



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

For the year ended August 31, 2020

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 29, 2020. The MD&A of the operating results and financial condition of the Company for year ended August 31, 2020, should be read in conjunction with the Company's consolidated financial statements for the year ended August 31, 2020 (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. In July 2020, the Company closed the acquisition of two advanced exploration projects in Provinces of Newfoundland and Labrador, and New Brunswick. The Company also has a significant exploration portfolio (now 37,000 hectares, sub-divided into 7 projects) in the prolific yet underexplored Deseado Massif in the Province of Santa Cruz, Argentina. With two district scale projects in Atlantic Canada and seven drill ready projects in Argentina, and, 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. Atlantic Canada and Santa Cruz Province 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 July 30, 2020, the Company completed a share purchase agreement (the "Transaction") with Anaconda Mining Inc. ("Anaconda") 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.

The Company also completed a \$4.987 million private placement of units and flow through shares.

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

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

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Mineral Properties

The Great Northern and Viking Projects

The Great Northern Project is an exploration-stage property with a significant resource base, drill ready targets and potential for near-term resource expansion.

The Great Northern and Viking Projects comprises 2 separate claim blocks (12,675 hectares) and that are located near the communities of Sops Arm, Pollard's Point and Jackson's Arm, in western Newfoundland and Labrador. The area is accessible by provincial Route 420, which is connected to the Trans-Canada Highway (TCH) 75 km to the south.

About the Great Northern and Viking Projects

- 12,675 hectares along 20 kilometres of strike of a regional-scale gold bearing structure - the Doucer's Valley Fault.
- Newly Expanded Project is host to large untested gold bearing alteration systems:
 - 2.4 kilometre zone at the Jacksons Arm Trend;
 - 1.4 kilometre long geochemical anomaly at Little Davis Pond Trend; and
 - 3+ kilometre long by up to 40 metre wide deformation and alteration zone at the Viking Trend;
- Host to existing Mineral Resources including:
 - An Inferred Mineral Resource Estimate of 5,460,000 tonnes at an average grade of 1.45 grams per tonne ("g/t") gold containing 255,000 contained ounces at a cut-off grade of 1.0 g/t gold at the Rattling Brook Deposit; and
 - An Historical Indicated Mineral Resource of 937,000 tonnes at an average grade of 2.09 g/t gold containing 63,000 ounces of gold plus an Historical Inferred Mineral Resource of 350,000 tonnes at an average grade of 1.79 g/t gold containing 20,000 ounces of gold at a cut-off grade of 1.0 g/t gold at the Thor Deposit (see note on Historical Mineral Resources below).

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

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Viking Project - Thor deposit historical mineral resource estimate

The Thor Deposit contains an Historical Indicated Mineral Resource of 63,000 ounces of gold (937,000 tonnes at an average grade of 2.09 g/t gold) plus an Historical Inferred Mineral Resource of 20,000 ounces of gold (350,000 tonnes at an average grade of 1.79 g/t gold) at a cut-off grade of 1.0 g/t gold (Table 2). The Historical Mineral Resource Estimate was prepared in accordance with NI 43-101 and the CIM Standards (2014) for the Thor Deposit of the Viking Project and has an effective date of August 29, 2016. 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 2: 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

Geology and mineralization

The Great Northern and Viking Projects are centered along the Doucer's Valley Fault, a significant geological control on, and host to, several gold deposits and untested prospects, including the Rattling Brook and the Thor Deposits, Jacksons Arm, Little Davis Pond, and Viking Trends and the Incinerator Trail Zone. Gold mineralization is hosted within a variety of rocks types that include Precambrian or Ordovician granites, or younger volcanic and sedimentary rocks, typically along splays off the Doucer's Valley Fault. Alteration consists of mesothermal style quartz ± iron carbonate ± sulfide veins and stockworks with 2 to 5% total sulfides consisting of pyrite, galena, chalcopyrite or sphalerite, and locally show trace amounts of visible gold.

