



Magna Terra Minerals Inc.
Management's Discussion and Analysis
of the
Financial Condition and Results of Operations

For the year ended August 31, 2019

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") has been prepared based on information available to Magna Terra Minerals Inc. ("Magna Terra" or the "Company") as at December 27, 2019. The MD&A of the operating results and financial condition of the Company for year ended August 31, 2019, should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2019 (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.magnaterraminerals.com and on SEDAR at 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 Patagonia region of Argentina and has recently announced an acquisition of two advanced gold exploration projects in Atlantic Canada (see below). In May 2017, Magna Terra completed the acquisition of a significant exploration portfolio (103,000 hectares, sub-divided into 8 projects) in the prolific yet underexplored Deseado Massif in the Province of Santa Cruz, Argentina. The Company is currently working to close the acquisition of two advanced exploration projects in Provinces of Newfoundland and Labrador, and New Brunswick. With seven district scale drill ready projects in Argentina, and two in Atlantic Canada, the Company is positioned to deliver significant shareholder value through the potential for further precious metals discovery(s) on its extensive portfolio.

The Company also has interests in 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 in mining friendly jurisdictions, which can be advanced to development stage for potential joint venture or sale. Santa Cruz Province and Atlantic Canada host a good variation of deposit types in low altitude areas with developed infrastructure, and established mining and exploration culture.

Recent activities

Atlantic Canada

On October 15, 2019, the Company announced it had entered into a definitive share purchase agreement with Anaconda Mining Inc. ("Anaconda")(TSX:ANX) to acquire Anaconda's 100% interest in the Great Northern and Viking Projects in Newfoundland and Labrador and the Cape Spencer Project in New Brunswick. Exchange and shareholder approval are expected in January 2020.

Santa Cruz Province, Argentina

Of the 7 drill ready projects currently held by the Company, we have recently completed first phase drilling on Piedra Negra and Luna Roja with the latter constituting a significant discovery with subsequent re-definition of the focus of our Company and its priorities.

At **Luna Roja**, 1,185 m of drilling was completed in January 2019 with all assays being received and published during recent months (see below). These early results include highly significant intercepts of disseminated Au and Ag mineralization which are compatible with open pit style bulk minable operations. This early success at Luna Roja has positioned the project as a priority for advancement by the Company.

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The Company is actively pursuing opportunities to partner the project such that it follow up exploration program(s) can be executed in the coming year to advance the project.

At **Piedra Negra**, 860 m of drilling was completed in December 2018. Several reportable Au intercepts were encountered in low sulphidation vein material. Whilst none of the intercepts were of grades or widths to show near surface resources, the geology and geochemistry appear to represent the upper part of an epithermal system with potential for further targets at depth.

On December 28, 2018, the Company closed the first tranche of a private placement for gross proceeds of \$400,000 by the issuance of 8,000,000 units. Each Unit was priced at \$0.05 and consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.10 per warrant share until December 28, 2020.

Proposed Transaction

On October 15, 2019, the Company announced its intention to acquire a 100% interest in the Cape Spencer Project situated in New Brunswick and the Great Northern and Viking Projects situated in Newfoundland and Labrador (the "ExploreCo Assets"), through the acquisition of all of the issued and outstanding common shares of 2647102 Ontario Inc. ("ExploreCo") from Anaconda (the "Acquisition").

The Acquisition will be completed by the Company issuing to Anaconda an aggregate number of common shares of the Company equal to 100% of the outstanding Magna Terra common shares on the closing date of the Acquisition, following the completion of a share consolidation (described below) on an undiluted basis and before the Magna Terra financing (also described below).

The closing of the Acquisition is scheduled to take place in February 2020 and is subject to numerous conditions customary to this type of transaction, including notably, regulatory approval, and Magna Terra shareholder approval. The closing of the Acquisition is also subject to the following conditions: (i) the execution of a standard investor rights agreement between Magna Terra and Anaconda; (ii) Magna Terra Shareholders' approval at the special meeting of a share consolidation on the basis of one (1) new share of Magna Terra for every seven (7) common shares of Magna Terra presently issued and outstanding; and (iii) Completion by Magna Terra of a financing for minimum gross proceeds of \$1.5 million (the "Financing") to be completed on a post-consolidation basis.

