CANTERRA MINERALS CORPORATION

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

For the year ended December 31, 2012

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 twelve-month periods ended December 31, 2012 (the "fourth quarter 2012" and "fiscal 2012", respectively) with the comparable periods in 2011 (the "fourth quarter 2011" and "fiscal 2011"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the recently completed financial year and the MD&As for all relevant periods, copies of which are filed under the Company's profile on the SEDAR website, www.sedar.com.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations issued by the International Financial Reporting Interpretations Committee.

The information in this MD&A is provided as of the date of this MD&A, March 27, 2013 (the "**Report Date**").

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company is a resource exploration company focused on the evaluation of precious metal properties in Canada and the United States, with a view to negotiating purchase option agreements, including in Mexico, whereby the Company could acquire ownership interests in return for incurring exploration expenditures on the optioned properties.

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**") on December 11, 2009.

Historically, the Company explored for diamonds on properties located in Nunavut and the Northwest Territories, and more recently, Alberta. However, declining investor interest in the junior diamond exploration sector became apparent in the latter half of 2007, prompting the Company to broaden its exploration activities in late 2007 and early 2008. At that time the Company assembled a large number of mining claims in the James Bay Lowlands of northern Ontario, a region that is believed to be highly prospective for base metals, including nickel deposits (the "**Nickel Bay property**"). In December 2009, as the result of the acquisition of Triex, the Company acquired a number of uranium exploration properties located primarily in Saskatchewan and Nunavut.

The Company's diamond and uranium exploration properties, other than for the Buffalo Hills joint venture ("**BHJV**") diamond exploration project in central Alberta, will continue to be carried on a "care and maintenance" basis until there is evidence of renewed investor interest in funding exploration of diamond and uranium prospects. During 2012, the Company evaluated a number of Canadian and Mexican precious metal property submittals, but concluded that none of them should be pursued. In February, 2013, the Company executed Memoranda of Understanding ("**MOUs**") pursuant to which, subject to acceptance by the TSX Venture Exchange (the "**TSX-V**"), which acceptance was received on March 7th, Canterra agreed to acquire sole and exclusive options to earn up to a 70% interest in two Nevada precious metal properties.

Since its formation in 1999, the Company has incurred losses of approximately $94,068,000. As noted in Note 1 to the consolidated financial statements for the year ended December 31, 2012, the continuing operations of the Company are 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.

The Company's working capital position at December 31, 2012 was approximately $920,000.

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.

In the aggregate, the Company's property holdings at the Report Date encompass approximately 106,300 hectares. The geographic distribution of the Company's property holdings are set forth in the following table:

Jurisdiction	Hectares
Alberta	5,104
Nunavut & Northwest Territories	28,874
Ontario	87
Saskatchewan	71,034
Nevada	1,210
	106,309

Project Generation

Late in the third quarter 2011, the Company began actively investigating other mineral property acquisition opportunities in various locations in North America, emphasizing high-grade gold-silver, disseminated gold-copper and high grade silver-lead-zinc deposits. Properties that have been reviewed include properties in British Columbia and Nevada, together with properties situated in the greenstone belts of Ontario and Quebec, the Tintina Gold Belt of Alaska and the Sierra Madre Occidental region of Mexico. This work resulted in Canterra entering into MOUs dated February 28, 2013 with Bravada Gold Corporation with respect to two gold/silver exploration properties ("**Highland**" and "**East Manhattan**") which are on the Walker Lake Gold Belt in western and central Nevada, respectively.

Subject to acceptance of the MOUs by the TSX-V (which acceptance was acknowledged by the TSX-V on March 7, 2013), the Company may earn an initial 51% undivided interest in the Highland property by making a cash payment on signing the Highland MOU of US$30,000 (paid), issuing 1,250,000 common shares (five annual tranches of 250,000 shares each commencing on March 7, 2013) and incurring aggregate exploration expenditures of US$2 million over the four years following TSX-V acceptance. Canterra may increase its interest in the Highland property to 70% within two years of earning its 51% interest by making a further cash payment of US$100,000, issuing a further 500,000 common shares and incurring an additional US$4 million in exploration expenditures.

