



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

**For the three and nine months ended May 31, 2019**

## **MAGNA TERRA MINERALS 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. ("Magna Terra" or the "Company") as at July 30, 2019. The MD&A of the operating results and financial condition of the Company for three and nine months ended May 31, 2019, should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine months ended May 31, 2019 (the "Financial Statements") and the audited financial statements and the related notes for the year ended August 31, 2018. 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](http://www.magnaterraminerals.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. In May 2017, Magna Terra completed 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. With six district scale drill ready projects, the Company is positioned to deliver significant shareholder value through the potential for 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 neighboring established mines and projects, which give high potential for joint venture and offtake partners. Santa Cruz Province hosts a good variation of deposit types in low altitude areas with good road networks and a rapidly developing mining culture and infrastructure.

### **Recent activities**

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 moved the project into a focal position in the Company with the bulk of our efforts now being dedicated to finding the limits of and better understanding of the controls on mineralization.

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.

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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.

### **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 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

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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 focal position in the Company with the bulk of our efforts now being dedicated to finding the limits of mineralization and better understanding of the controls on mineralization.

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 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 magnetics 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

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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.

**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. The Company is currently working on a first pass exploration program on the Boleadora group properties which includes using proprietary remote sensing and data analysis techniques.

#### **Quebec Properties**

##### **Verneuil**

The Company now holds a 37.7% interest (SOQUEM 63.2%) (originally 50%-50%) in 34 claims located approximately 15 km to the east of the Lebel-sur-Quevillon, district of Abitibi. A 2% net smelter return royalty on future production is attached to the property. 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. Final results and a full report are pending. Magna Terra did not participate in the funding of this program and hence its project interest has been diluted to 37.7% 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.

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### 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.

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

	Santa Cruz projects	Quebec projects	Total
<b>Balance, August 31, 2017</b>	<b>1,631,845</b>	<b>54,919</b>	<b>1,686,764</b>
Acquisition costs	82,301	-	82,301
Expenditures	942,121	-	942,121
Government grants	-	(18,977)	(18,977)
<b>Balance, August 31, 2018</b>	<b>2,660,267</b>	<b>35,942</b>	<b>2,696,209</b>
Expenditures	999,265	-	999,265
Disposals	-	(352)	(352)
<b>Balance, May 31, 2019</b>	<b>3,655,532</b>	<b>35,590</b>	<b>3,691,122</b>

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

### Summary of quarterly results

	May 31 2019 \$	February 28 2019 \$	November 30 2018 \$	August 31 2018 \$
Total assets	3,816,137	3,556,169	2,780,628	2,751,310
Shareholders' equity	2,919,710	2,490,079	2,179,628	2,377,865
Total revenues	-	-	-	-
Net income (loss) <sup>1</sup>	185,569	(83,636)	(197,762)	(148,123)
Net income (loss) per share <sup>2</sup>	0.00	(0.00)	(0.00)	(0.01)

	May 31 2018 \$	February 28 2018 \$	November 30 2017 \$	August 31 2017 \$
Total assets	2,748,698	3,072,321	2,970,670	3,175,483
Shareholders' equity	2,521,552	2,628,412	2,723,363	2,982,840
Total revenues	-	-	-	-
Net income (loss) <sup>2</sup>	(272,401)	70,590	(292,907)	(551,549)
Net loss per share <sup>3</sup>	(0.00)	(0.00)	(0.00)	(0.01)

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

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

<sup>3</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.

### Financial highlights

#### For three and nine months ended May 31, 2019

Net income (loss) for the three and nine months ended May 31, 2019 was \$185,569 and (\$95,828) respectively and included costs related to the Company's administrative activities in Canada and Argentina. During the three months ended May 31, 2019, the company received 1,000,00 common shares of Opus with a value of \$50,000 and settled debts with the issuance of common shares resulting in a gain on settlement of \$225,030. General and administrative expenses are detailed below.

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	For the three months ended May 31		For the nine months ended May 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Consulting fees	-	16,500	33,000	49,500
Geologic consulting	878	4,504	47,555	15,103
Shareholder services	2,279	4,883	12,252	12,893
Insurance	2,470	1,746	7,601	10,355
Listing fees	5,200	1,125	10,383	9,680
Office	3,724	3,763	18,060	15,808
Rent	6,075	7,500	18,255	22,500
Conferences and promotion	8,192	11,087	28,071	38,993
	<b>28,817</b>	<b>51,108</b>	<b>175,147</b>	<b>174,832</b>

**Liquidity, working capital and capital resources**

As at May 31, 2019, the Company had cash and cash equivalents of \$5,158 (August 31, 2018 - \$1,000) and a working capital deficit of \$826,850 (August 31, 2018 – a deficit of \$354,460), an accumulated deficit of \$3,957,565 (August 31, 2018 - \$3,861,737) and cash flow used in operations for the nine months ended May 31, 2019 was \$65,906 (nine months ended May 31, 2019 – negative \$417,043).