The Company proposes to complete, on a post-consolidation basis, a non-brokered private placement of a minimum of \$2.2 million and a maximum of \$3.5 million (the "Offering") and will be comprised of a combination of (i) flow-through common shares (the "FT Share") at a price of \$0.25 per share and (ii) units of the Company (the "Units") at a price of \$0.20 per Unit. Each Unit is comprised of one common share of the Company and one-half of one share purchase warrant (each whole warrant being a "Warrant"), each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.30 per share for a period of 24 months following the closing of the Offering. The Warrants will also be subject to an accelerated expiry provision whereby should the common shares of the Company trade on the Exchange at a price of \$0.50 or more for a period of 10 consecutive trading days, the Warrants will expire 30 days following the receipt of a written notice to that effect from the Company.

Mineral Resource Estimate Highlights

Great Northern Project - The Rattling Brook Deposit has an Inferred Mineral Resource Estimate of 5,460,000 tonnes at an average grade of 1.45 grams per tonne ("g/t") gold for 255,000 contained ounces at a cut-off grade of 1.0 g/t gold.

Cape Spencer Project - The Cape Spencer Deposit has an Inferred Mineral Resource Estimate of 1,720,000 tonnes at an average grade of 2.72 g/t gold for 151,000 contained ounces in two zone:

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Northeast Zone - Inferred Mineral Resource of 740,000 tonnes at an average grade of 4.07 g/t gold, for 96,000 contained ounces at a cut-off grade of 2.5 g/t gold in a conceptual underground development; and *Pit Zone - Inferred Mineral Resource of 990,000 tonnes at an average grade of 1.71 g/t gold, for 54,000 contained ounces at a cut-off grade of 0.5 g/t gold in a conceptual open-pit.

The Mineral Resource Estimates are presented below in Tables 1 and 2.

*The term "Pit Zone" reflects previously established deposit nomenclature that has been retained by Magna Terra. It does not denote application of an optimized pit shell or envelope for definition of Mineral Resources presented in Table 2 below.

Great Northern Project - Rattling Brook Deposit Mineral Resource Estimate

The updated Mineral Resource Estimate for the Rattling Brook Deposit is 5,460,000 tonnes at an average grade of 1.45 g/t gold for 255,000 contained ounces at a cut-off grade of 1.0 g/t gold in 3 mineralized zones; the Road, Apsy and Beaver Dam zones with an effective date of January 23, 2019 (Table 1).

Table 1: Rattling Brook Deposit Mineral Resource Estimate – Effective Date: January 23, 2019

Zone	Cut-Off (Au g/t)	Category	Rounded Tonnes	Au (g/t)	Rounded Ounces
Apsy	1.0	Inferred	2,850,000	1.52	139,000
Road	1.0	Inferred	2,120,000	1.28	87,000
Beaverdam	1.0	Inferred	480,000	1.81	28,000
Total	1.0	Inferred	5,460,000	1.45	255,000

1. This Mineral Resource Estimate was prepared in accordance with NI 43-101 and the CIM Standards (2014)
2. Mineral Resource Estimate tonnages have been rounded to the nearest 10,000 and ounces have been rounded to the nearest 1,000. Totals may not sum due to rounding.
3. A cut-off of 1.00 g/t gold was used to estimate Mineral Resources.
4. Mineral Resources were interpolated using Ordinary Kriging from 1.5m downhole assay composites.
5. An average bulk density of 2.70 g/cm³ has been applied.
6. Over 90% of Mineral Resources occur above a depth of 150m below surface, the current maximum depth of the Anaconda Mining operated Pine Cove Mine. Mineral Resources were reported within an additional 50m of the 150m benchmark, to a maximum depth of 200m, and are considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional open-pit mining methods at a gold price of CAD \$1,550 per ounce.
7. Mineral Resources do not have demonstrated economic viability.
8. This estimate of Mineral Resources may be materially affected by environmental, permitting, legal title, taxation, sociopolitical, marketing, or other relevant issues.