The Jacksons Arm Trend is host to a 2.4 km long by 40 to 400 m wide continuous alteration zone that is controlled by a north-south striking fault. The fault extends immediately to the north along strike with similar repeating fault zones to the east outlining a potential strike extent of an additional 4 kilometres. Highlights of previous surface grab samples include:

- Assays up to 20.2 g/t gold and 1,232 g/t silver at the Boot N' Hammer Prospect;
- Assays up to 56.7 g/t gold and 2.75 ounce per tonne silver at the Stocker Prospect;

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

- Assays up to 7.2 g/t gold at the Shrik Prospect; and
- Assays up to 13.6 g/t gold at the 954 Prospect.

The Little Davis Pond Trend is underlain by strongly deformed and altered Silurian volcanic and sedimentary rocks that are host to a 1.4 kilometre long geochemical anomaly (soil assays up to 530 ppb gold, and rock assays up to 22.15 g/t gold) from historic sampling.

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).

The Viking Trend is host to a 3+ kilometre long by up to 40 metre wide deformation and alteration zone with gold grades of 0.45 g/t Au over 20.0 m in hole VK-16-151, 0.37 g/t Au over 16.5 m in hole VK-11-125, as well as local high grades as indicated by 7.43 g/t Au over 1.0 m in hole VK-16-155.

Mineral licenses, option agreements and licenses

The Great Northern and Viking Projects are subject to several underlying option and royalty agreements whereby the Company can earn or has earned a 100% interest in the mineral rights.

The Great Northern Project is comprised of eight mineral exploration licenses that collectively encompass 215 mineral claims covering approximately 5,375 hectares. Five mineral exploration licenses are held 100% by the Company.

On August 21, 2020, the Company earned its 100% interest in the Jackson's Arm property, consisting of two licenses previously held by Metals Creek Resources Corp. ("Metals Creek"). The Company completed the option agreement by making the final payment to Metals Creek of \$20,000 in cash and issuing 350,000 common shares of the Company.

On August 18, 2020, an additional 3 mineral licenses (13 claims, 325 hectares) were acquired via an option agreement, covering the along strike extension of the Rattling Brook Deposit. Under terms of the option agreement the Company can earn a 100% interest in the property by paying to the optionor a total of \$30,000 in cash over 2 years (\$5,000 paid) and issuing \$15,000 in cash or common shares of the Company (7,471 shares issued). The Property is subject to a 2% Net Smelter Return Royalty ("NSR") payable to the Vendor with 1% NSR purchasable by the Company for \$1,000,000 and right of first refusal on the remaining 1% NSR.

During August 2020, one mineral license (35 claims, 875 hectares) was acquired via map staking along the strike extension of the Jacksons Arm Trend.

One of the 100% owned licenses is subject to a 3% NSR. The Company has a right to purchase half the NSR (1.5% portion) at a cost of \$1.5 million. A portion of another license is subject to a 0.5% NSR.

The Viking Project is comprised of four mineral exploration licenses totaling 292 claims covering 7,300 hectares. On September 8, 2020, the Company completed amended and re-stated option agreements on the Viking and Kramer Properties with Spruce Ridge Resources Ltd ("Spruce Ridge"). The Company can earn a 100% interest in the Viking and Kramer Properties by paying a total of \$300,000 over 4 payments ending February 15, 2023. At Company's option up to one half of the payments can be made via the issuance of common share units (the "Units"). The number of units are calculated using the 20-day volume weighted average price ("VWAP") of the Company's common shares immediately prior to the payment date. Each Unit will consist of one common share and ½ common share purchase warrant (the "Warrants"). Each whole Warrant will be exercisable at a 50% premium to the common share VWAP, for a period of 2 years from the payment date. The Warrant exercise price will not be less than the closing market price of the common shares on the day prior to the payment date (\$25,000 paid in cash and 185,184 Units issued to date). Spruce Ridge is entitled to a 0.5% uncapped NSR on all minerals sales

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

from the Viking Property, and a 2.0% NSR on all mineral sales from the Kramer Property, which is capped at \$2,500,000, after which the NSR will be reduced to 1.0%.

Upon earning into the Viking and Kramer option agreements, a separate NSR obligation to a third party will be in effect and includes a 2.5% NSR on the Viking Property, a 1% NSR on the Kramer Property, and a 1.5% NSR granted on an area of interest within 3 km of the combined Viking and Kramer Properties.