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 nine months ended May 31, 2019, the Company incurred \$474,775 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.

**Shareholders' equity**

**Share capital**

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

<b>Balance, August 31, 2017</b>	<b>70,203,393</b>
Common shares issued for mineral properties	250,000
<b>Balance, August 31, 2018</b>	<b>70,453,393</b>
Common shares issued for cash	8,000,000
Common shares issued for debt settlement	9,001,179
<b>Balance, May 31, 2019 and July 30, 2019</b>	<b>87,454,572</b>

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**Warrants**

The composition of the outstanding warrants as at May 31, 2019 consists of the following:

	<b>Expiry date</b>	<b>Number</b>	<b>Exercise Price</b>
Warrants	June 19, 2019	2,170,000	\$0.08
Warrants	December 28, 2020	2,000,000	\$0.10
Broker Warrants	December 28, 2020	56,000	\$0.10
		<b>8,282,000</b>	

The composition of the outstanding warrants as at July 30, 2019 consists of the following:

	<b>Expiry date</b>	<b>Number</b>	<b>Exercise Price</b>
Warrants	December 28, 2020	2,000,000	\$0.10
Broker Warrants	December 28, 2020	56,000	\$0.10
		<b>2,056,000</b>	

**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 May 31, 2019, the Company had 8,745,457 options available for issuance under the Plan.

	<b>Options #</b>	<b>Weighted average exercise price \$</b>
<b>Balance, August 31, 2017</b>	<b>5,300,000</b>	<b>0.07</b>
Issued	400,000	0.05
<b>Balance, August 31, 2018</b>	<b>5,700,000</b>	<b>0.07</b>
Issued	2,120,000	0.05
<b>Balance, May 31, 2019</b>	<b>7,820,000</b>	<b>0.06</b>
<b>Exercisable at May 31, 2019</b>	<b>6,230,000</b>	<b>0.07</b>

A summary of the outstanding stock options is presented below:

<b>Date of grant</b>	<b>Remaining life</b>	<b>Number of options #</b>	<b>Exercise price \$</b>
May 18, 2017	2.98 years	3,400,000	0.065
August 9, 2017	3.20 years	1,900,000	0.070
September 7, 2017	3.28 years	400,000	0.050
December 28, 2018	4.59 years	2,120,000	0.050
		<b>7,820,000</b>	

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 1.88%, expected volatility of 118%, dividend yield of nil and an expected life of 5

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years, resulting in share-based compensation of \$87,132. 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 June 4, 2019, the Company granted a consultant, 150,000 stock options at an exercise price of \$0.05 per share exercisable until June 4, 2024.

On June 19, 2019, 2,170,000 warrants expired unexercised.

### Outstanding share data

The following describes the outstanding share data of the Company as at July 30, 2019:

	<b>Number outstanding</b>
Common shares	87,454,572
Options to purchase common shares	7,970,000
Warrants to purchase common shares	2,056,000
	<b>97,480,572</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 nine months ended May 31, 2019, \$92,250 was paid or accrued as management compensation (for the nine months ended May 31, 2018 – \$145,003). As at May 31, 2019, \$130,325 is in accounts payable and accrued liabilities for management and directors' fees. Share based compensation awarded to key management for the nine months ended May 31, 2019 was \$21,783 (for the nine months ended May 31, 2018 - \$19,680).

	<b>For the three months ended May 31</b>		<b>For the nine months ended May 31</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
			\$	\$
Management fees	<b>30,750</b>	61,500	<b>92,250</b>	123,000
Directors fees	-	9,875	-	22,003
	<b>30,750</b>	71,375	<b>92,250</b>	145,003

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 May 31, 2019, the Company had a loan outstanding from Thorsen in the amount of \$140,400, which was non-interest bearing and due on demand.

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.

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### **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 nine months ended May 31, 2019, the Company had a net loss of \$95,828 (for the nine months ended May 31, 2018 – net loss of \$494,718), had used cash in operations of \$65,906 (used \$417,043 for the nine month ended May 31, 2018), and as at May 31, 2019, had an accumulated deficit of \$3,957,565 (August 31, 2018 - \$3,861,737) and a working capital deficit of \$826,850 (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 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.

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### **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 May 31, 2019, the Company has \$5,158 in cash to settle current liabilities of \$896,427. 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.

Additional risks are as disclosed in the audited financial statements of the Company for the year ended August 31, 2018.

### **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 July 30, 2019. 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)).

### **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.

**MAGNA TERRA MINERALS INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

July 30, 2019

(signed) "Lew Lawrick"

Lew Lawrick  
President and Chief Executive Officer

(signed) "Errol Farr"

Errol Farr  
Chief Financial Officer