	Porph/Main
	including 272.0	275.0	3.0	3.6	
BA-17-07	355.0	358.0	3.0	12.0	Main
BA-17-08	210.0	211.0	1.0	7.5	North
	264.0	265.0	1.0	8.0	Mid
	300.2	302.0	1.8	6.4	Footwall
	390.0	395.7	5.7	3.4	Main
BA-17-09	67.0	68.8	1.8	9.0	Footwall
BA-17-10	177.5	179.0	1.5	5.6	North
	198.5	202.0	3.5	8.4	Footwall
	212.5	215.0	2.5	5.2	Mid
	237.0	239.0	2.0	5.3	Main

*Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.

All intersections from the above table are located within a length or gap of drill information between the westernmost Rivage area and the known portion of the Gladiator Deposit. The high grade Main, Footwall and North Zones are in or near the sheared contact between mafic volcanic units and a mineralized felsic porphyritic intrusive.

On June 6, 2017, the Company announced that drilling from its ongoing resource development program discovered an additional parallel gold zone to the south and west of the main Gladiator Gold Deposit. The new zone lies within the "Rivage Gap" and was intersected by four (4) drill holes to date, with BA-17-12 which intersected 3.0 m of 8.8 g/t, being the most predominant and westerly hole to date. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area West - Rivage Gap
BA-17-06	37.0	38.0	1.0	7.1	Footwall
	477.0	479.0	2.0	1.4	Main
BA-17-11	424.0	427.6	3.6	12.7	Main
BA-17-12	17.0	19.0	2.0	11.1	Main
	32.0	34.0	2.0	3.5	Mid
	346.7	349.7	3.0	8.8	New South



**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

All intersections from the above table are located within a length or gap of drill information between the westernmost Rivage area and the known portion of the Gladiator Deposit. The high grade Main, Footwall and North Zones are in or near the sheared contact between mafic volcanic units and a mineralized felsic porphyritic intrusive.

On July 20, 2017, the Company announced that the current resource development program in and around the Gladiator Gold Deposit has successfully further extended the newly discovered South Gold Zone (see release dated June 6, 2017) by over 300 meters to depth. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area Mid Rivage Gap
BA-17-15	920.0	924.0	4.0	9.1	Main
BA-17-16	418.0	420.0	2.0	3.1	North
BA-17-21	572.0	575.0	3.0	21.5	North
	618.0	621.0	3.0	2.2	FW
BA-17-22	712.2	716.0	3.8	12.0	New South

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*

On September 18, 2017, the Company announced that the ongoing resource development program in and around the Gladiator Gold Deposit has successfully further extended the Main, Footwall and North Zones by increasing the strike and depth by up to 300 m depth to the known mineralized horizons. Assays from selected intersections were reported as follows:

Hole	From (m)	To (m)	Length* (m)	Grade (g/t Au)	Zone/Area
BA-17-20	779.0	782.0	3.0	10.4	Main
BA-17-23	541.5	544.5	3.0	10.1	Footwall Zone
BA-17-28	700.5	704.0	3.5	5.3	Main
BA-17-30	630.0	632.0	2.0	6.0	North
BA-17-31	661.0	669.3	8.3	5.1	North
	810.5	813.3	2.8	3.8	Main
BA-17-32	901.0	905.0	4.0	5.6	Main

**Stated lengths are core width as drilled, true widths vary and average between 60 and 80 percent of drilled widths. Core axis angles of the intersection contacts and surrounding rock units average 55 to 70 degrees.*



Please see <http://www.bonterraresources.com/en/gladiator/maps-sections> for updated maps including long sections and cross sections.

(iii) EAST ARENA PROPERTY (formerly Lavoie)

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 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.

The East Arena Property is contiguous and along strike with the West Arena property. This property was drilled in the past where gold bearing veins were intercepted. The Company conducted the first phase of exploration on the property, a ground magnetic survey. An anomaly of interest runs NE-SW and warrants further investigation. Due to this fact, Bonterra conducted a large ground based magnetic survey on the East Arena property in March of 2011. It appears targets from the West Arena continue onto the East Arena property. This survey reinforced the historical data. The next step is to conduct a prospecting program followed up by localized IP surveys to further define drill targets on the property.