Also during the year ended August 31, 2020, the Company acquired one mineral license (68 claims, 1,700 hectares) via map staking.

Technical Reports and Documentation Notes

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All Mineral Resource Estimates were prepared in accordance with NI 43-101 and the CIM Standards (2014).

The Mineral Resource Estimate quoted in this press release regarding the Great Northern Project refers to the technical report: "*NI 43-101 Technical Report and Updated Mineral Resource Estimate on the Rattling Brook Gold Deposit, Great Northern Project, White Bay Area, Newfoundland, Canada*", (the "Great Northern Report") with an effective date of January 23, 2019, and authored by Matthew Harrington, P.Geo. (Independent Qualified Person) and Michael Cullen, P.Geo. (Independent Qualified Person).

The Historical Mineral Resource Estimate quoted in this press release regarding the Viking Project (Thor Deposit) is taken from the technical report: "*NI 43-101 Technical Report And Mineral Resource Estimate For The Thor Deposit, Viking Project, White Bay Area, Newfoundland and Labrador, Canada, Latitude 49° 42' N Longitude 57° 00' W*" prepared for Anaconda Mining Inc. by David A. Copeland, P.Geo., Dr. Shane Ebert, P. Geo. and Gary Giroux, P. Eng. M.A.Sc., August 29, 2016.

Rock and core sample lengths from historic exploration programs that are reported are presented as core or sample lengths only. True widths of mineralized intervals are not known. All quoted drill core sample intervals, grades and production statistics were compiled from historic assessment reports obtained from either the government of Newfoundland and Labrador that are referenced the Technical Reports noted above.

The Cape Spencer Project

The Cape Spencer Project is an exploration stage project that has a history of past-production and the potential for near-term resource growth and discovery. It comprises 8 mineral claims (224 units) covering more than 5,045 hectares and is located 15 kilometres east of the City of Saint John, New Brunswick.

Project highlights

- 5,045 hectares along 15 kilometres of strike of a regional-scale gold bearing structure - the Millican Lake Fault and associated structures;
- Newly expanded Project is host to large untested gold bearing alteration systems including:
 - 2.5-kilometre alteration and gold bearing Emilio Trend with drill intercepts up to 7.86 grams per tonne ("g/t") gold over 7.4 metres;
 - Marigold Prospect with drill intercepts up to 8.71 g/t gold over 2 metres;
 - Birches Zone with drill intercepts up to 5.23 g/t gold over 4.0 metres;
- 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 zones:
 - 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.

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

- Hosted within similar Proterozoic-aged rocks of the Avalon Zone that host multi-million ounce gold deposits such as Haile, Ridgeway and Hope Brook; and
- Two gold deposits open along strike (Northeast and Pit Zones).

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 3). 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 3: 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)
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.

Geology and mineralization

The Cape Spencer Project is centered along the gold bearing Millican Lake Fault, a regional splay of the Caledonia and Cobequid Fault zones. The Property is underlain by Precambrian Millican Lake granite, and Coldbrook and Cape Spencer volcanic and sedimentary rocks. The Precambrian stratigraphy is unconformably overlain by and in fault contact with younger Carboniferous sedimentary rocks of the Lancaster Formation.

Gold mineralization at Cape Spencer is hosted within Precambrian Millican Lake granite or bounding Coldbrook and Cape Spencer volcanic and sedimentary rocks, with mineralization and alteration focussed along strongly faulted and sheared contacts between the two lithologies. Alteration consists of pervasive and patchy illite + pyrite + quartz ± iron carbonate ± sulfide veins and stockworks with 2-5% total sulfides consisting of pyrite, galena, chalcopyrite or sphalerite, and locally show trace amounts of visible gold.

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There are several gold prospects that warrant additional exploration over a 15-kilometre strike outside of the Pit and Northeast Zones particularly in the eastern half of the property that will initially be a primary focus for Magna Terra.