Cape Spencer Project - Cape Spencer Deposit Mineral Resource Estimate

The Inferred Mineral Resource Estimate for the Cape Spencer Deposit is 1,720,000 tonnes at an average grade of 2.72 g/t gold for 151,000 contained ounces at cut-off grade of 0.5 g/t gold and 2.5 g/t gold in two mineralized zones, the *Pit Zone and the Northeast Zone, with an effective date of January 23, 2019 (Table 2). The Northeast Zone contains a conceptual underground Inferred Mineral Resource Estimate of 740,000 tonnes at an average grade of 4.07 g/t gold for 96,000 contained ounces at a cut-off grade of 2.5 g/t gold and the *Pit Zone contains a conceptual open-pit Inferred Mineral Resource Estimate of 990,000 tonnes at an average grade of 1.71 g/t gold for 54,000 contained ounces at a cut-off grade of 0.5 g/t gold.

Table 2: Cape Spencer Project Mineral Resource Estimate – Effective Date: January 23, 2019

Area	Cut-Off (Au g/t)	Category	Rounded Tonnes	Au (g/t)	Rounded Ounces
Northeast Zone	2.5	Inferred	740,000	4.07	96,000
*Pit Zone	0.5	Inferred	990,000	1.71	54,000
Total	0.5 and 2.5	Inferred	1,720,000	2.72	151,000

1. This Mineral Resources Estimate was prepared in accordance with NI 43-101 and the CIM Standards (2014)

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2. Mineral Resource tonnages have been rounded to the nearest 10,000 and ounces have been rounded to the nearest 1,000. Totals may not sum due to rounding.
3. A cut-off of 2.50 g/t gold was used to estimate Mineral Resources for the Northeast Zone.
4. A cut-off of 0.50 g/t gold was used to estimate Mineral Resources for the Pit Zone.
5. Mineral Resources were interpolated using Ordinary Kriging from 1.5m assay composites capped at 15 g/t gold.
6. An average bulk density of 2.74 g/cm³ has been applied.
7. Northeast Zone Mineral Resources extend to a maximum depth of 225m below surface and are considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional underground mining methods at a gold price of CAD \$1,550 per ounce.
8. Pit Zone Mineral Resources extend to a maximum depth of 100m below surface and are considered to reflect reasonable prospects for economic extraction in the foreseeable future using conventional open-pit mining methods at a gold price of CAD \$1,550 per ounce.
9. Mineral Resources do not have demonstrated economic viability.
10. This estimate of Mineral Resources may be materially affected by environmental, permitting, legal title, taxation, sociopolitical, marketing, or other relevant issues.

*The term "Pit Zone" reflects previously established deposit nomenclature that has been retained by Magna Terra. It does not denote application of an optimized pit shell or envelope for definition of Mineral Resources presented in Table 2 above.

Viking Project - Thor Deposit Historical Mineral Resource Estimate

A Historical Mineral Resource Estimate prepared in accordance with NI 43-101 and the CIM Standards (2014) by ExploreCo exists at the date of this press release for the Thor Deposit of the Viking Project and has an effective date of August 29, 2016 (Table 3). The Thor Deposit contains an Historical Indicated Mineral Resource of 63,000 ounces Au (937,000 tonnes at an average grade of 2.09 g/t) plus an Historical Inferred Mineral Resource of 20,000 ounces Au (350,000 tonnes at an average grade of 1.79 g/t) at a cut-off grade of 1.0 g/t Au. An Independent Qualified Person has not carried out sufficient work to classify this Historical Mineral Resource Estimate as current and Magna Terra is not considering this Mineral Resource Estimate to be current. Magna Terra considers the Thor Deposit to have potential for expansion that will be addressed by the Company in future exploration programs.

