



## **Magna Terra Minerals Inc.**

(formerly Brionor Resources Inc.)

### **Management's Discussion and Analysis of the**

### **Financial Condition and Results of Operations**

**For the year ended August 31, 2017**

**MAGNA TERRA MINERALS INC.**  
(formerly Brionor Resources Inc.)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This management discussion and analysis ("MD&A") has been prepared based on information available to Magna Terra Minerals Inc. (formerly Brionor Resources Inc.) ("Magna Terra" or the "Company") as at December 28, 2017. The MD&A of the operating results and financial condition of the Company for the year ended August 31, 2017, should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2017 (the "Financial Statements"). The Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on the Company's website [www.magneterraminerals.com](http://www.magneterraminerals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Nature of activities and corporate strategy**

Magna Terra is incorporated under the *Canada Business Corporations Act*. The Company is a Canada based, gold/silver focused precious metals exploration company, with a strategic interest in the horn of South America. Magna Terra recently announced the acquisition of a significant exploration portfolio (103,000 hectares, sub-divided into 8 projects) on the prolific yet underexplored Deseado Massif in the Province of Santa Cruz, Argentina. The Company believes Argentina, with a rapidly improving political environment and aggressive reforms that have already taken place during the past two years, creates an emerging place for its business. The tone has been set for the return of investment capital to the country and specifically to the mineral resource sector. Magna Terra is positioned to capitalize on this environment and has assembled an experienced team to advance this highly prospective exploration portfolio in the near term.

The Company also has three early stage exploration properties in the province of Quebec, Canada.

The Company's strategy is to rely on a highly skilled, creative and focused exploration and management team to discover and acquire early stage projects where it can add value quickly. It believes in focusing on geographies with workable logistics and mining infrastructure where prospective land is accessible both physically and politically. By leveraging superior prospecting, technology and interpretational skills, the Company is looking for high value low cost ounces neighboring established mines and projects, which give high potential for joint venture and offtake partners. The Company's aim is to joint venture projects early, preferably prior to first phase drilling, so that it can minimize risk to shareholders whilst simultaneously offering strong upside potential in the case of discovery. The Horn of Latin America includes a good variation of deposit types in low altitude areas with good and improving road networks and a strongly developing mining culture and infrastructure.

The implementation of the current strategy includes a recently completed investment of approximately US\$300,000 in ground magnetic, IP and CSMT surveys on our projects which, by the end of 2017, will upgrade our 6 main projects to a level where each project can boast not only defined drill targets, but a fully planned and costed drill program, ready for joint venture on a first phase drilling turnkey basis, under our management.

#### **Recent activities**

On May 5, 2017, the Company completed a share purchase agreement (the "Agreement"), dated March 1, 2017 with Atala, and the shareholders of Atala (the "Atala Shareholders") along with a private placement financing of 13,720,928 units of the Company for gross proceeds of \$686,046 (see below).

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.

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On April 27, 2016, the Company completed the sale of the Pitt Gold Property to First Mining Finance Corp. ("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.

## **Exploration activities**

### **Santa Cruz Projects**

Magna Terra controls 103,000 hectares of exploration rights in the mining friendly Santa Cruz Province of Argentina. The concessions lie entirely within the highly prospective Deseado Massif which constitutes a world class "Large Igneous Province" (LIP) with outstanding epithermal precious metal mineralization associated with Jurassic volcanism and crustal extension. The Massif is located in the northern part of Santa Cruz Province and is in an early-stage of exploration and development. Mining infrastructure is developing rapidly and most of the Company's projects occur in close proximity to producing gold and silver mines such as Cerro Vanguardia, Cerro Negro, San Jose, Mina Martha, Manantial Espejo, Cerro Moro and the newly developed Don Nicolas.

We categorize our land packages as two main types:

- 1) Projects, where we can offer a joint venture with defined drill targets, which include Luna Roja (El Monte property), Piedra Negra, Covadonga, Gertrudis, EL Meridiano and La Rosita.
- 2) Prospects, where generative exploration is planned or underway, which include Katrina, Signos (El Monte Property) and Boleadora Group

**Luna Roja** is currently at a drill ready stage. This project hosts structurally and stratigraphically controlled Au and Ag mineralization and has enjoyed significant investment in mapping, rock chip sampling, soil sampling and trenching in addition to an Induced Polarization program. The data from these studies support a planned 2,000 m drill program.