Highlights from historic exploration work outside of the main deposit areas from 1982 to 2004 include:

Cape Spencer Mine (Pit Zone) – Past-Producing (1985-1986) Mine. Highlight assays include:

- 13.89 g/t gold over 2.46 metres within a zone grading 4.76 g/t gold over 9.45 metres (GX-86-09);
- 6.22 g/t gold over 1.52 metres within a zone grading 2.13 g/t gold over 21.0 metres (GX-82-18);
- 27.08 g/t gold over 1.08 metres within a zone grading 5.10 g/t gold over 9.15 metres (GX-86-29); and
- 18.00 g/t gold over 1.50 metres within a zone grading 5.18 g/t gold over 8.25 metres (AB-04-10).

Northeast Zone - Located 400 metres northeast of the Cape Spencer Mine. Interpreted to be continuous with the Road Zone. Highlight assays include:

- 41.96 g/t gold over 2.45 metres within a zone grading 7.72 g/t gold over 16.2 metres (CS-87-06);
- 16.20 g/t gold over 1.5 metres within a zone grading 4.45 g/t gold over 19.0 metres (CS-87-08);
- 11.52 g/t gold over 3.0 metres within a zone grading 4.85 g/t gold over 10.5 metres (CS-87-13); and
- 12.54 g/t gold over 4.0 metres within a zone grading 4.26 g/t gold over 18.5 metres (CS-87-17).

Road Zone – 400-metre-long zone of gold-bearing alteration zone with an average width of 20 metres. This zone is interpreted to be the along strike continuation of the Northeast Zone. Highlight assays include:

- 16.28 g/t gold over 2.5 metres within a zone grading 1.81 g/t gold over 55.0 metres (MR-087);
- 10.35 g/t gold over 1.0 metres within a zone grading 1.49 g/t gold over 20.7 metres (MR-147); and
- 13.06 g/t gold over 2.0 metres within a zone grading 1.28 g/t gold over 18.0 metres (MR-105).

Emilio Trend – includes the Emilio Prospect at Eastern 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
- 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.

Birches Zone – 300-metre-long gold-bearing alteration zone south of the Northeast Zone.

- 17.85 g/t gold over 1.0 metre within a zone grading 5.23 g/t gold over 4.0 metres (MR-150);
- 9.48 g/t gold over 1.0 metre within a zone grading 4.01 g/t gold over 4.0 metres (MR-149); and
- 3.60 g/t gold over 5.0 metres (AB-04-08).

Marigold Prospect

- Historic drill assays of 8.71 g/t gold over 2.0 metres (drillhole MGB-88-2); and
- Historic grab samples up to 4.41 g/t gold.

Note: Analytical results 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.

Mineral licenses, option agreements and licenses

The Cape Spencer Project is subject to three separate option agreements on the Cape Spencer, Armstrong and Marigold Properties, as detailed below, whereby the Company can earn a 100% interest in the mineral rights.

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Cape Spencer Property includes a total of 104 mineral claim units covering 2,365 hectares of land acquired via either staking and or under terms of the Cape Spencer Option Agreement. Under the Cape Spencer Option Agreement, the Company can earn a 100% interest in the Armstrong Brook Property by paying a total of \$300,000 in cash (\$150,000 paid) and \$145,000 in milestone payments based on certain exploration activities (\$30,000 paid) in cash or equivalent value shares over a five-year period from the signing date. The Company must also complete \$400,000 in exploration expenditures within the first four years. A 2% NSR is payable with one percent of the NSR purchasable for \$1,000,000 and a right of first refusal on the remaining 1%NSR.

2 claims were acquired via staking.

On August 15, 2020, the Company acquired the option to earn a 100% interest in the Marigold Property, which consists of 4 mineral claims (88 units, 1,998 hectares) by paying a total of \$95,000 in cash (\$5,000 paid) and issuing \$105,000 in cash or equivalent-value common shares over a 4-year period (37,425 common shares issued). The Property is subject to a 2% NSR with 1% purchasable by the Company for \$1,500,000 and right of first refusal on the remaining 1% NSR.