Table 3: Historical Mineral Resource Estimate and Sensitivity Report for the Thor Deposit – Effective date August 29, 2016

Au Cut-off (grams per tonne)	Tonnes > Cut-off (tonnes)	Grade > Cut-off Au (grams per tonne)	Contained Ounces Au*
	Indicated		
0.50	1,817,000	1.42	83,000
*1.00	937,000	2.09	63,000
2.00	357,000	3.19	36,600
	Inferred		
0.50	847,000	1.15	31,000
*1.00	350,000	1.79	20,000
2.00	94,000	2.90	8,800

*Historical Mineral Resource Estimate Cut-off gold grade is 1.0 g/t

About the Great Northern and Viking Projects

- The Great Northern and Viking Projects comprise 2 separate claim blocks, totalling 9,775 hectares (Great Northern - 4,175 hectares; Viking – 5,600 hectares) that are located 3 km north and 15 km south of the community of Jackson's Arm, NL, respectively;
- Both Project areas cover highly prospective geology coincident with 20 kilometres of strike along a regional scale, gold-related structure - the Doucer's Valley Fault;
- Located adjacent to the Doucer's Valley Fault, part of the Long Range Fault system – a fertile gold bearing structure, similar to that associated with Marathon Gold's Valentine Lake Project in central

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Newfoundland, which has been the focus of recent significant mineral resource growth and discovery;

- Host to several known gold deposits including Rattling Brook (Great Northern) and Thor (Viking) as well as high-grade prospects including Jackson's Arm (Great Northern) that present numerous drill ready targets and potential for near term discovery;
- Several untested gold prospects and showings, including the Shrik, Stocker, Boot N' Hammer, 954 Prospects, Incinerator Trail Zone;
Surface grab samples[^] assaying up to 20.2 g/t gold and 1,232 g/t silver at the Boot N' Hammer Prospect; up to 56.7 g/t gold and 2.75 oz/t silver at the Stocker Prospect; up to 7.2 g/t gold at the Shrik Prospect; and up to 13.6 g/t gold at the 954 Prospect, hosted within a 1.7 km long by 40 to 400 m wide continuous alteration zone;
- The Incinerator Trail Zone has been tested by four reconnaissance-style diamond drill holes in the 1980's and returned assays of 1.78 g/t gold over 4.0 m (hole RB-35) and 2.30 g/t gold over 4.05 m (hole RB-41);

Note: Analytical results in this press release section are sourced in the Great Northern Project Technical Report (2019) and Viking Project Technical Report (2016) - see "Technical Reports and Documentation Notes" below.

About the Cape Spencer Project

- The Cape Spencer Project comprises 104 mineral exploration claims covering 2,365 ha and is located 15 kilometers southeast of Saint John, New Brunswick;
- The Project covers 8 kilometres of highly prospective strike in the hanging wall of a regional scale structure with 10 known gold occurrences, including the Emilio Zone (7.86 g/t over 7.4 m; AB-04-06) and other drill ready targets;
- Hosted within similar Proterozoic-aged rocks of the Avalon Zone that host multi-million ounce gold deposits such as Haile, Ridgeway and Hope Brook;
- Two gold deposits open along strike (Northeast and Pit Zones);
- **Emilio Zone** – Prospect at East end of Property
 - 7.86 g/t gold over 7.4 m (AB-04-06; near surface);
 - 12.00 g/t gold over 1.4 m (chip) and 2.77 g/t gold over 3.0 m (chip); and
 - [^]Surface grab samples up to 168.00 g/t gold
- **Birches Zone** – 300-metre-long gold-bearing alteration zone south of the Northeast Zone
 - 17.85 g/t gold over 1.0 m within a zone grading 5.23 g/t gold over 4.0 m (MR-150);
 - 9.48 g/t gold over 1.0 m within a zone grading 4.01 g/t gold over 4.0 m (MR-149); and
 - 3.60 g/t gold over 5.0 m (AB-04-08).
- **Zone A** – Grab samples up to 53.50 g/t gold.
- **Zone C** – Grab samples up to 8.92 g/t gold and chip sample of 2.77 g/t gold over 3.0 m.
- **Zone D** – Five occurrences of visible gold with grab samples up to 7.12 g/t gold.

Note: Analytical results in this press release section are sourced in the Cape Spencer Project Technical Report (2019) – see "Technical Reports and Documentation Notes" below; "grab samples" are selected samples and are not necessarily indicative of mineralization that may be hosted on the property.

All technical data disclosed in this management's discussion and analysis related to the Acquisition has been verified by Magna Terra's Qualified Person, David A. Copeland, P.Geo.

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

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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 a proposed work program of drilling. These include Luna Roja (El Monte property), Signos (El Monte Property), Piedra Negra, Covadonga, Gertrudis, El Meridiano and La Rosita.
- 2) Prospects, where generative exploration is planned or underway, which include Katrina and Boleadora Group.