(iv) ST-CYR AND WEST LACROIX LAKE PROPERTIES

On February 23, 2016, the Company entered into agreements with arm's length vendors to acquire a 100% interest in the St-Cyr and West Lacroix Lake Properties, located in the Urban Barry Gold Camp, Barry Township, Québec.

In consideration for the St-Cyr Property, the Company issued 700,000 common shares of the Company on March 2, 2016 (valued at \$224,000). In consideration for the West Lacroix Lake Property, the Company issued 500,000 common shares of the Company on March 2, 2016 (valued at \$160,000). Both vendors retain a 2% NSR, each of which 1% can be purchased by Bonterra for \$1,000,000.

The Properties adjoin Bonterra's West and East Arena Properties and one of Osisko Mining Inc.'s properties. Both are located approximately 90 kilometres east of Lebel sur Quevillon and less than 10 kilometres southwest of, and along the same geological trend, as Bonterra's 100% owned Gladiator Gold Project. The St-Cyr Property consists of 13 mineral claims covering 733.70 hectares and the West Lacroix Lake Property consists of 18 mineral claims covering 1016.34 hectares.

Gold mineralization found to date in the area occurs in basalts, rhyolite and the volcanosedimentary sequence. There are at least two styles of gold mineralization: sulphide replacement (generally pyrite) either as disseminations and stockworks of sulphide-rich fractures and classical native gold in quartz veins.

The Properties also cover a recently discovered alkaline carbonatite complex with interesting but as yet undetermined gold potential. Carbonatite-syenite alkaline complexes make excellent exploration environments, especially when embedded in gold bearing Archean greenstone belts.

(v) LAC BARRY

On March 10, 2016, and as amend March 30, 2017, 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, which is strategically located adjacent to Bonterra's Gladiator Gold Project in Québec. The Lac Barry Property is comprised of 35 claims covering 1,431.65 hectares adjacent to the south boundary of Bonterra's Coliseum Property.



In consideration, the Company issued 519,480 common shares of the Company on March 16, 2016 and paid \$25,000 on April 3, 2017. Golden Valley retains a 15% interest in the property and a 3% NSR, of which 1% can be purchased by Bonterra for \$1,000,000. In order to maintain the option, Bonterra must incur expenditures \$2,000,000 as follows:

- \$250,000 before April 15, 2017 (incurred);
- an additional \$750,000 on or before March 10, 2018; and
- an additional \$1,000,000 on or before March 10, 2019.

This option secures the projected southwestern on strike extension of high-grade gold mineralization currently being drilled on the West Arena Property of the Gladiator Gold Project. In addition, the Lac Barry Property is adjacent to and immediately south of Bonterra's Coliseum Property and also materially extends property coverage southward to include additional greenstone stratigraphy and structural gold targets.

The Lac Barry Property is located approximately 1.5 kms southwest of Bonterra's current West Arena Property.

(vi) MACHO SOUTH, BARRY AND BAILLY PROPERTIES

On March 11, 2016, the Company entered into option agreements to acquire 100% interests in the Macho South Property, the Barry Property and the Bailly Property.

In consideration for the Macho South Property, the Company issued 1,200,000 common shares of the Company on March 21, 2016 to an arm's length third party (valued at \$510,000). The vendor retains a 2% NSR, of which 1% can be purchased by Bonterra for \$1,000,000.

In consideration for the Barry Property, the Company issued 800,000 common shares of the Company on March 21, 2016 to an arm's length third party (valued at \$340,000). The vendor retains a 2% NSR, of which 1% can be purchased by Bonterra for \$1,000,000.

In consideration for the Bailly Property, the Company issued 250,000 common shares of the Company on March 21, 2016 (valued at \$106,250) to Laurier Gold Corporation ("Laurier"). Laurier retains a 2% NSR, of which 1% can be purchased by Bonterra 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.

The Macho South Property is located at the extreme southwestern end of Bonterra's Gladiator Project, adjacent to and south of Osisko Mining Inc.'s Souart Property. The Souart Property is located approximately 10 km southwest of Osisko's Windfall Lake gold deposit along an obvious SW-NE structural trend. Bonterra's Macho Property lies at the intersection of the Windfall-Souart structure and the East-West trending extended Lac Barry structure that is covered by Bonterra claims over a strike length of 25 km.