On August 15, 2020, the Company acquired the option to earn a 100% interest in the Armstrong Property, which consists of 1 mineral claim (30 units, 682 hectares) by paying a total of \$45,000 (\$5,000 paid) and issuing \$45,000 in cash or equivalent value common shares over a 3-year period (18,712 common shares issued). The Property is subject to a 2% Gross Metal Royalty ("GMR") with 1% purchasable for \$1,000,000 and right of first refusal on the remaining 1%.

Technical reports and documentation notes

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All Mineral Resource Estimates were prepared in accordance with NI 43-101 and the CIM Standards (2014).

The Mineral Resource Estimate quoted in this press release regarding the Cape Spencer Project refers to the technical report: "*NI 43-101 Technical Report and Mineral Resource Estimate on The Cape Spencer Gold Deposit, Saint John County, New Brunswick, Canada*", (the "Cape Spencer Report") with an effective date of January 23, 2019, and authored by Michael Cullen, P.Geo. (Independent Qualified Person), and Matthew Harrington, P.Geo. (Independent Qualified Person).

Rock and core sample lengths from historic exploration programs that are reported are presented as core or sample lengths only. True widths of mineralized intervals are not known. All quoted drill core sample intervals, grades and production statistics were compiled from historic assessment reports obtained from either the government of New Brunswick or government of Newfoundland and Labrador that are referenced the Technical Reports noted above.

The Hawkins Love Project

The Hawkins Love Project is an exploration stage project that has been the focus of previous base metal and rare earth element exploration with little prior focus on gold. The Project is located 40 kilometres west of Saint John, New Brunswick and 30 kilometres east of the Clarence Stream Deposit. The Property comprises 4 mineral claims (304 units) covering 6,907 hectares of land.

The Hawkins Love Project is centered along a 10 kilometres section of the regional Back Bay Fault and underlain by variably deformed Silurian-Devonian Saint George Plutonic Suite (Jake Lee Mountain Granite), Silurian Mascarene Group volcanic and sedimentary rocks and fault bound slices of Proterozoic New River Suite granite and volcanics.

Historic exploration from 1969 to 2013 on the property has largely been focussed on base metal massive sulphides and rare earth elements and has comprised collection of B-horizon soil samples, ground magnetics and electromagnetics, and minimal diamond drilling (15 holes totalling 2,256 metres) on small grid areas.

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

Highlights of exploration work completed to date include:

- Anomalous gold bearing soils over an 8 kilometre strike extent parallel to a major fault system;
- 22 metre wide (core length) alteration zone featuring quartz veins with pyrite, chalcopyrite and specular hematite with possible visible gold intersected in hole NRG-97-3;
- *Quartz vein boulders with visible gold assaying up to 302.5 g/t gold; and
- 44 soil samples > 10 ppb gold and 11 samples > 50 ppb gold.

**Note: "grab and boulder samples" are selected samples and are not necessarily indicative of mineralization that may be hosted on the property.*

Mineral licenses, option agreements and licenses

On November 7, 2020 the Company acquired the option to earn a 100% interest in the Hawkins Love Project by paying a total of \$300,000 (\$30,000 on signing – paid) and issuing 150,000 common shares (not yet issued), as well as additional annual payments totaling \$370,000 in cash and/or up to half of the amount in equivalent-value common shares over a 4-year period at its option. The number of shares will be determined by the 20-day volume weighted average price of the Company's common prior to the date of issuance. The Property is subject to a 2% NSR, with 1% NSR purchasable by the Company for \$1,000,000 and a right of first refusal on the remaining 1% NSR.

Exploration activities

Great Northern and Viking Projects

At the Jacksons Arm Trend, exploration to date comprises a total of 30-line kilometres of systematic geological mapping and prospecting, and 50-line kilometres of grid line-cutting and Induced Polarization geophysical surveys. Assays have been received for a total of 63 samples collected with assays from grab and float samples up to 26.90 g/t gold and 19 of 63 samples assaying greater than 0.10 g/t gold. Geological mapping and prospecting have confirmed gold grade and location of mineralization from previous sampling in addition to extending the strike of exposed alteration and gold mineralization by 700 metres southeast. The Jacksons Arm Trend now has an extent of 2.4 kilometres and remains open to the north along strike and to the east along the folded contact between the faulted granite and volcanic/sedimentary contact.