Luna Roja hosts structurally and stratigraphically controlled Au and Ag mineralization and has significant investment in mapping, rock chip sampling, soil sampling and trenching in addition to an Induced Polarization program, all of which were completed prior to the January drill program. We completed 1,185 meters of core drilling in January 2019.

The most significant intercept thus far, was reported from LR_DD002, in the Cruz Del Sur target, which constitutes 75.0 m of 0.62 g/t Au and 5.6 g/t Ag between 37.0 and 112.0 meters down hole. The deepest part of the intercept, which is oxidized, included 42.0 m of 1.01 g/t Au and 4.6 g/t Ag between 68.0 to 110.0 meters. Trench 2, immediately above the trace of LR_DD002, reported 55 meters of 0.41 g/t Au and 13.2 g/t Ag illustrating a 2.5 times grade increase at depth. This zone occurs 145 meters to the north of the discovery hole, LR_DD001 which reported 51.4 m of 0.26 g/t Au and 9.7 g/t Ag, including 2 m of 1.08 g/t Au and 79.6 g/t Ag. Drill hole LR_DD006 intersected 15.6 m of 0.11 g/t Au and 0.81 g/t Ag (from 130.0 m to 145.60 m). The 15.6 meter sample is the bottom of the hole, indicating mineralization to be potentially open at depth.

The LR_DD002 intercept is of key importance to the project because:

- It is a long, 75-meter intercept of 0.62 g/t Au, suggesting the possibility of bulk minable potential,
- has a 42-meter oxidized intercept of 1.01 g/t Au which suggests potential for high gold recovery and is superior to grades mined in similar disseminated deposits,
- represents shallow mineralization, between surface and 80 meters vertical depth, offering the possibility of an open pit operation,
- constitutes part of a strike length of 145 meters between LR_DD001 and LR_DD002 which shows potential for continuity along the Via Lactea structural zone,
- constitutes part of a surface strike length of 3 km on the Via Lactea Fault system which shows strong potential considering that only 145 meters of the fault system has been drill tested to date.
- occurs in favorable tuffaceous stratigraphy which continues to the West, hanging wall side, of the Via Lactea Fault system
- represents a concept of targeting disseminated Gold in tuffs which is a new paradigm for the Deseado Massif, but the Luna Roja mineralization is more analogous to the world class Round Mountain deposit in Nevada (> 10 Moz. Au produced) than it is to any of the operating mines in Santa Cruz.

This early success at Luna Roja has moved the project into a priority for the Company with the next phase of program planning focused on finding the limits of the mineralization and better understanding of the controls on mineralization. The Company is actively pursuing opportunities to partner the project to fund the next stage(s) of exploration expenditure.

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

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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 range from below detection limit to 0.78 ppm Au and including one statistical outlier of 26.3 ppm Au. Recent drilling activity at the adjacent Luna Roja project has made Signos a much higher priority for future exploration with this project being now in need of geophysical work prior to the planning of a drill program.

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. Microscopy studies on the vein material have shown that the Au mineralization occurs as free gold and electrum in silica. First phase drilling has completed 860 m with assays pending. In December 2018 we completed a 860 m drilling program from which several reportable gold intercepts were encountered in low sulphidation vein material. Drill hole PN_DD006 intersected 2.0 m of 0.655 g/t Au (from m 14 to 16) and then 1.0 m of 0.18 g/t Au (from m 26 to 27). The hole collared in argillized tuffs, and after 14 meters, cut low sulphidation vein material. Further anomalous intercepts are reported in holes PN_DD001, 2, 4 and 7 and occur over an area of 700 by 500 meters. Whilst none of the intercepts were of grades or widths to show potential for near surface resources, the geology and geochemistry appear to represent the upper part of an epithermal system with potential for further targets at depth.

The **Covadonga** project exhibits a significant mineralized footprint from rock chips and soils with 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 silica. A soil sampling program constituting over 696 samples plus QAQC has been completed as have IP and ground magnetic programs. The Company has recently completed microscopy and spectral analysis on a selection of vein and clay altered samples which reveal the project to be the upper part of a low sulphidation system. This data forms the basis for further exploration, including a potential 2,500 m drill program.

