CANTERRA MINERALS CORPORATION

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

For the six months ended June 30, 2014

`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 three and six month periods ended June 30, 2014 (the "**second quarter fiscal 2014**" and the "**six months fiscal 2014**", respectively) with the comparable period in 2013 (the "**second quarter 2013**" and the "**six months fiscal 2013**", respectively). This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the second quarter 2014 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2013 and the MD&A's for all relevant periods, 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 1410 - 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. 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, August 6, 2014 (the "**Report Date**").

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company is a Canadian resource exploration company that has recently returned to diamond exploration with a focus on the Northwest Territories.

During the second quarter, the Company increased its land holdings in the southern portion of the Slave Province, Northwest Territories by staking three new diamond properties and expanding two existing diamond properties. The Company's current projects in the Northwest Territories now include King, Gwen Hilltop, Marlin and Prism properties. The Company also holds a 33% interest in the Buffalo Hills Diamond Project in Northern Alberta.

Previously, the Company held uranium holdings in the Athabasca Basin of Saskatchewan and Hornby Basin of Nunavut. The Company divested of these holdings during the last half of 2013 and first quarter of 2014 as it no longer considers uranium as a component of its exploration activities. In addition, during the first quarter of 2014 the Company terminated the two option agreements, which were entered into in 2013, whereby the Company could earn-in a 51% interest in the Highland and East Manhattan precious metal properties located in Nevada.

As of June 30, 2014, the Company had cash of approximately $80,000 and a working capital deficit of approximately $115,000. Subsequent to quarter end, the Company closed a non-brokered private placement and raised gross proceeds of $2.0 million. 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.

King Property, Northwest Territories

The Company initially acquired the King Property in 2000. In April 2014, seven mineral claims were staked northeast of the existing six mineral leases, increasing the property size to approximately 13,332 ha. The King Property is located approximately 8 kilometres ("**km**") to the north of and contiguous to the Snap Lake Diamond Mine owned and operated by De Beers Canada. The kimberlite body at Snap Lake is a 2.5 metre thick dyke gently dipping (15 - 20 degrees) to the east-northeast with a northwesterly strike. The northern extension of the Snap Lake kimberlite dyke lies at depth within the King Property and has been defined by previous drilling as well as a seismic survey.

Hilltop Property, Northwest Territories

The Company initially acquired the Hilltop Property in 1999 and held four mineral leases. In April 2014, an additional five mineral claims were staked, increasing the property size to approximately 7,100 ha. A previously identified 7 km long kimberlite indicator mineral train contains G10 garnets, chromites and ilmenites, as well as numerous kimberlite fragments. Evaluation of airborne geophysical data has identified 15 anomalies for future follow up. The Hilltop Property is strategically located approximately 30 km southwest of the Snap Lake Diamond Mine.

Marlin Property, Northwest Territories

In April 2014, the Company acquired the Marlin Property by staking 10 mineral claims covering an area of approximately 10,450 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, Northwest Territories

In April 2014, the Company acquired the Prism Property by staking 11 mineral claims covering approximately 11,500 ha. The property is located approximately 35 km south of the Snap Lake Diamond Mine. The Prism Property hosts two kimberlite indicator mineral trains that contain G10 garnets, chromites and picro-ilmenites. Nine geophysical anomalies have been identified from a previous airborne geophysical survey coincident with these mineral trains.

Gwen Property, Northwest Territories

In April 2104, the Company acquired the Gwen Property by staking 10 mineral claims covering an area of approximately 10,450 ha. The property is located approximately 30 km east and adjacent to two diamond-bearing kimberlite pipes (CL-25 and CL-174) which were discovered by Winspear Resources Ltd. in 1994-1995.

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%), Shore Gold (33%) and the Company (33%). The Company is the Operator of the BHJV. The Buffalo Hills is comprised of 22 mineral leases covering 5,104 hectares, located in north central Alberta centered approximately 120 kilometres northeast of Peace River and 400 kilometres northwest of Edmonton. To date, a total of 38 kimberlites have been discovered in the region, of which 26 are diamondiferous. Kimberlite bodies range in size from 1 – 47 hectares. Buffalo Hills is currently on care and maintenance.

RESULTS OF OPERATIONS

For the three months ended June 30, 2014 and 2013

The net loss for the three months ended June 30, 2014 was $417,319 compared to $367,111 for the prior year's comparative period.

Expenses for second quarter 2014 amounted to $237,612 (2013 - $368,753). The decrease in expenditures is primarily result of lower expenditures incurred on exploration and share-based compensation. During the second quarter 2013, approximately 2.6 million options were issued resulting in $78,866 of stock based compensation expense being recorded. No options have been issued in 2014.

Unrealized gain on marketable securities amounted to $156,284 (2013 - $Nil) as a result of the change in the fair value. During the second quarter 2014, the Company sold marketable securities resulting in a realized loss of $77,423 (2013 - $Nil).

For the six months ended June 30, 2014 and 2013

The net loss for the six months ended June 30, 2014 was $781,623 compared to $535,289 for the prior year's comparative period.

Expenses for first half of 2014 amounted to $480,948 (2013 - $539,695). The decrease in expenditures is primarily a result of no share based compensation recognized during 2014, partially offset by increased expenditures for management fees and corporate services.

Unrealized loss on marketable securities amounted to $350,157 (2013 - $Nil) as a result of the change in the fair value. During the first half of 2014, the Company sold marketable securities resulting in a realized loss of $80,442 (2013 - $Nil). In addition, the Company realized a gain on sale of it mineral properties of $129,888, that were previously written-down.

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.