Ongoing exploration includes collection of 1,600 B-horizon soil samples and 50-line kilometres of ground magnetic geophysics. This data will be used to further refine drill targets for the ongoing diamond drilling of priority targets scheduled to continue into 2021, as well as define additional targets for future follow-up. Magna Terra has initiated a 2,000 metre first phase drill program that will test the central 700 metres of the 2.4 kilometre long Jacksons Arm Trend.

At the Little Davis Pond Trend reconnaissance prospecting and geological mapping and collection of 11 grab samples have confirmed the high-grade results of historic exploration with assays up to 17.5 g/t gold and 5 of 11 samples assaying greater than 0.1 g/t gold. Future work at Little Davis Pond will comprise systematic geological mapping and prospecting and planning for exploration work in spring/summer 2021.

"Grab samples" are selected samples and are not necessarily indicative of mineralization that may be hosted on the property.

Cape Spencer Project

The Company has started a systematic exploration program that will comprise collection of 2,000 B-horizon soil samples, systematic prospecting and geological mapping, and airborne magnetic and electromagnetic surveys. The initial exploration program will be followed up with trenching of priority targets in late 2020 and diamond drilling in early 2021. The current program will initially focus on the Emilio Trend targeting the 2.5 by 0.3 kilometre altered and mineralized zone, the Marigold Prospect and assessing the regional potential of the property.

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Hawkins Love Project

The Company has initiated a systematic exploration program comprising data compilation, review and re-sampling of historic diamond drill core, reconnaissance prospecting and geological mapping. A more aggressive exploration program is currently being planned for spring/summer 2021.

All technical data disclosed in this management's discussion and analysis related to the Atlantic Canada exploration properties has been verified by the Company's Qualified Person, David A. Copeland, P.Geol.

Santa Cruz Projects

Magna Terra controls 37,000 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.

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 m 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 m 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 m. Trench 2, immediately above the trace of LR_DD002, reported 55 m 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 m 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 m 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 m intercept of 0.62 g/t Au, suggesting the possibility of bulk minable potential,
- has a 42 m 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 m vertical depth, offering the possibility of an open pit operation,
- constitutes part of a strike length of 145 m 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 m 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.

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 m of 153 ppb Au equivalent, including 3 m 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 m, 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 m. 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 m (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

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 m (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.

On June 9, 2020, completed, through its 100% owned Argentine subsidiary Atala Resources S.A. ("Atala") an Agreement to sell its wholly owned Boleadora Group of properties ("Boleadora") to Oroplata S.A. ("Oroplata") a subsidiary of Newmont Corporation ("Newmont"). Boleadora is a large greenfields exploration land package (approx. 55,000 hectares) encompassing 12 individual MD's or exploration licenses lying approximately 17 kilometres south-east of Newmont's Cerro Negro mine area in Santa Cruz Province, Argentina. Newmont (Oroplata) will pay the Company US\$1 million as follows: \$25k on signing (paid) and six installments totalling \$975k payable within six years from the date of the Agreement. In addition, Newmont (Oroplata) has granted a 2% NSR. The royalty can be reduced to 1% by payment of US\$2.5M by Oroplata at any time, and the gross royalty payable is capped at US\$20M.

All of the above projects, other than Boleadora, 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 2021 the company will limit its expenditure on these projects, as it will focus its resources on advancing its exploration portfolio in Atlantic Canada.

The above technical information related to exploration activities in Argentina was confirmed and/or reviewed by Paul Robinson, Geologist, Country Manager - Argentina, qualified person under NI 43-101.

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

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

\$50,000 10 days after the effective date (received on May 23, 2019), \$50,000 on the first (received 1,000,000 common shares and \$11,900), 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.