During the fall of 2017 Magna Terra completed ground magnetic, Induced Polarization (IP) and CSAMT programs on five projects enabling detailed drill planning and budgeting for each of them and thus permitting us to offer them for first phase drilling as turnkey projects under our management.

**Piedra Negra**, which was discovered in January 2017, constitutes a zone of low sulphidation veins and stockworks in outcrop and float over a 2 km strike length and 700 m width. Prospecting around the initial discovery vein has resulted in 460 rock chip samples which define a mineralized footprint of 2.3 Km by 700 m with gold values up to 16.02 ppm Au and an average of 0.47 ppm Au including 189 samples over 0.1 ppm. The now completed IP and ground magnetic programs, combined with surface sampling and geological mapping, support a planned 2,000 m drill program.

The **Covadonga** project exhibits a significant mineralized footprint from rock chips with of anomalous Au, lead (Pb), arsenic (As) and Mercury (Hg) over a 3 km strike length in veins and hydrothermal breccias. Trenching has revealed low level Au with a very high correlation coefficient to Pb in argillic alteration in volcanics. A soil sampling program constituting over 700 samples plus QAQC has been completed as have IP and ground magnetics programs. The data are currently being evaluated with a view to defining a significant drill program for this project.

The **Gertrudis** project is comprised of two mineralized structures which we refer to as the Gertrudis and David veins. These veins are some 300 m apart, sub parallel and steeply dipping and are comprised of silicified tectonic and volcanic breccias with argillic alteration halos. Low grade Au anomalies occur in both veins which are also associated with Arsenic (As), antimony (Sb) and Mercury (Hg) anomalies. The Gertrudis vein is the more prominent of the two and extends for 800 m. This is a NNW striking structure which is steeply dipping to the WSW, and is well exposed along most of its length. The David vein is exposed for 350 m and does not exhibit a measurable dip. Ground magnetic and IP surveys are now

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complete and have revealed a w-nw striking target at depth which cuts across the Au bearing portions of the Gertrudis and David Veins. The data are currently under evaluation and are expected to support the definition of new drill targets.

The **El Meridiano** project lies in the western part of an 8-10 km wide caldera, and the westernmost part of this feature is thought to be the site of 2.5 km wide circular diatreme complex. Andesitic to felsic tuffs in a 4 sq. km area are cut by gold-bearing hydrothermal breccias filling N to NW trending fractures and faults. Virtually all samples of these breccias contain small to significant amounts of gold, arsenic and antimony, but very little silver or base metals, suggesting that the mineralization is preserved at a high level of erosion. Drilling was carried out on the project in 2009 and 2010. Most holes hit one to several discrete intervals of at least 100 ppb Au and about one-third intersected wider intervals of weak mineralization interspersed with narrower higher-grade zones. Ten holes intersected "significant mineralization", here considered to be the equivalent of 1.5 meters (true thickness) of at least 340 ppb. A recently completed CSAMT survey shows that the area of mineralization sits above a large zone of resistivity in a half graben and that promising targets exist below the level of current drilling. We are currently evaluating the data ahead of further recommendations and we are considering a further IP survey ahead of making drilling recommendations.

**La Rosita** project occupies a basin measuring around 4 by 4 km which is formed in andesitic and dacitic volcanics and is occupied by highly deformed cherts, limestones and siltstones which are locally altered and mineralized. The formation of this basin is the result of extension and wrenching related to major regional and district scale structures which strike NNE, N-S, NNW, NW and WNW. The formation of the basin provided a site of high potential for geothermal and hydrothermal fluid flow as well as the topography for sedimentation which would ultimately cover the favourable stratigraphy and much of the evidence of hydrothermal activity. The presence of mineralization in sinters accompanied by associated soft sediment deformation, implies an environment in which sedimentation was accompanied by geothermal activity in the Jurassic period and that hydrothermal fluids, associated with structures in the underlying volcanics, had to pass through this column of unfavourable stratigraphy before brecciating and mineralizing sinters at the surface. Drilling on the project, during 2010, produced multiple low grade Au intercepts. Of the 12 holes drilled, 5 hit one to several discrete intervals of at least 50 ppb Au and 2 holes intersected "significant mineralization", here considered to be the equivalent of 2 to 3 meters (not true thickness) of at least 700 ppb. We have recently completed an IP survey on selected target areas of the property and along with structural and stratigraphic analysis these data are being evaluated for potential drill targets.

