CANTERRA MINERALS CORPORATION

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORM 51-102F

For the year ended December 31, 2018

This Management's Discussion and Analysis ("**MD&A**") reviews the activities of Canterra Minerals Corporation ("**Canterra**", or the "**Company**") and compares the financial results for the year ended December 31, 2018 ("**fiscal 2018**") with the comparable period in 2017 ("**fiscal 2017**"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2018, copies of which are filed under the Company's profile on the SEDAR website, www.sedar.com.

The Company was incorporated as 580312 B.C. Ltd. in British Columbia on February 18, 1999 and adopted the name "Diamondex Resources Ltd." on March 23, 1999. The Company adopted its present name on December 9, 2009, in connection with the business combination of Diamondex and Triex Minerals Corporation ("Triex"). The Company's head office and principal address is Suite 1020 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is Suite 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. The Company's functional currency is the Canadian dollar.

The information in this MD&A is provided as of the date of this MD&A, April 23, 2019 (the "**Report Date**").

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company is a Canadian resource exploration company with a focus on diamond exploration primarily in the Northwest Territories.

The Company's Properties in the Northwest Territories include Hilltop, King, Marlin and Rex. The Company also holds a 33% interest in the Buffalo Hills Diamond Project in Northern Alberta.

As of December 31, 2018, the Company had working capital deficiency of approximately $154,797. The Company's ability to continue as a going concern is dependent upon its ability to continue to raise adequate financing, monetize it marketable securities holdings and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

MINERAL PROJECTS

The Company's core assets are the exploration rights to its mineral properties. These rights are held by means of claims located by staking and prospecting permits or leases issued by government departments for prospecting and exploration purposes. In several instances, the mineral rights may be held under Purchase Option Agreements. Such agreements typically require the Company to make cash payments and share issuances and to incur exploration expenditures on multi-year schedules, as set forth in each agreement.

NORTHWEST TERRITORIES

Gwen & CL-25 Property

In fiscal year 2014, the Company acquired the Gwen Property by staking 10 mineral claims. The Company wrote-down the costs associated with the Gwen Property during fiscal 2017, and all remaining claims expired during the first quarter of 2018.

In June 2016, the Company signed an option agreement to acquire up to 70% interest in the CL-25 property consisting of one claim. The CL-25 property contains two diamondiferous kimberlite pipes known as CL-25 and CL-174 discovered by Winspear Diamonds in 1994 and 1995, respectively. The Company terminated the option agreement on September 5, 2018.

Hilltop Property

The Company initially acquired the Hilltop Property in 1999. During fiscal 2017, the Company elected to let certain of the mineral claims expire and wrote-down the acquisition costs associated with this Property. The three remaining mineral claims, covering an area of approximately 3,750 hectares ("**ha**") will expire in June 2019.

King Property

The Company initially acquired the King Property in 2000 and continues to hold two mineral leases covering an area of approximately 2,080 ha. During the first quarter of 2017, the Company elected to let four of six mineral leases expire. The King Property is strategically located north and contiguous to De Beers Snap Lake Diamond Mine (now on care and maintenance). These mineral leases cover the possible extension of the Snap Lake kimberlitic dyke.

Marlin Property

In fiscal year 2014, the Company acquired the Marlin Property by staking 23 mineral claims. The Company maintains 16 mineral claims covering an area of approximately 17,210 ha. The property is located approximately 20 km northwest of the Gahcho Kue Project, which is being advanced by De Beers Canada and Mountain Province Diamonds Inc. The Marlin Property was staked based on the presence of anomalous indicator minerals including G10 garnets and chromites which appear to have been sourced from within the acquired claim block, as well as seven geophysical anomalies identified from a previous airborne magnetic and electromagnetic survey.

Prism Property

In fiscal year 2014, the Company acquired the Prism Property by staking 11 mineral claims and additional 2 mineral claims in 2015 covering approximately 13,870 ha. During fiscal 2016, the Company elected to let certain of the mineral claims expire and wrote-down the acquisition costs associated with this Property. During the first quarter of 2017, 11 claims expired, the two remaining claims expired in October 2018.

Rex Property

In January 2015, the Company acquired the Rex Property by staking 21 mineral claims covering an area of approximately 25,030 ha. No further work is planned for Rex and the remaining two claims will be allowed to expire in October 2025. The Company wrote-down the acquisition costs associated with Rex at the end of fiscal 2017.