	Atlantic Canada projects	Santa Cruz projects	Quebec projects	Total
Balance, August 31, 2018	-	2,660,267	35,942	2,696,209
Expenditures	-	1,114,425	-	1,114,425
Disposals	-	-	(352)	(352)
Balance, August 31, 2019	-	3,774,692	35,590	3,810,282
Acquisition costs	2,362,025	-	-	2,362,025
Expenditures	118,734	391,671	-	510,405
Balance, August 31, 2020	2,480,759	4,166,363	35,590	6,682,712

Selected annual information

Year ended August 31	2020 \$	2019 \$	2018 \$
Total assets	10,578,428	3,851,314	2,751,310
Current liabilities	1,848,537	994,334	373,505
Shareholders' equity	8,729,891	2,856,980	2,377,865
Net income (loss) for the year	(40,719)	(195,841)	(642,841)
Net income (loss) per share – basic and diluted	(0.00)	(0.02)	(0.05)

Summary of quarterly results

	August 31 2020 \$	May 31 2020 \$	February 29 2020 \$	November 30 2019 \$
Total assets	10,578,428	4,268,042	4,164,259	3,935,501
Shareholders' equity	8,729,891	2,880,993	2,783,504	2,827,124
Total revenues	-	-	-	-
Net income (loss) ¹	66,467	(17,489)	(43,620)	(46,077)
Net income (loss) per share ²	(0.00)	(0.00)	(0.00)	(0.00)

	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) ²	(100,012)	185,569	(83,636)	(197,762)
Net income (loss) per share ³	(0.01)	0.01	(0.01)	(0.01)

¹The net income is derived from the gain on settlement of debts for shares, unrealized gains on investments, foreign exchange gains and option payments received.

²The net losses are derived from operating expenses

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.

MAGNA TERRA MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial highlights

For year ended August 31, 2020

Net loss for year ended August 31, 2020 was \$40,719 (\$195,841 for the year August 31, 2019) and included costs related to the Company's administrative activities in Canada and Argentina. General and administrative expenses are detailed below.

For three months ended August 31, 2020

Net income for the three months ended August 31, 2020 was \$66,467 (net loss of \$100,012 for the three months ended August 31, 2019) and included costs related to the Company's administrative activities in Canada and Argentina along with property option income, foreign exchange gains and unrealized gains on investments.

General and administration	For the year ended August 31	
	2020	2019
	\$	\$
Consulting fees	-	33,000
Geologic consulting	12,367	47,555
Shareholder services	18,655	23,158
Insurance	11,789	9,425
Listing fees	10,985	10,883
Financing fees	-	26,479
Office	44,787	21,648
Rent	24,300	24,300
Conferences and promotion	9,844	28,071
	132,727	224,519

Liquidity, working capital and capital resources

As at August 31, 2020, the Company had cash and cash equivalents of \$3,635,681 (August 31, 2019 - \$932) and a working capital surplus of \$2,047,179 (August 31, 2019 - a working capital deficit of \$953,302), an accumulated deficit of \$4,098,297 (August 31, 2019 - \$4,057,578) and cash used in operations for the year ended August 31, 2020 was \$45,528 (year ended August 31, 2019 - used in \$45,032).

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, 2020, the Company incurred \$853,734 in cash exploration expenditures related to its Atlantic Canada and Santa Cruz properties.

Financing activities

During the year ended August 31, 2020, the Company completed a private placement of Units and flow through common shares of \$4,987,000 less issuance costs of \$234,950 and repaid its credit facility with Thorsen Fordyce Merchant Capital Inc. ("Thorsen") in the net amount of \$242,459.

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.

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

Shareholders' equity

Share capital

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

Balance, August 31, 2018	10,064,742
Common shares issued for cash	1,142,857
Common shares issued for debt settlement	1,285,883
Balance, August 31, 2019	12,493,482
Common shares issued for cash	20,730,000
Common shares issued for mineral properties	12,493,482
Common shares issued for mineral property option	350,000
Balance, August 31, 2020	46,066,964
Common shares issued for mineral property options	139,734
Balance, December 29, 2020	46,206,698

Warrants

The composition of the outstanding warrants as at August 31, 2020 and December 29, 2020 consists of the following:

	Expiry date	Number	Exercise Price \$
Warrants	December 28, 2020	571,429	0.70
Finder's warrants	December 28, 2020	8,000	0.70
Warrants	August 4, 2022	10,055,000	0.30
Finder's warrants	August 4, 2022	436,800	0.30
		11,071,229	0.32

On December 28, 2020, 579,429 warrants expired unexercised.