The **Signos project** (El Monte property), is at an early stage with prospecting and geological mapping revealing areas of veining and brecciation in Andesite and Rhyolite. A short east-west trench across a mineralized structure, in the Lambda Zone, revealed a fault-vein contact between felsic volcanic rock and andesite. Channel sampling of the fault-vein yielded 9 meters of 153 ppb Au equivalent, including 3 meters of 233 ppb Au. Another zone, known as the Alpha Zone, includes 30 samples from a 250 m long ridge where float and sub-crop are brecciated and silicified. Gold concentrations in the hundreds of ppb are common with one outlier reporting 26 ppm Au.

In addition to the defined projects we also have the **Boleadora** group to the south of Cerro Negro and the **Katrina** Cateo between Cerro Vanguardia and Cerro Moro. These properties constitute 60,000 hectares of prospective ground. During first pass prospecting, the Katrina Cateo revealed Au anomalies ranging from 20 ppb up to 1.5 ppm. The Company is planning first pass exploration of the Boleadora group properties which includes using proprietary remote sensing and data analysis techniques.

**Quebec Properties**  
**Verneuil**

The Company holds a 50% interest (SOQUEM 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

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attached to the property. During the 2015 exploration season (ending January 2016) SOQUEM proposed an exploration work budget of \$550,000, on the property. As of August 31, 2017, SOQUEM spent approximately 16.5% or \$90,636 of the agreed upon budget. The executed program consisted of 3D - inversion analysis of previous induced polarization geophysical surveys conducted on the property, followed by sampling and mapping of the resultant targets. The balance of the work budget, consisting mostly of drilling is expected to be completed in early 2018.

**Noyell – gold project**

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.

**Matchi-Manitou – copper, zinc, gold and silver project**

The Company holds a 29% interest in 29 claims located in Tavernier and Pershing townships, district of Abitibi. The joint venture partner is the exploration manager for the property and is currently inactive on the property.

**Pitt Gold – gold project**

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.

The Company holds interests and has capitalized cost in the following exploration properties.

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

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**Qualified person**

The above technical information was confirmed and/or reviewed by Richard Bedell, Geologist, Director, qualified person under NI 43-101.

**Selected annual information**

Year ended August 31	2017 \$	2016 \$	2015 \$
Total assets	3,175,483	2,323,329	572,086
Current liabilities	192,644	151,059	215,733
Shareholders' equity	2,982,840	2,171,270	356,353
Net income (loss) for the year	(601,466)	1,740,105	(297,406)
Net income (loss) per share – basic and diluted	(0.01)	0.04	(0.01)

**Summary of quarterly results**

	August 31 2017 \$	May 31 2017 \$	February 28 2017 \$	November 30 2016 \$
Total assets	3,175,483	3,485,765	2,699,538	2,270,329
Shareholders' equity	2,982,840	3,303,691	2,624,050	2,169,637
Total revenues	-	-	-	-
Net income (loss)	(551,549)	(501,699)	454,413	(2,631)
Net income (loss) per share <sup>2</sup>	(0.01)	(0.01)	0.01	0.00

	August 31 2016 \$	May 31 2016 \$	February 29 2016 \$	November 30 2015 \$
Total assets	2,323,329	1,800,553	529,321	556,482
Shareholders' equity	2,171,270	1,693,396	305,310	328,448
Total revenues	-	-	-	-
Net income (loss)	391,062	1,400,085	(23,138)	(27,904)
Net loss per share <sup>2</sup>	0.01	0.03	(0.00)	(0.00)

<sup>1</sup>The net income is derived from the sale of the Pitt Gold Property as well as the increase in the fair value of First Mining shares acquired as partial consideration from the sale of the Pitt Gold property.

<sup>2</sup>In periods of loss, net loss per share basic and fully-diluted are the same, as inclusion of options and/or warrants would be anti-dilutive.

**Liquidity, working capital and capital resources**

As at August 31, 2017, the Company had cash and cash equivalents of \$140,047 (August 31, 2016 - \$5,307) and a working capital surplus of \$1,209,920 (August 31, 2016 – a surplus of \$2,166,548), an accumulated deficit of \$3,223,332 (August 31, 2016 - \$2,730,436) and cash flow used in operations for the year ended August 31, 2017 was \$346,987 (year ended August 31, 2016 – negative \$202,231).