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 As, antimony (Sb) and Hg anomalies. The Gertrudis vein is the more prominent of the two and extends for 800 m. This is a N-NW striking structure which is steeply dipping to the W-SW 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 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 Company has identified drill targets for this project which constitute a potential 2,000 m drill program.

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 north to N-W trending fractures and faults. Virtually all samples of these breccias contain small to significant amounts of gold, As and Sb, 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. A drill program of relatively deep, over 200 to 400 m length, drill holes is planned for this project.

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La Rosita project occupies a basin measuring around 4 by 4 km which is formed in andesitic and dacitic volcanics and is the site of sedimentary deposition including limestones and siltstones with sinters, the latter of which are locally mineralized. The formation of this basin is the result of extension and wrenching related to major regional and district scale structures which strike N-NE, N-S, N-NW, N-W and W-NW. 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. 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 were used for drill planning.

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.

All of the above projects are available for partnering (Option / Joint Venture), and the company is actively pursuing opportunities to do so to fund their ongoing advancement. Going forward in 2020 the company will limit its expenditure on these projects, as it will focus its resources on advancing its exploration portfolio in Atlantic Canada subject to closing this acquisition in the coming weeks.

Quebec Properties

Verneuil

The Company now holds a 37.52% interest (SOQUEM 62.48%) (originally 50%-50%) in 32 claims located approximately 15 km to the east of the Lebel-sur-Quevillon, district of Abitibi. A 2% net smelter return royalty on future production is attached to the property. During the 2018 exploration season SOQUEM completed a detailed sampling and mapping program which was followed up by an Induced Polarization geophysical survey. This was followed up by a drill program consisting of 2,695 m in 12 holes. A total of 1,096 core samples were sent for assay, resulting in numerous anomalous intercepts, but few with economic values. Magna Terra did not participate in the funding of this program and hence its project interest has been diluted to 37.52% as a result.

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 April 12, 2019, the Company announced it entered into an option agreement regarding its Noyell Property, with Opus One Resources Inc. ("Opus") paying a total amount of \$500,000 in a combination of cash and/or common shares with the maximum number of common shares not to exceed 7 million. The payment terms are \$50,000 10 days after the effective date (received on May 23, 2019), \$50,000 on the first, second and third anniversaries of the effective date, \$100,000 on the fourth anniversary and \$200,000 on the fifth anniversary of the effective date.

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

The Company holds a 29% interest in 24 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.

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

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	Santa Cruz projects	Quebec projects	Total
Balance, August 31, 2017	1,631,845	54,919	1,686,764
Acquisition costs	82,301	-	82,301
Expenditures	942,121	-	942,121
Government grants	-	(18,977)	(18,977)
Balance, August 31, 2018	2,660,267	35,942	2,696,209
Expenditures	1,071,933	-	1,071,933
Disposals	-	(352)	(352)
Balance, August 31, 2019	3,732,200	35,590	3,767,790

The above technical information related to exploration activities was confirmed and/or reviewed by Paul Robinson, Geologist, Vice-President of Exploration, qualified person under NI 43-101.

Selected annual information

Year ended August 31	2019 \$	2018 \$	2017 \$
Total assets	3,851,314	2,751,310	3,175,483
Current liabilities	994,334	373,505	192,644
Shareholders' equity	2,856,980	2,377,865	2,982,840
Net income (loss) for the year	(195,841)	(642,841)	(601,466)
Net income (loss) per share – basic and diluted	(0.00)	(0.01)	(0.01)

Summary of quarterly results

	August 31 2019 \$	May 31 2019 \$	February 28 2019 \$	November 30 2018 \$
Total assets	3,851,314	3,851,314	3,556,169	2,780,628
Shareholders' equity	2,856,980	2,856,980	2,490,079	2,179,628
Total revenues	-	-	-	-
Net income (loss) ¹	(100,012)	185,569	(83,636)	(197,762)
Net income (loss) per share ²	0.00	0.00	(0.00)	(0.00)

	August 31 2018 \$	May 31 2018 \$	February 28 2018 \$	November 30 2017 \$
Total assets	2,751,310	2,748,698	3,072,321	2,970,670
Shareholders' equity	2,377,865	2,521,552	2,628,412	2,723,363
Total revenues	-	-	-	-
Net income (loss) ²	(148,123)	(272,401)	70,590	(292,907)
Net loss per share ³	(0.01)	(0.00)	(0.00)	(0.00)

¹The net income is derived from the gain on settlement of debts for shares and the option payment received.