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, 2020, the Company had 1,138,571 options available for issuance under the Plan.

	Options #	Weighted average exercise price \$
Balance, August 31, 2018	814,285	0.43
Issued	324,286	0.35
Balance, August 31, 2019 and August 31, 2020	1,138,571	0.42
Issued	2,120,000	0.20
Balance, December 29, 2020	3,258,571	

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

A summary of the outstanding stock options as at August 31, 2020 and December 29, 2020 is presented below:

Date of grant	Remaining life	Number of options #	Exercise price \$
May 18, 2017	1.72 years	485,714	0.455
August 9, 2017	1.95 years	271,429	0.49
September 7, 2017	2.02 years	57,143	0.35
December 28, 2018	3.34 years	302,857	0.35
June 3, 2019	3.77 years	21,429	0.35
December 21, 2020	5 years	2,120,000	0.20
		3,258,571	

On June 3, 2019, the Company granted 21,429 stock options with an exercise price of \$0.35 and expiring on June 3, 2024. The fair value of the options of \$4,500 was valued using the Black-Scholes method with a risk-free interest rate of 1.88%, expected volatility of 226%, dividend yield of nil and an expected life of 5 years. During the year \$2,225 was recorded as share based compensation. The options vest in four equal amounts on a quarterly basis over the first year of the option.

On December 28, 2018, the Company granted 302,857 stock options with an exercise price of \$0.35 and expiring on December 28, 2023. The fair value of the options of \$63,600 was valued. 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. During the year \$6,809 was recorded as share based compensation. The options vest in four equal amounts on a quarterly basis over the first year of the option.

Outstanding share data

The following describes the outstanding share data of the Company as at December 29, 2020

	Number outstanding
Common shares	46,206,698
Options to purchase common shares	3,258,571
Warrants to purchase common shares	11,109,292
	60,574,561

Transactions with related parties

	For the year ended August 31	
	2020	2029
	\$	\$
Management fees	79,600	24,000
Share-based compensation	12,221	40,183
	91,821	61,500

As at August 31, 2020, in due to related parties, the Company had a loan outstanding from Thorsen Fordyce Merchant Capitals Inc. ("Thorsen") in the amount of \$nil (August 31, 2019 - \$208,010). 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. On December 31, 2019, the Company and Thorsen extended the maturity of the credit agreement until December 31, 2021. During

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

August 2020, the Company paid Thorsen \$306,210, the outstanding amount of the loan, plus accrued interest of \$29,595, retiring the credit facility. Thorsen is a company that is controlled by the CEO. Also included in due to related parties are outstanding management fees and directors' fees of \$27,640 at August 31, 2020 (\$34,450 – 2019). The amounts are unsecured, non-interest bearing and no fixed terms of repayment.

On August 4, 2020, the Company closed a private placement of units and of the \$4,987,000 proceeds, \$550,000 was subscribed for by Thorsen through the subscription of 2,750,000 Units.

On December 28, 2018 the Company closed a private placement of units and 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 1,868,000 common shares valued at \$93,400, including the loan from Thorsen.

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, 2020, the Company incurred a net loss of \$40,719 (for the year ended August 31, 2019 - net loss of \$195,841), had used cash from operations of \$45,528 (used in operations \$45,032 for the year ended August 31, 2019), and as at August 31, 2020, had an accumulated deficit of \$4,098,297 (August 31, 2019 - \$4,057,578) and a working capital surplus of \$2,047,179 (August 31, 2019 - a working capital deficit of \$953,302).

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

MAGNA TERRA MINERALS INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2020, the Company has \$3,625,681 in cash to settle current liabilities of \$1,848,537. 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 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.

COVID-19

The Company's operations could be adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Additional risks are as disclosed in the audited financial statements of the Company for the year ended August 31, 2020.

MAGNA TERRA MINERALS INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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 29, 2020. 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 29, 2020

(signed) “Lew Lawrick”
Lew Lawrick
President and Chief Executive Officer

(signed) “Errol Farr”
Errol Farr
Chief Financial Officer