CANTERRA MINERALS CORPORATION

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

For the six months ended June 30, 2013

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, 2013 (the "second quarter 2013" and "first half fiscal 2013", respectively) with the comparable periods in 2012 (the "second quarter 2012" and "first half fiscal 2102", respectively). This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the second quarter 2013 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2012 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 28, 2013 (the "**Report Date**").

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company is a resource exploration company principally engaged in the evaluation, acquisition, exploration and where warranted development of mineral deposits, with its primary focus on gold, base metal or diamond deposits located in North America.

The Company currently has the right to earn up to a 70% interest in two Nevada precious metals properties and a 33% interest in the Buffalo Hills Diamond Project in Northern Alberta. The Company also has a large portfolio of uranium properties in the Athabasca Basin of Saskatchewan and Hornby Basin of Nunavut.

The Company's diamond exploration properties are currently on "care and maintenance" until there is evidence of renewed investor interest in funding exploration of diamond prospects. The Company no longer considers uranium exploration as a component in its exploration activities and is evaluating opportunities to create value by divesting of its uranium holdings.

The Company's working capital position at June 30, 2013 was approximately $420,000. The Company's ability to continue as going concern is dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. Going forward, additional funds will be needed to finance any significant exploration on the Company's properties and to provide working capital to cover corporate overhead costs.

PRIMARY ASSETS OF THE COMPANY

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 are 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.

Highland Property, Nevada

On February 28, 2013 the Company entered into an option agreement with Bravada Gold Corporation ("Bravada") to purchase a 51% interest, subject to an underlying 3% NSR. To acquire its interest, the Company must make a cash payment of US$30,000 (paid), issue a total of 1,250,000 common shares (250,000 issued to date with a fair value of

C$20,000) and incur aggregate exploration expenditures of US$2,000,000 (Incurred to Date - $157,178) over a period of 4 years from March 7, 2013. The Company can increase its interest to 70% within 2 years of earning its 51% by making additional cash payment of US$100,000, issuing an additional 500,000 common shares and incurring an additional US$4,000,000 in exploration expenditures. The Company can buy-back 1% of the NSR for US$1,000,000. Initially, and as long as mutually acceptable, Bravada will be operator of the Highland property.

The Highland Property is a low-sulfidation-type property comprised of 99 unpatented lode mining claims covering approximately 800 hectares, located in Lander County, Nevada, on lands administered by the Bureau of Land Management, US Department of the Interior.

Previous drilling by Bravada's US subsidiary intersected vein zones with locally high-grade intercepts; Bravada's best hole, H02013, intersected 1.5 meters of 66.9 grams per ton ("g/t") gold and 397.7g/t silver within a 12.2 meters intercept of 9.5g/t gold and 109.4g/t silver, with true thicknesses estimated at 65% of the intervals. A thin layer of alluvial gravel covers much of the property and various geophysical methods have been employed to identify other targets, which to date have not been tested with drilling. Detailed ground magnetics, four lines of IP, and one line of AMT have been conducted at Highland.

During the current quarter, the Company completed a detailed soil survey over the main target area to assist in refining targets for a Phase 1 reverse-circulation drilling program tentatively scheduled to be completed later this year or early next year. Further work, included staking of additional 33 lode claims to expand the land holdings to 800 hectares.

East Manhattan Property, Nevada

On February 28, 2013 the Company entered into an option agreement with Bravada to purchase a 51% interest, subject to an underlying 3% NSR. To acquire its interest, the Company must make aggregate cash payments of US$175,000 (US$25,000 paid to date), issue a total of 1,250,000 common shares (250,000 issued to date with a fair value of C$20,000) and incur aggregate exploration expenditures of US$2,000,000 (Incurred to Date - $64,028) over a period of 4 years from March 7, 2013. The Company can increase its interest to 70% within 2 years of earning its 51% by making additional cash payment of US$100,000, issuing an additional 500,000 common shares and incurring an additional US$4,000,000 in exploration expenditures. The Company can buy-back 1% of the NSR for US$1,000,000. Initially, and as long as mutually acceptable, Bravada will be operator of the East Manhattan property.

The East Manhattan is a low-sulfidation-type property comprised of 84 unpatented lode claims for a total of approximately 680 hectares and located on the eastern edge of the East Manhattan Mining District, in Nye County, Nevada, on lands administered by the US Forest Service, US Department of Agriculture. The property is located approximately 19 kilometers southeast of the giant low-sulfidation Round Mountain Gold Mine complex.

Bravada's US subsidiary conducted two drilling campaigns at the property, primarily along two of several mapped zones of auriferous veins. Shallow gold mineralization has been intersected along the primary vein zone for 425 meters of strike length. Bravada's best drill hole, EM08-010, intersected an estimated true thickness of 11.25 meters of 2.868g/t gold at 91.4 meters depth followed by 11.25 meters of 0.805g/t gold at 118.9 meters depth.

During the current quarter, the Company conducted a detail geophysical survey in order to refine drill targets and to identify new targets. A phase 1 reverse-circulation drilling program is tentatively scheduled to be completed either later this year or early next year.