The Company's primary sources of cash include the sale and option of its mineral properties, the sale of short-term investments. The Company's primary uses of cash include exploration and transaction financing costs and corporate administration. The Company has experienced historic losses and negative cash flows from operations both of which have raised concerns regarding its ability to continue as a going concern.

**Investing activities**

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During the year ended August 31, 2017, the Company completed the acquisition of Atala and its Santa Cruz exploration properties with the issuance of common shares and the assumption of debt (described above). The Company also incurred \$344,568 in exploration expenditures related to these properties.

During the year the Company purchased 15,000,000 common shares of Northern Superior Resources Inc. ("Northern") and purchased units (the "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 a Northern common share at a price of \$0.075 until March 6, 2019. The Company sold 1,535,293 common shares of First Mining for gross proceeds of \$1,299,234 and sold 5,000,000 shares of Northern for proceeds of 313,252.

**Financing activities**

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 the Company 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.

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 (the "Units") were issued at \$0.05 per Unit. Each Unit consists of one common share and one common share purchase warrant (the "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 finders fees were paid in conjunction with this portion of the private placement.

The capital structure of the Company consists of all the components of shareholders' equity. To adjust or maintain its capital structure the Company may issue new common shares.

**Shareholders' equity**

**Share capital**

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

<b>Balance, August 31, 2016</b>	<b>48,312,465</b>
Common shares issued for cash	15,890,298
Common shares issued for mineral properties	6,000,000
<b>Balance, August 31, 2017</b>	<b>70,202,763</b>

**Warrants**

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

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

**Share based payments**

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The Company has a 10% rolling stock option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors, management, company employees and 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.

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

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

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
		<b>5,300,000</b>	

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. The options have been 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.

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.

**Outstanding share data**

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The following describes the outstanding share data of the Company as at December 28, 2017:

	<b>Number outstanding</b>
Common shares	70,453,393
Options to purchase common shares	5,700,000
Warrants to purchase common shares	15,890,928
	<b>92,044,321</b>

**Transactions with related parties**

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).

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

**Going concern assumption**

The 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 \$601,446 (for the year ended August 31, 2016 – net income of \$1,740,105), had used cash in operations of \$346,986 (used \$202,231 for the year ended August 31, 2016), 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). During the year ended August 31, 2017, the Company completed the Atala Transaction and a private placement of 15,890,928 Units for gross proceeds of \$794,546. During the year ended August 31, 2016, the Company sold its interest in the Pitt Gold property for cash of \$250,000 and \$1 million of common shares on First Mining. Currently the Company has marketable securities with a total value of \$1,214,550.

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

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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.

### **Capital management**

The Company's objective in managing capital is to ensure continuity as a going-concern and to safeguard its ability to continue its acquisition and exploration programs as well as ensuring that all flow-through funds obtained are utilized in exploration activities and spent by the required deadline. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company defines its capital as the shareholder's equity. To effectively manage the Company's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has appropriate liquidity to meet its operating and growth objectives. As needed, the Company raises funds through private placements or other equity financings. The Company does not utilize long term debt as the Company does not currently generate operating revenues. There is no dividend policy. The Company is subject to regulatory requirements related to the use of funds obtained by flow-through share arrangements. These funds have to be incurred for eligible exploration expenses. The Company has respected these regulatory requirements.

### **Risk and uncertainties**

Magna Terra is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

#### **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. As at August 31, 2017, the Company has \$147,047 in cash to settle current liabilities of \$192,644. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing and/or the sale of its assets to meet its capital requirements.

#### **Exploration and mining risks**

The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice

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from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

**Titles to property**

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

**Permits and licenses**

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

**Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

**Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

**Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

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**Stage of development**

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

**Industry conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

**Uninsured hazards**

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company's assets or the insolvency of the Company.

**Future financing**

Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

**Key employees**

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

**Cautionary note regarding forward-looking information**

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, mine development costs, unit costs, capital costs, timing of commencement of operations and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

**Additional information and continuous disclosure**

This MD&A has been prepared as at December 28, 2017. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)).

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**Management's responsibility**

Management is responsible for all information contained in this MD&A. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the Financial Statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Company's Board of Directors has reviewed and approved the financial statements with management.

December 28, 2017.

(signed) "Lew Lawrick"  
Lew Lawrick  
President and Chief Executive Officer

(signed) "Errol Farr"  
Errol Farr  
Chief Financial Officer