Exploration Activities

Southern Slave Region, Northwest Territories

In the fourth quarter of 2017, the Company completed a desktop review and textural analysis of various mineral grains from the CL-25 property resulting in more detailed knowledge about the transport of grains from the CL-25 and CL-174 kimberlites and their potential size. No other work was completed during fiscal 2017 on the properties located in the Southern Slave Region of the Northwest Territories. No exploration work was completed in 2018.

Buffalo Hills Property, Alberta

The Buffalo Hills Property ("Buffalo Hills") is held by the Buffalo Hills Joint Venture ("**BHJV**"), which has three participants: EnCana Corporation (34%), Star Diamond Corporation (33%) and the Company (33%). The Company is the Operator of the BHJV. Buffalo Hills is comprised of 21 mineral leases covering 4,848 ha, located in north central Alberta centered approximately 120 km northeast of Peace River and 400 km northwest of Edmonton. To date, a total of 41 kimberlites have been discovered in the region, of which 28 are diamondiferous. Kimberlite bodies range in size from 1 – 47 ha. In addition, four metallic and industrial mineral permits were staked near the main lease holdings in 2015, these permits expired in 2017. Buffalo Hills is currently on care and maintenance.

West Carswell Property, Saskatchewan

The West Carswell property comprises approximately 4,830 ha within the west Athabasca Kimberlite trend. The property encompasses six discrete magnetic anomalies derived from a survey flown in 2011 for the Saskatchewan Geological Survey. These six targets exhibit discrete magnetic lows and are characteristic of magnetic features, thought to be kimberlite pipes, intruding into the Athabasca sandstone sequence.

In August 2016, the Company entered into a property option and joint venture agreement with CanAlaska Uranium Ltd ("**CanAlaska**") to acquire up to a 70% interest in the West Carswell property. On May 10, 2017, the Company terminated the option agreement with CanAlaska.

Minnitaki Property, Ontario

On March 14, 2019, the Company entered into an agreement for sale with Doug McDonald to attain 100% interest in the Minnitaki property ("the Property") in exchange for $10,000.

<u>RESULTS OF OPERATIONS</u>

For the year ended December 31, 2018 and 2017

The net earnings for the year ended December 31, 2018 was $231,072 compared to a net loss of $602,632 for the prior year's comparative period. The change is primarily attributable to the shares for debt settlement arrangement with Independence Gold and Rand Exploration in Q4 2018 whereby the Company recorded a write-off of accounts payable of approximately $0.5 million.

Expenses for the year ended December 31, 2018 amounted to $201,399 (2017 - $313,649). Expenditures have declined in 2018 as compared to 2017 due to the Company curtailing its expenditures and conserving cash.

During fiscal 2018, the unrealized gain on marketable securities amounted to $500 (2017 – $3,508) and the realized gain on securities sold in the amount of $850 (2017 –$3,275).

In 2018, the Company wrote-down acquisition costs of $52,500 associated with CL25 property as a result of the termination of the option agreement with Mr. Michael Magrum. In 2017, the Company wrote down mineral properties in the amount of $352,465 relating to the Rex, Gwen and Hilltop/Cache properties due to lack of exploration expenditures, claims expiring or poor results.

In 2018, the Company had net earnings of approximately $0.2 million, however, the Company has in the past recorded operating losses and the operating losses are a reflection of the Company's status as non-revenue producing mineral exploration company. As the Company has no main source of income, losses are expected to continue for the foreseeable future.

For the three months ended December 31, 2018 and 2017

The net earnings for the three months ended December 31, 2018 was $433,689 compared to a net loss of $359,607 for the prior year's comparative period. The change is primarily attributable to the shares for debt settlement arrangement with Independence Gold and Rand Exploration in Q4 2018 whereby the Company recorded a write-off of accounts payable of approximately $0.5 million.

Expenses for three months ended December 31, 2018 amounted to $50,732 (2017 - $64,473). Exploration expenditures were marginally lower at $1,225 (2017 - $1,447) due to the Company's reduced activities.

In the fourth quarter of 2018, the Company wrote down mineral properties in the amount of $52,500 relating to the termination of the CL-25 property option agreement with Mr. Michael Magrum.