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 kilometers northeast of Peace River and 400 kilometers 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. Due to the decline in investor interest in the junior diamond exploration sector, Buffalo Hills is on care and maintenance.

RESULTS OF OPERATIONS

During the 2012 fiscal year, the Company changed its accounting policy for mineral property exploration costs. Previously, Canterra capitalized acquisition costs of mineral properties, deferred exploration and evaluation expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration and evaluation costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. All direct costs related to the acquisition of mineral property interests will continue to be capitalized. Development expenditures incurred subsequent to a development decision will be capitalized and amortized on the unit of production method based upon estimated proven and probable reserves. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base.

For the three months and six months ended June 30, 2013 and 2012

In the second quarter, the Company recorded a loss of $367,111 (2012 - $170,433). Expenses recorded during the quarter amounted to $368,753 (2012 - $144,327), with the largest item being $199,040 (2012 - $50,108) for exploration expenditures incurred primarily on the projects located in Nevada. During the quarter 2,760,000 options were issued resulting in share-based compensation expense of $78,886 as compared to no options being issued in the comparable prior year quarter.

For the first half of 2013, the Company recorded a loss of $535,289 (2012 - $342,194). The increase in the loss was due to exploration expenditures on the Company's recently acquired projects located in Nevada and stock based compensation.

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:	**2013**	**2013**	**2012**	**2012**	**2012**	**2012**	**2011**	**2011**
Quarter Ended:	**June 30**	**Mar. 31**	**Dec. 30**	**Sep. 30**	**June 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)	$(367)	$(168)	$(1,864)	$(173)	$(170)	$(171)	$(728)	$(147)
(ii) per share (1)	$(0.01)	$(0.01)	$(0.03)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(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 2012 and 2011 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 during the first half of 2013, nor in any of the quarters in 2012.

Investing Activities

During the first half of 2013, the Company's cash flow used in investing activities amounted to $57,139 (2012 - $Nil) for property acquisition costs. In the same period, the Company expensed $237,493 (2012 - $86,564) of exploration expenditures incurred on its mineral properties.

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, 2013:

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:

	2013	**2012**
Management fees	$ 18,275	$ 7,850
Share Based Compensation*	2,858	-

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

	2013	**2012**
Geological consulting fees:	$ 70,000	$ 65,000
Share Based Compensation*	5,000	-

Paid or accrued the following to non-executive Directors of the Company:

	2013	**2012**
Share Based Compensation*	55,721	-

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

	2013	**2012**
Rent	$ 30,000	$ 30,000
Wages and benefits	15,000	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, 2013 and does not represent actual amounts received by the related parties.*

Included in receivables at June 30, 2013 is $12,731 (December 31, 2012 - $3,063) due from companies with common directors and/or officers.

Included in accounts payable and accrued liabilities at June 30, 2013 is $24,385 (December 31, 2012 - $17,304) 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

The Company had $420,133 in working capital at June 30, 2013 (December 31, 2012 - $919,522). The Company continues to monitor its operating costs closely, to ensure that no non-essential expenditures are incurred.

Going forward, additional funds will be needed to finance any significant exploration of the Company's properties and to provide working capital to cover administrative expenses. The form of such funding could be an equity financing or the sale of an interest in one or more of its properties.

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, 2012.

NEW IFRS STANDARDS NOT YET ADOPTED

The Company has not yet adopted the following revised or new IFRS that have been issued but are not yet effective at June 30, 2013:

- IFRS 9, Financial Instruments (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and liabilities.

The Company is currently assessing the impact that these new accounting standards may have in the consolidated financial statements.

OUTSTANDING SECURITIES AT THE REPORT DATE

On the Report Date, the Company had 49,911,009 shares outstanding or 66,964,525 shares on a fully diluted basis. The Company has 3,900,250 options outstanding with expiry dates ranging from January 26, 2014 through April 24, 2018, with exercise prices ranging from $0.10 to $0.33 per share. There are also 13,153,266 warrants exercisable at a price of $0.25 with an expiry date of June 21, 2014 (subject to an acceleration provision).

OUTLOOK

Despite significant declines in prices thus far in the first half of 2013, the prices for several commodities, gold and copper in particular, remain at high levels by historical standards. However, the continuing uncertain economic outlook has made many investors extremely risk-adverse. As a consequence, the share prices of many junior exploration companies are severely depressed and many companies are finding it difficult to arrange financing for their upcoming field seasons.

The Company regularly evaluates and discusses with other parties potential transactions and corporate opportunities for entering into joint ventures, strategic alliances, partnerships or other arrangements to defray exploration costs on its properties. The Company will relinquish or abandon properties that are not deemed to have sufficient potential to host economic deposits. The Company no longer considers uranium exploration to be a core component in its exploration activities and will evaluate opportunities to create value by divesting of its uranium property holdings. Consequently, the Company's property portfolio, and hence its ongoing property maintenance and exploration costs, can be expected to change over time.

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

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 here. 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.

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 in northern Canada; 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.