²The net income is derived from the increase in the fair value of First Mining and Norther Superior shares

³In 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.

Financial highlights

For year ended August 31, 2019

Net income (loss) for the year ended August 31, 2019 was \$195,841 and included costs related to the Company's administrative activities in Canada and Argentina. During the year ended August 31, 2019, the company received 1,000,00 common shares of Opus with a value of \$50,000 and settled debts with the

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

issuance of common shares resulting in a gain on settlement of \$225,030. General and administrative expenses are detailed below.

	For the year ended August 31	
	2019	2018
	\$	\$
Consulting fees	33,000	66,000
Geologic consulting	47,555	26,694
Shareholder services	23,158	13,983
Insurance	9,425	13,266
Listing fees	10,883	9,449
Financing fees	26,479	-
Office	21,648	19,767
Rent	24,300	28,576
Conferences and promotion	28,071	40,607
	224,519	218,342

For the three months ended August 31, 2018

Net loss for the three months ended August 31, 2019 was \$100,012, and included costs related to the Company's administrative activities in Canada and Argentina.

Liquidity, working capital and capital resources

As at August 31, 2019, the Company had cash and cash equivalents of \$932 (August 31, 2018 - \$1,000) and a working capital deficit of \$953,302 (August 31, 2018 – a deficit of \$354,460), an accumulated deficit of \$4,057,578 (August 31, 2018 - \$3,861,737) and cash used in operations for the year ended August 31, 2019 was \$21,880 (year ended August 31, 2019 – used in \$472,728).

The Company's primary sources of cash include the sale and option of its mineral properties, the sale of short-term investments and the issuance of common shares for cash. 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

During the year ended August 31, 2019, the Company incurred \$618,974 in cash exploration expenditures related to its Santa Cruz properties.

Financing activities

On December 28, 2018, the Company closed a private placement for gross proceeds of \$400,000.

On May 29, 2019, the Company settled \$450,059 in accounts payable and accrued liabilities and loans with the issuance of 9,001,170 common shares.

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.

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Shareholders' equity

Share capital

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

Balance, August 31, 2017	70,203,393
Common shares issued for mineral properties	250,000
Balance, August 31, 2018	70,453,393
Common shares issued for cash	8,000,000
Common shares issued for debt settlement	9,001,179
Balance, August 31, 2019 and December 27, 2019	87,454,572

Warrants

The composition of the outstanding warrants as at August 31, 2019 and December 27, 2019 consists of the following:

	Expiry date	Number	Exercise Price
Warrants	December 28, 2020	4,000,000	\$0.10
Broker Warrants	December 28, 2020	56,000	\$0.10
		4,056,000	

Share based payments

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, 2019, the Company had 8,745,457 options available for issuance under the Plan.

	Options #	Weighted average exercise price \$
Balance, August 31, 2017	5,300,000	0.07
Issued	400,000	0.05
Balance, August 31, 2018	5,700,000	0.07
Issued	2,270,000	0.05
Balance, August 31, 2019	7,970,000	0.06
Exercisable at August 31, 2019	6,760,000	0.07

A summary of the outstanding stock options as at August 31, 2019 and December 27, 2019 is presented below:

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Date of grant	Remaining life	Number of options #	Exercise price \$
May 18, 2017	2.72 years	3,400,000	0.065
August 9, 2017	2.95 years	1,900,000	0.070
September 7, 2017	3.03 years	400,000	0.050
December 28, 2018	4.34 years	2,120,000	0.050
June 3, 2019	4.77 years	150,000	0.050
		7,970,000	

On December 28, 2018, the Company granted 2,120,000 stock options with an exercise price of \$0.050 and expiring on December 28, 2023. The options were valued using the Black-Scholes method with a risk-free interest rate of 1.89%, expected volatility of 219%, dividend yield of nil and an expected life of 5 years, resulting in share-based compensation of \$56,791. The options vest in four equal amounts on a quarterly basis over the first year of the option.

