

FORM 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 - Security and Reporting Issuer:

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Magna Terra Minerals Inc. (the “**Corporation**”)
150 York Street
Suite 410
Toronto, ON
M5H 3S5

This report relates to common shares of the Corporation.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. Issued from treasury in connection with the Transaction (as defined below).

Item 2 - Identity of the Acquiror:

2.1 State the name and address of the acquiror.

Anaconda Mining Inc. (the “**Acquiror**”)
150 York Street
Suite 410
Toronto, ON
M5H 3S5

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On July 30, 2020, in connection with the sale of a wholly-owned subsidiary of the Acquiror to the Corporation (the “**Transaction**”) pursuant to the terms and conditions set forth in a share purchase agreement between the Corporation and the Acquiror dated October 14, 2019 (the “**Share Purchase Agreement**”), the Acquiror acquired ownership and control of 12,493,482 common shares in the capital of the Corporation (the “**Common Shares**”).

2.3 State the names of any joint actors.

Not applicable.

Item 3 - Interest in Securities of the Reporting Issuer:

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

The Acquiror acquired ownership and control of 12,493,482 Common Shares.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

The Acquiror acquired ownership.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the completion of the Transaction, the Acquiror did not hold any securities in the Corporation.

Following the completion of the Transaction, the Acquiror owns and controls an aggregate of 12,493,482 Common Shares of the Corporation representing approximately 27.33% of the issued and outstanding Common Shares of the Corporation immediately following the closing of the Transaction.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See 3.1 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement. State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 - Consideration Paid:

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

The consideration payable for the common shares was \$2,498,696.40, calculated as an aggregate of 12,493,482 Common Shares at a deemed price of \$0.20 per Common Share.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

The Common Shares were issued in connection with the Transaction. See 1.2 above.

Item 5 - Purpose of the Transaction:

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) a material change in the reporting issuer's business or corporate structure;*
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) a solicitation of proxies from securityholders;*
- (k) an action similar to any of those enumerated above.*

The Common Shares were acquired pursuant to the Share Purchase Agreement which did not take place through the facilities of any market for the Corporation's securities. This transaction was effected for the sale of a wholly-owned subsidiary of the Acquiror. The Acquiror may increase or decrease their investments in the Corporation at any time, or continue to maintain their current investment position, depending on market conditions or any other relevant factor.

Item 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer.

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Upon closing of the Transaction, the Corporation and the Acquiror entered into an investor rights agreement (the "**Investor Rights Agreement**") whereby the Corporation agreed to grant certain rights to the Acquiror on the terms and conditions set out in the Investor Rights Agreement.

The significant terms of the Investor Rights Agreement are described below:

Participation Right: For as long as the Acquiror's percentage is not less than 10%, if the Corporation proposes to issue any equity securities or securities convertible into equity securities of the Corporation, whether pursuant to a public offering, a private placement or otherwise at any time after the date of the Investor Rights Agreement, the Acquiror shall have the right to subscribe for and to be issued, as part of any public offering, subject to certain conditions, or on a private placement basis in connection with any other equity financing, on substantially the same terms and conditions of the equity financing.

Voting Support: The Acquiror covenants and agrees to vote or cause to be voted at all shareholder meetings of the Corporation, all shares that are held or controlled by the Acquiror, in favour of each matter recommended by the board for approval by its shareholders at each such meeting.

Standstill Restrictions: The Acquiror will be subject to various standstill provisions for a period running until June 30, 2021 (unless such term is otherwise terminated pursuant to the terms of the Investor Rights Agreement, such as in connection with a change of control). These restrictions prohibit the Acquiror from, among other things, purchasing, offering or agreeing to purchase or negotiate to purchase any securities or assets of the Corporation or any of its affiliates other than in connection with acquisitions carried out by the Acquiror or its affiliates where such securities, when added together with the securities held by the Acquiror, its affiliates and any other person acting jointly or in concert (within the meaning of applicable Canadian securities laws) as of such date, would cause the Acquiror's percent to exceed 35%; entering into, offering, or agreeing to enter into any acquisition of, or other business combination involving, the Corporation or any of its affiliates, or propose any of the foregoing; soliciting or joining in or in any way participate, directly or indirectly, in solicitation of proxies from the shareholders of the Corporation (other than in connection with the election of the Acquiror nominee to the board); publicly announcing any of the foregoing; or advising, assisting or encouraging any other person to do, or take any action inconsistent with, any of the

foregoing. Notwithstanding the foregoing, the Acquiror may make such proposals to the Corporation's board on a confidential basis.

Board Representation Rights: For as long as the Acquiror's percentage is not less than 10%, the Acquiror shall have the right to designate one individual to be nominated to serve as a director of the Corporation. If the Acquiror's percentage is at least 20%, the Acquiror shall be entitled to designate one additional individual to be nominated to serve as a director of the Corporation. Notwithstanding the foregoing, the Acquiror shall not have the right to nominate an additional director if certain named individuals are on the board of the Corporation and a director of the Acquiror.

Share Disposition: For as long as the Acquiror's percentage is more than 10%, if the Acquiror wishes to sell or otherwise dispose through the facilities of the TSX Venture Exchange or otherwise of any shares held by the Acquiror, the Acquiror shall notify the Corporation of its intention to sell or dispose of the shares at least five business days prior to the intended completion date of a sale. The Corporation shall have the opportunity, until the 5th business day following delivery of the Acquiror's notice, to designate the purchaser or purchasers of all, but not less than all, of such shares at the price and on the terms and conditions specified in the Acquiror's notice. Notwithstanding the foregoing, the Corporation's opportunity to designate the purchaser or purchasers does not apply under certain conditions as described in the Investor Rights Agreement.

Item 7 - Change in material fact:

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 - Exemption:

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

Certificate

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: August 4, 2020

(signed) "Robert Dufour"

Signature

Robert Dufour, Chief Financial Officer

Name/Title