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters.

Year:	**2018**	**2018**	**2018**	**2018**	**2017**	**2017**	**2017**	**2017**
Quarter Ended:	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**
Net sales or total revenue:	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net income (loss):								
(i) in total (000s)	$434	$(83)	$(64)	$(56)	$(360)	$(80)	$(73)	$(90)
(ii) per share (1)	$0.00	$(0.00)	$(0.00)	$(0.00)	$(0.01)	$(0.00)	$(0.00)	$(0.00)

(1) Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

While the information set out in the foregoing table is mandated by *National Instrument 51-102,* it is management's view that the variations in financial results that occur from quarter to quarter are not particularly helpful in analyzing the Company's performance. It is the nature of the business of junior exploration companies that unless they sell a mineral interest for a sum greater than the costs incurred in acquiring such interest, they have no significant net sales or total revenue.

Significant variances in the Company's reported loss from quarter to quarter most commonly arise from several factors that are difficult to anticipate in advance or to predict from past results. These factors include: (i) level of exploration and project evaluations expenses incurred, (ii) decisions to write off acquisition costs when management concludes there has been an impairment in the carrying value of a mineral property, or the property is abandoned, and (iii) the vesting of incentive stock options, which results in the recording of amounts for share-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter.

Selected Annual Information

Year	**2018**	**2017**	**2016**
Net sales or total revenue	$Nil	$Nil	$Nil
Net income (loss):			
(i) in total (000's)	$231	($603)	($965)
(ii) per share(1)	$0.00	($0.01)	($0.01)
Total Assets (000's)	$24	$112	$485

(1) Per Share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

Financing Activities

During the year ended December 31, 2018, the Company received $50,000 (2017 - $50,000) from Rand Explorations Ltd.

Investing Activities

During the year ended December 31, 2018, the Company sold marketable securities realizing proceeds of $2,450. During the year ended December 31, 2017, the Company sold marketable securities realizing proceeds of $31,675. Exploration expenditures incurred on the Company's mineral properties for current fiscal period 2018 were $23,486 (2017 - $74,855).

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company entered into the following transactions with related parties and key management personnel during fiscal year 2018:

Paid or accrued the following to to Rand Explorations Ltd. ("Rand") a company controlled by Randy Turner, the Chief Executive Officer of the Company:

		2018		**2017**
Management Fees	$	63,750	$	102,000
Geological consulting fees	$	11,250	$	18,000

Paid or accrued the following to Harry Chan, who started his tenure on December 1, 2017, as the Chief Financial Officer of the Company:

		2018		**2017**
Management fees	$	18,938	$	-

Paid or accrued the following to Susan Neale, the former Chief Financial Officer of the Company, whose tenure ended on November 30, 2017:

		2018		**2017**
Management fees	$	-	$	9,750

Paid or accrued the following to Independence Gold Corp., a company with common directors and/or officers:

		2018		**2017**
Rent	$	18,000	$	42,000
Wages, benefits and other		12,915		75,364

Included in accounts payable and accrued liabilities at December 31, 2018 is $150,389 (2017 - $606,175) due to companies with common directors and/or officers.

LIQUIDITY AND CAPITAL RESOURCES

The Company has no operations that generate cash flow. The Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company and its management.

To date, the Company has financed its activities by the private placement of equity securities, consisting of a combination of flow-through and non-flow-through securities, option payments received on properties it has optioned to third parties, sale of marketable securities, as well as funds received from Rand Explorations. In order to continue funding exploration activities and corporate costs, exploration companies are usually reliant on their ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the commodities that are being explored for, a company's track record, and the experience and caliber of a company's management. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities.

Cash and Financial Condition

As of December 31, 2018, the Company had working capital deficiency of $154,797 (2017 – $570,092). The Company continues to monitor its operating costs closely, to ensure that no non-essential expenditures are incurred.