The three property acquisitions, together with the acquisition of the Lac Barry Property, extend Bonterra's coverage of favourable gold host environments southward and closer to the edge of the Urban-Barry greenstone belt. These four properties, together with Bonterra's West and East Arena Properties, cover 25 kilometers of prospective greenstone belt lithology and known shear zones

(vii) THUBIERE PROPERTY

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in the Thubi re Property, located in the Urban-Barry Gold Camp, Quebec. In consideration, the company paid \$5,000 and issued 150,000 common shares. The Thubi re Property (6 Claims covering 338 Ha) is a strategic acquisition



to the northwest of the Arena Property and is surrounded by a large land position 100% controlled by Osisko Mining Inc.

(viii) LAC MISTA PROPERTY

On March 14, 2017, the Company entered into an agreement to acquire a 100% interest in the Lac Mista Property, located in the Urban-Barry Gold Camp, Quebec. In consideration, the company paid \$10,000 and issued 150,000 common shares on March 21, 2017 (valued at \$54,000). The vendors retain 2% GORR on the claim, of which 1% (one-half) may be repurchased by the Company for \$1,000,000.

(ix) TROVE PROPERTY

On March 29, 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 (issued on April 17, 2017 and valued at \$630,000);
- 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.

In the event of a minimum discovery of an inferred mineral resource of 500,000 ounces or greater of gold, the Company will issue to Durango 2,000,000 common shares upon completion of a technical report.

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.

In relation to the acquisition of the Trove Property, the Company paid a finder's fee of 267,284 common shares (issued and valued at \$112,259).

EXPLORATION PROJECT - LARDER LAKE PROPERTY

On March 16, 2016, the Company entered into an 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 the McVittie and McGarry Townships of Ontario, Canada. The terms of the agreement were amended on April 14, 2016 and TSX-V approval for the transaction was received on April 26, 2016.

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 was also required to 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 (paid); and
- \$300,000 on or before October 26, 2017 (paid).

The Company was required to accelerate the final two payments as a result of completing an equity financing for gross proceeds of \$4,000,000 or more in non-flow through financing during the year ended May 31, 2017.

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



Upon issuing the 10,000,000 common shares of the Company, Kerr Mines became an Insider of the Company, as per TSX-V policies.

Larder Lake Property Highlights:

- The Larder Lake Property, running along 9 km of the Cadillac-Larder break between Kirkland Lake and Virginiatown, consists of a historic estimate as outlined below;
- Deposit is open at depth with over 100,000 metres of historical diamond drilling completed;
- Historical gold production and mine development to 1,085 feet, with two shafts and underground workings on site;
- Strategic 2,165-hectare land position along prolific Cadillac/Larder Fault Break where over 13 Million ounces of production had been recorded; located 7km west of the Kerr Addison Mine, which produced 11 million ounces of gold;
- Extensive infrastructure and access (highway and power).

Disclosure of Historical Estimates*: The Larder Lake Project contains a historic estimate. In August 15, 2011, P&E Mining Consultants prepared for Kerr Mines Inc. a resource estimate as reported in a technical report titled "43-101 Technical Report and Updated Resource Estimates on the Larder Lake Property, Larder Lake, Ontario for Bear Lake Gold Ltd." Bonterra considers the historical estimate to be relevant and useful for exploration purposes given that it was prepared under NI 43-101 standards. However, since a Qualified Person of Bonterra has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, Bonterra is not treating the historical estimate as current mineral resource. See Table below.

*2011 Total Resource Estimate @ 2.5 g/t Au Cut-Off Utilizing Gold Price of US\$1,207/oz⁽¹⁾⁽²⁾			
Bear Lake deposit and Cheminis deposit			
Classification	Tonnes	Grade (Au g/t)	Contained Ounces Au
Indicated	335,000	4.07	43,800
Inferred	5,141,000	5.55	917,000
August 15, 2011 - P&E Mining Consultants NI 43-101 Technical Report			

Notes:

- (1) *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
- (2) *The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*

The Company's website, www.bonterraresources.com, contains more detailed information on the Larder Lake Property. The Larder Lake Property 43-101 technical report, completed by P&E Mining Consultants, is available on Kerr Mines website, www.kerrmines.com.