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.

Subsequent events

On October 15, 2019, the Company and Anaconda Mining Inc. ("Anaconda") (together the "Parties") announced that entered into a definitive Share Purchase Agreement (the "SPA") dated October 14, 2019, whereby Magna Terra proposes to acquire all of the issued and outstanding common shares of Anaconda's wholly-owned subsidiary, 2647102 Ontario Inc. ("ExploreCo")(the "Acquisition"). ExploreCo owns a 100% interest in the Great Northern and Viking Projects in Newfoundland and Labrador and the Cape Spencer Project in New Brunswick.

Under the SPA, the Company will acquire ExploreCo by issuing to Anaconda an aggregate number of common shares of the Company equal to 100% of the outstanding Magna Terra common shares on the closing date of the Acquisition, following the completion of a 7 for 1 share consolidation, on an undiluted basis and before Magna Terra financing of \$1.5 million or more.

On December 6, 2019 the agreement was modified to extend the closing date to be no later than February 28, 2020.

On October 29, 2019, the Company signed a credit agreement with Thorsen for a loan up to \$700,000 which bears interest at 12% per annum payable at maturity on December 31, 2020.

Outstanding share data

The following describes the outstanding share data of the Company as at December 27, 2019:

	Number outstanding
Common shares	87,454,572
Options to purchase common shares	7,970,000
Warrants to purchase common shares	4,056,000
	99,480,572

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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, 2019, \$24,000 was paid or accrued as management compensation (for the year ended August 31, 2018 – \$278,000). Share based compensation awarded to key management for the year ended August 31, 2019 was \$40,183 (for the year ended August 31, 2019 - \$19,680).

	For the year ended August 31	
	2019	2018
	\$	\$
Management fees	24,000	246,000
Directors fees	-	32,500
Share-based compensation	40,183	19,680
	64,183	298,180

On April 27, 2018, the Company completed the sale of 10,000,000 common shares of Northern at \$0.04 per share for gross proceeds of \$400,000 to Thorsen Fordyce Merchant Capital Inc. ("Thorsen"), a company controlled by Lewis Lawrick, the President and CEO of the Company.

As at August 31, 2019, in due to related parties, the Company had a loan outstanding from Thorsen in the amount of \$208,010, which was non-interest bearing and due on demand (August 31, 2018 – \$60,500). Also included in due to related parties are outstanding management fees and directors' fees of \$34,350 and \$27,640 respectively.

On December 28, 2018 the Company closed a private placement of units, of the \$400,000 proceeds, \$315,000 was subscribed for by officers of the Company.

On May 29, 2019, the Company closed the settlement of debt with the issuance of common shares, \$93,400 of the loan from Thorsen was settled with the issuance of 1,868,000 common shares.

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, 2019, the Company had a net loss of \$195,841 (for the year ended August 31, 2018 – net loss of \$642,841), had received cash from operations of \$268,123 (used in operations \$472,728 for the year ended August 31, 2018), and as at August 31, 2019, had an accumulated deficit of \$4,057,578 (August 31, 2018 - \$3,861,737) and a working capital deficit of \$953,302 (August 31, 2018 – a deficit of \$354,460).

To date there has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019, the Company has \$932 in cash to settle current liabilities of \$994,334. On May 29, 2019, the Company settled \$450,059 in accounts payable and accrued liabilities and loans with the issuance of 9,001,170 common shares. On December 28, 2018, the Company completed a private placement for gross proceeds of \$400,000 and on April 27, 2018, the Company completed the sale of 10,000,000 common shares of Northern Superior Resources Inc. for \$400,000 in cash. 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.

Currency risk

The Company operates in Canada and Argentina, and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will consequently have an impact upon the reporting results of the Company and may also affect the value of the

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Company's assets and liabilities.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Additional risks are as disclosed in the audited financial statements of the Company for the year ended August 31, 2019.

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, labor 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 27, 2019. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com).

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 27, 2019

(signed) "Lew Lawrick"

Lew Lawrick
President and Chief Executive Officer

(signed) "Errol Farr"

Errol Farr
Chief Financial Officer