On October 2, 2018, the Company entered into a debt settlement agreement with Independence Gold Corp and Rand Explorations Ltd., companies with common directors and/or officers, whereby the Company settled an aggregate of $263,447 in outstanding debt through the issuance of an aggregate of 5,268,933 common shares at a price of $0.05 per share. As part of the debt settlement agreement, Independence Gold Corp. forgave $96,836 of debt owed by the Company, and Rand Explorations Ltd. forgave $255,000 of debt owed by the Company.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

The Company manages its liquidity risk (i.e., the risk that it will not be able to meet its obligations as they become due) by forecasting cash flows from operations together with its investing and financing activities. Expenditures are adjusted to ensure liabilities can be funded as they become due. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

Financial Instruments

The Company classifies its financial assets into four categories: (i) fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments, and (iv) available-for-sale. All financial assets other than those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and such event(s) has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

The Company classifies its financial liabilities into one of two categories: (i) fair value through profit or loss, and (ii) other financial liabilities.

Further information regarding the Company's financial instruments is set forth in Note 3 and 13 to the consolidated audited financial statements for the year ended December 31, 2018.

NEW IFRS STANDARDS NOT YET ADOPTED

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended, December 31, 2018:

IFRS 16, Leases: On January 13, 2016 the IASB issued IFRS – Leases.The standard is effective for periods beginning on or after January 1, 2019. The objective of the new standard is to report all leases on the statement of financial position and to define how leases and lease liabilities are measured.

The Company expects that this new IFRS standard will have an insignificant effect on its consolidated financial statements.

OUTSTANDING SECURITIES AT THE REPORT DATE

As of the report date, the Company has the following securities outstanding:

Security	Number	Exercise Price	Expiry Date
Common Shares	89,864,870		
Warrants	8,107,143	$0.10	July 29, 2018
Options	320,000	$0.15	August 14,2019
	1,595,000	$0.08	May 2, 2021

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

As a company involved in the mineral resource exploration and development industry, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities.

Exploration is a capital intensive business activity, typically with long lead times between the dates exploration expenses are incurred and the time the exploration company can derive a profit from such investments. As a consequence, junior exploration companies such as Canterra are very reliant upon accessing the equity markets, as they are not generally in a position to generate cash flow internally. Share prices of companies in the junior exploration sector can be quite volatile and at times there can be a lack of liquidity, if trading volumes decrease to very low levels.

Negotiations with First Nations' and or aboriginal groups can add an additional layer of risk and uncertainty to efforts of exploration and development of mineral deposits in many areas of Canada. The nature and extent of First Nations and or aboriginal rights and title remains the subject of active debate, claims and litigation in Canada, including with respect to intergovernmental relations between First Nation and or aboriginal authorities and federal, provincial and territorial authorities. There can be no guarantee that such claims will not cause permitting delays, or additional costs for the Company's interest in Canada.

There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs. The Company may need to further reduce activities if funding is unavailable when required. In addition to this having an impact on its wholly-owned projects, the Company could find itself in a position at a future time where it is unable to fund its share of costs incurred under joint venture agreements or meet earn-in requirements under purchase options agreements to which it is a party and its interest or right to the underlying property interest could be reduced or eliminated as a result.

The Company is very reliant upon its existing management and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's operating activities.

There is intense competition within the minerals industry to acquire properties of merit and the Company competes with other companies possessing greater technical and financial resources than itself. Even if desirable properties are secured, there can be no assurances that the Company will be able to execute its exploration programs on its proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in areas that lack infrastructure and where essential supplies and services may not be readily available.

Ultimately, even if the Company is successful in identifying mineral resources on its properties, the economics of potential projects may be affected by many factors beyond the capacity of the Company to anticipate and control, such as the marketability of the mineral products under profitable conditions, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production and demands for "value added" processing within Canada of the minerals produced. One or more of these risk elements could have a material adverse impact on costs of an operation, which, if significant enough, could reduce or eliminate the profitability of a particular project.

The Company's exploration activities require permits from various governmental agencies charged with administering laws and regulations governing exploration, labour standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislated changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

FORWARD LOOKING INFORMATION

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act, the Alberta Securities Act and the Ontario Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; inability to fund the Company's share of costs incurred under joint venture agreements or meet the earn-in requirements under purchase options agreements to which it is a party, and reduction or elimination of its interest in the underlying mineral property as a result; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring in the north, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as the marketability of diamonds, government regulations relating to health, safety and the environment, the scale and scope of royalties and taxes on production, and demands for "value added" processing of rough diamonds; unusually mild winter conditions affecting or delaying the opening of the winter roads and resulting difficulties in transporting materials needed to support various exploration projects and resulting increased costs of transport by air; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.