McVittie Claim

On March 10, 2017, the Company entered into an agreement to acquire a 100% interest in one claim located in the McVittie Township, Larder Lake Mining Division, Ontario. The Company issued 100,000 common shares as consideration (issued on March 20, 2017 and valued at \$35,000). The vendors retain a 1.5% NSR on the claim, of which 1% may be repurchased by the Company for \$750,000.



SELECTED ANNUAL INFORMATION

	May 31, 2017	May 31, 2016	May 31, 2015
Revenue	\$NIL	\$NIL	\$NIL
Net loss	(3,381,233)	(3,339,047)	(3,561,308)
Comprehensive loss	(3,381,233)	(3,339,047)	(3,534,063)
Basic and diluted loss per share	(0.03)	(0.08)	(0.35)
Total assets	41,638,980	17,061,271	6,281,971
Total current liabilities	1,600,150	840,446	625,923

SELECTED QUARTERLY INFORMATION

Results for the eight most recently completed quarters are summarized as follows:

For the Quarter Periods Ending on	May 31, 2017	February 28, 2017	November 30, 2016	August 31, 2016
Administration expense	\$3,143,892	\$897,132	\$518,546	\$696,328
Other (income) loss	(1,553,093)	(53,120)	(128,493)	(139,959)
Net loss before tax for the period	1,590,799	844,012	390,053	556,369
Net loss per share	0.03	0.01	0.00	0.01
Total assets	41,638,980	22,631,254	22,695,293	23,054,685
Total current liabilities	1,600,150	1,423,995	979,403	1,109,070

For the Quarter Periods Ending on	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015
Administration expense	\$1,670,865	\$660,884	\$872,352	\$654,431
Other (income) loss	(203,861)	(210,837)	(62,056)	(42,731)
Net loss before tax for the period	1,467,004	450,047	810,296	611,700
Net loss per share	0.02	0.01	0.02	0.02
Total assets	17,061,271	11,785,253	8,216,138	8,340,344
Total current liabilities	840,446	1,464,146	667,900	675,392

OPERATIONS

During the three months ended May 31, 2017, the Company reported a net loss of \$1,590,799 compared to a net loss for the three months ended May 31, 2016 of \$1,467,004. Variations in expenses from the three months ended May 31, 2017 to the three months ended May 31, 2016 are as follows:

- Consulting fees of \$260,346 (2016 - \$111,105) were higher as a result of additional consultants engaged in the fourth quarter of 2017;
- Management and director fees of \$369,500 (2016 - \$55,500) were higher in 2017 primarily due to bonuses paid out on financings;
- Office and general of \$75,549 (2016 - \$43,757) increased in 2017 as a result of more activity during the year;
- Professional fees increased to \$80,576 in 2017 from \$72,454 in 2016 due to timing of legal fees and a bonus;
- Rent decreased from \$13,213 in 2016 to \$11,226 in 2017 as a result of additional recoveries;
- Share-based payments of \$1,705,756 (2016 - \$1,107,383) increased due to more options granted in the fourth quarter of 2017 than 2016;



- The Company incurred costs of \$435,943 in shareholder communications and investor relations as compared to \$203,290 in 2016. Promotional activity has increased, and the Company has engaged additional consultants for shareholder and corporate communications in 2017;
- Transfer agent and filing fees of \$9,438 (2016- \$35,787) decreased due to additional filings required in 2016 for property acquisitions;
- Travel increased from \$27,655 in 2016 to \$190,326 as a result of increased travel to conferences, the Company's exploration projects and in conjunction with financings; and
- Other income of \$1,538,064 (2016 - \$207,501) related to the reduction of the other liability created by the issuance of flow-through shares at a premium. The reduction was the result of qualified expenditures made by the Company during 2017 being higher than in 2016.