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:	**2014**	**2014**	**2013**	**2013**	**2013**	**2013**	**2012**	**2012**
Quarter Ended:	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**
Net sales or total revenue:	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net income (loss):								
(i) in total (000s)	$(471)	$(310)	$(7,996)	$(146)	$(367)	$(168)	$(1,864)	$(172)
(ii) per share [1]	$(0.01)	$(0.01)	$(0.16)	$(0.01)	$(0.01)	$(0.01)	$(0.03)	$(0.01)

(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 in 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.

The increases in the losses reported in the fourth quarters of 2013 and 2012 were largely due to write-off of acquisitions costs on properties that were dropped at the end of the respective years.

Financing Activities

The Company did not complete any equity financings in either the first half of 2014 or 2013. Subsequent to the quarter end the Company completed a non-brokered financing and raised gross proceeds of $2 million. (*Refer to Outstanding Securities as of the Report Date for further details on the Private Placement*)

Investing Activities

During the first half of 2014, the Company's cash flow from investing activities amounted to $165,440 primarily as a result of proceeds from the sale of marketable securities and net proceeds from the disposition of mineral properties offset by new properties being acquired. During the first half of 2013, the Company invested $57,139 for property acquisition costs. In the first half of 2014, the Company expensed $230,632 (2013 - $237,493) of exploration expenditures incurred on its mineral properties.

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 the six month period ended June 30, 2014:

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

		2014		**2013**
Management Fees	$	51,000	$	-
Geological consulting fees	$	9,000	$	-

Paid or accrued the following to Adera Company Management Inc., a company controlled by J. Christopher Mitchell, the former Chief Financial Officer of the Company:

		2014		**2013**
Management fees	$	-	$	18,275
Share based compensation*		-		2,858

Paid or accrued the following to Susan Neale, the Chief Financial Officer of the Company:

		2014		**2013**
Management fees	$	3,900	$	-

Paid or accrued the following to Walter Melnyk, the Vice President - Exploration of the Company:

		2014		2013
Geological consulting fees:	$	95,858	$	70,000
Share-based compensation*		-		5,000

Paid or accrued the following to non-executive directors:

		2014		2013
Share-based compensation*		-	$	55,721

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

		2014		2013
Rent	$	30,000	$	30,000
Wages and benefits		32,098		15,000

** Share-based compensation consists of the fair value of options that were granted to related parties during the period. The fair value has been calculated using the Black-Scholes Option Pricing Model as set out in the Condensed Consolidated Interim Financial Statements for the period ended June 30, 2014 and does not represent actual amounts received by the related parties.*

Included in receivables at June 30, 2014 is $4,868 (December 31, 2013 - $7,609) due from companies with common directors and/or officers.

Included in accounts payable and accrued liabilities at June 30, 2014 is $194,596 (December 31, 2013 - $1,365) 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, as well as option payments received on properties it has optioned to third parties. In order to continue funding their 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 June 30, 2014, the Company had cash of $79,559 (December 31, 2013 - $185,994) and a negative working capital of $114.958 (December 31, 2013 - $776,317). The Company continues to monitor its operating costs closely, to ensure that no non-essential expenditures are incurred. In July 2014, the Company closed a non-brokered private placement and raised $2 million in gross proceeds. (*Refer to Outstanding Securities as of the Report Date for further details on the private placement*).

The Company has no debt, 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 has no current plans to use debt financing and 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 to the consolidated audited financial statements for the year ended December 31, 2013.

OUTSTANDING SECURITIES AT THE REPORT DATE

On July 29, 2014, the Company completed a non-brokered placement raising a total of $2 million consisting of 16,214,285 units (the **"Units")** at a price of $0.07 per Unit and 8,650,000 common shares issued as flow-through shares (the "**Flow-Through Shares**") at a price of $0.10 per Flow-Through Share (the **"Offering"**). Each unit consisted of one common share ("**Common Share**") and one-half of one common share purchase warrant (each whole warrant being a "**Warrant**") of the Company. Each Warrant entitles the holder to purchase one Common Share at $0.10 and will be exercisable up to July 29, 2016 ("**Warrant Expiry Date**").

The Warrants are subject to an acceleration clause whereby in the event that the Common Shares trade at a closing price on the TSX Venture Exchange of greater than $0.20 per Common Share during any twenty consecutive trading-day period, the Company may accelerate the Warrant Expiry Date by giving such notice to the holders, whereby the Warrants will expire on the 21st business day thereafter.

The Company paid a finder's fee totaling $18,741 representing a portion of the gross proceeds raised and issued aggregate of finders' warrants of 258,729 representing 6% of a portion of the Offering sold. The finders' warrants are exercisable until July 29, 2015 at a price of $0.10 per share.

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

Security	Number	Exercise Price	Expiry Date
Common Shares	74,775,294		
Warrants	258,729	$0.10	July 29, 2015
	8,107,143	$0.10	July 29,2016
	13,153,266	$0.25	June 21, 2016
Options	795,000	$0.25	April 14,2015
	2,660,000	$0.10	April 24, 2018

OUTLOOK

As part of the Company's return to diamond exploration, the Company increased its diamond land holdings by staking three new properties and expanding two existing properties located in the southern portion of the Slave Province, Northwest Territories. The Slave Province, including the prolific Lac de Gras and South Slave areas, has a proven history of diamond discovery and development. Each of these properties host indicator mineral trains which are composed of numerous G10 garnets, chromites and ilmenites sourced from within the diamond stability field, and which are potentially associated with diamond bearing kimberlite sources. The Company intends to initiate a summer program of basal till sampling, mapping, prospecting and geophysics on it current property holdings. In addition, the Company intends to prioritize identified but untested targets. The Company will also continue to evaluate other areas within the Southern Slave for future land acquisitions.

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2013 annual MD&A filed on February 27, 2014

FOREWARD 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.