During the year ended May 31, 2017, the Company reported a net loss of \$3,381,233 compared to a net loss for the year ended May 31, 2016 of \$3,339,047. Variations in expenses from the year ended May 31, 2017 to the year ended May 31, 2016 are as follows:

- Consulting fees of \$735,541 (2016 - \$832,890) were lower as a result of less consultants engaged for most of 2017;
- Management and director fees of \$741,000 (2016 - \$204,500) were higher in 2017 primarily due to bonuses and a re-allocation of work from consultants to management;
- Office and general of \$191,859 (2016 - \$114,711) increased in 2017 as a result of more activity during the year;
- Professional fees increased to \$198,634 in 2017 from \$121,846 in 2016 due to additional legal fees, an increase in CFO fees in correlation with more work and bonuses;
- Rent of \$28,064 (2016 - \$29,876) remained consistent year to year;
- Share-based payments of \$1,793,888 (2016 - \$1,782,024) increased due to the vesting of stock options previously granted to an investor relations consultant and differences in the number and Black-Scholes fair value of options granted in 2017 compared to 2016;
- The Company incurred costs of \$1,100,179 in shareholder communications and investor relations as compared to \$610,390 in 2016. Promotional activity has increased, and the Company has engaged additional consultants for shareholder and corporate communications in 2017;
- Transfer agent and filing fees of \$35,631 (2016- \$67,076) decreased due to additional filings required in 2016 for property acquisitions;
- Travel increased from \$92,335 in 2016 to \$423,093 as a result of increased travel to conferences, the Company's exploration projects and in conjunction with financings; and
- Other income of \$1,859,636(2016 - \$523,125) related to the reduction of the other liability created by the issuance of flow-through shares at a premium. The reduction was the result of qualified expenditures made by the Company during 2017 being higher than in 2016.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at May 31, 2017 was \$13,687,072 compared to \$351,029 at May 31, 2016. The working capital was \$12,436,187 at May 31, 2017, compared to a deficiency of \$230,529 at May 31, 2016. The Company has a strong working capital position due to financings during the 2017 fiscal year and also subsequently. A summary of the financings is as follows:

- 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.
- 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.

- 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. Sprott Capital Partners, a division of Sprott Private Wealth LP acted as lead underwriter on behalf of a syndicate of underwriters which included INFOR Financial Inc. Eventus Capital Corp. participated as a selling group member in the Offering.
- 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.
- On March 27, 2017, the Company closed a private placement and issued 14,857,440 common shares of the Company to Kinross Gold Corporation at a price of \$0.35 per share, for gross proceeds of \$5,200,104.
- On June 30, 2017, the Company closed a bought deal private placement for gross proceeds of \$19,999,880. The Company issued 17,857,000 flow-through common shares of the Company at a price of \$0.84 per share and 10,000,000 common shares of the Company at a price of \$0.50 per share. The underwriters received a cash fee of \$1,199,993. Sprott Capital Partners, a division of Sprott Private Wealth LP, acted as lead underwriter on behalf of a syndicate of underwriters which included INFOR Financial Inc.

Details on the finders fees and share issue costs paid and finders warrants issued as part of the private placements above are included in the notes to the audited consolidated financial statements.

During the year ended May 31, 2017, the Company issued 4,455,317 common shares for proceeds of \$1,203,088 on the exercise of 4,455,317 share purchase warrants and 400,000 common shares for proceeds of \$88,000 on the exercise of 400,000 stock options. The value of the warrants of \$265,153 and the value of the stock options of \$76,894 was transferred to share capital from share-based payments reserve upon exercise.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following expenses were incurred with directors and officers of the Company:

	2017	2016
Share-based payments	\$ 879,212	\$ 1,058,487
Short-term compensation	\$ 1,150,000	\$ 435,000

During the year ended May 31, 2017, short-term compensation to related parties consisted of \$741,000 in management and director fees (2016 - \$204,500), \$311,000 in deferred exploration costs (2016 - \$202,500) and \$98,000 in professional fees (2016 - \$28,000).

Short-term compensation was paid as follows:

- \$456,000 to a private company controlled by the President & CEO (2016 - \$180,000);
- \$441,000 to the VP of Exploration and a private company controlled by the VP of Exploration for management fees and deferred exploration costs (2016 - \$137,500);



- \$35,000 to a director of the Company for director fees (2016- \$24,500);
- \$98,000 to a private company in which the CFO is a director (2016 - \$28,000); and
- \$120,000 to a director of the Company for deferred exploration costs (2016 - \$65,000).

During the year ended May 31, 2017, the Company received \$26,304 for the recovery of rent expense from companies related by common officers and directors (2016 - \$29,181). Included in accounts receivable at May 31, 2017 was \$41,876 (2016 - \$nil) for the recovery of shared expenses from a company related by a common officer.

During the year ended May 31, 2017, the Company paid or accrued \$132,621(2016 - \$120,000) to private companies with common directors for exploration and evaluation asset expenditures.

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

At May 31, 2017, included in prepaid expenses was a \$nil (2016 - \$23,100) in prepaid management fees to a related party.

EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to May 31, 2017:

- The Company closed a bought deal private placement for gross proceeds of \$19,999,880 (see Liquidity and Capital Resources);
- The Company entered into an office sublease agreement commencing September 1, 2017 and expiring August 30, 2022 (see Commitments); and
- The Company announced additional exploration results on its Gladiator Gold Project (see 2017 Multi-Phase Exploration and Drill Program).

There were no events after the reporting date of September 22, 2017.

RISKS AND UNCERTAINTIES

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

CAPITAL DISCLOSURES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises 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. The Company's investment policy is to invest its cash in financial instruments at high credit quality financial institutions with terms to maturity selected with regards to the



expected timing of expenditures from continuing operations. The Company's overall strategy remains unchanged from the prior year.

FINANCIAL INSTRUMENTS AND RISKS

As at May 31, 2017, the Company's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and due to related parties. The carrying values of these financial instruments approximate their fair values.

Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 - Inputs that are not based on observable market data

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

May 31, 2017	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 13,687,072	\$ -	\$ -	\$ 13,687,072

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

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 and cash equivalents, by placing it at major Canadian financial institutions. Included in receivables is \$248,604 (2016 - \$214,893) of GST receivable, which was collected subsequent to the year-end. Accordingly, the Company has minimal credit risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant market risk. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.



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 May 31, 2017 equal \$1,214,714 (2016 - \$784,874). All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

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.

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.

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 consolidated financial statements.

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 May 31, 2017, the Company has no known rehabilitation requirements and accordingly, no provision has been made.

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.

Valuation of flow-through premium

The determination of the valuation of flow-through premium 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.

NEW ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

Amendments to IAS 1 Presentation of Financial Statements

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.



Amendments to IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

The Company adopted the amendments to IAS 1 and IFRS 7 during the year ended May 31, 2017 with no significant impact on its consolidated financial statements.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company is currently evaluating the impact that these new accounting standards is expected to have on its consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment is effective for reporting periods beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. Additional amendments include introduction of new hedge accounting model and a new expected-loss impairment model. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

COMMITMENTS

The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee and minimum incentive fee payable. As at May 31, 2017, the total annual base fee of the officers and consultants under the agreements is \$864,000 and the total annual minimum incentive fee is \$49,000. Certain of the agreements contain a cash bonus payable upon any non-flow-through equity financings at the discretion of the Board of Directors.



BONTERRA RESOURCES INC.

BTR:TSX-V | BONXF:OTCBB | 9BR:FSE

REPORT FOR THE YEAR ENDED MAY 31, 2017 MANAGEMENT DISCUSSION AND ANALYSIS

The Company has entered into an office sublease agreement commencing September 1, 2017 and expiring August 30, 2022 with basic rent and estimated operating costs per fiscal year approximately as follows:

Fiscal 2018	\$	215,000
Fiscal 2019		290,000
Fiscal 2020		295,000
Fiscal 2021		299,000
Fiscal 2022		304,000
Fiscal 2023		76,000
	\$	1,479,000

OTHER INFORMATION

The Company had the following securities issued and outstanding:

	September 22, 2017	May 31, 2017	May 31, 2016
Common Shares	189,645,238	161,788,238	70,773,282
Warrants	17,671,783	17,841,633	9,637,562
Stock Options	11,150,000	11,150,000	5,800,000
Fully Diluted Shares	218,467,021	190,779,81	86,210,844