The terms for Canterra earning its 51% undivided interest in the East Manhattan project are identical to the Highland option terms, except that the cash payment on signing the East Highland MOU will be US$25,000 (paid), with further cash payments of US$30,000, US$35,000, US$40,000 and US$45,000 required on or before March 7 of 2014, 2015, 2016 and 2017, respectively. The terms for Canterra to increase its interest in the East Manhattan property to 70% are identical to the terms for increasing its Highlands interest to 70%.

Initially, and as long as mutually acceptable, Bravada will be project operator. Each property is subject to a 3% net smelter return ("**NSR**") royalty in favour of the underlying vendors of the respective properties. The 3% NSR on each property may be bought down to 2% upon payment of the sum of US$1 million to the underlying vendors of that property.

Highland Property, Nevada

- The Highland low-sulfidation-type property consists of 66 unpatented lode mining claims covering approximately 530 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 ("**m**") of 66.9 grams per ton ("**g/t**") gold and 397.7g/t silver within a 12.2m 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.
- Plans are to add a detailed soil survey over the main target area early in the spring, with drilling to follow when ground conditions allow for the movement of heavy equipment.

East Manhattan Property, Nevada

- The East Manhattan low-sulfidation-type property consists 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 19km 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 425m of strike length. Bravada's best drill hole, EM08-010, intersected an estimated true thickness of 11.25m of 2.868g/t gold at 91.4m depth followed by 11.25m of 0.805g/t gold at 118.9m depth.
- The vein zone projects along strike for another approximately 870m to the east under thin gravel cover, which will be the primary target for a drill program anticipated for early summer, after additional geophysical surveys are conducted.

Buffalo Hills Property, Alberta

- Held by the Buffalo Hills Joint Venture, which has three participants: EnCana Corporation, Shore Gold and the Company, whose percentage interests are approximately 34%, 33% and 33%, respectively. The Company is the Operator of the BHJV.
- Located in north central Alberta, centered approximately 120 kilometres northeast of Peace River and 400 kilometres northwest of Edmonton.

Since acquiring control of the BHJV, the primary objective of Canterra and Shore Gold has been to drill several kimberlite pipes (K5, K6, K14, K91 and K252) with sufficient density to allow for the identification of the different kimberlite phases present, as this knowledge will facilitate construction of accurate geologic models. Ultimately, this work will aid in the identification of those kimberlites that warrant bulk sampling in subsequent field programs.

Nickel Bay Property, Ontario

The Company owns a 100% interest in the Nickel Bay property, subject to a 1.5% NSR. Canterra has the right to purchase up to a cumulative two-thirds of the NSR by making three payments totaling $2,500,000. Cumulative expenditures on the Nickel Bay property, net of option payments, have totaled approximately $2,609,000. Only limited work has been undertaken during the past two years, as some First Nations communities, whose traditional territories are located in the James Bay Lowlands, have protested the lack of progress by the Ontario government in addressing issues of concern to the communities by blockading or otherwise hampering efforts by exploration companies to carry out operations on their mining claims in the area. During the year, Canterra wrote off costs of $250,000 associated with the acquisition of this property.

Uranium Markets

The destruction of the Fukushima nuclear power plant and release of radioactive particles into the atmosphere and marine environments following the large earthquake and tsunami off northern Japan on March 11, 2011 rekindled public concern about the safety of nuclear reactors. The impact on uranium markets was felt immediately, with the market capitalization of many of the junior companies in the uranium exploration sector dropping by 25% to 50% over the following days. By contrast, the decline in the price of U_3O_8 was less severe, dropping from about US$70.00 per pound before the earthquake to a low of just under US$50.00 per pound in late August 2011 before declining further, to the low US$40.00 region late in the third quarter, 2012. Since that time, uranium prices have traded in a narrow range of about $2.00 per pound on either side of the current price of US$42.25 per pound of U_3O_8.

Several European governments have announced plans to phase out their nuclear power plants. Noticeably absent from the list is France, where over 70% of the country's electricity in generated by such plants. Moreover, most developing countries, which represent the real growth potential for nuclear power, continue to expand their nuclear generating capacity. As a result, the outlook is for demand for U_3O_8 to continue to outstrip new mine production. With above ground inventories having been largely run-down over the past several years, concern about the availability of U_3O_8 supplies will continue to support higher prices. As this situation becomes more widely known, it is thought that investors will once again be seeking investment opportunities in the uranium exploration sector. Moreover, with a cash offer of US$642 million, Rio Tinto PLC successfully outbid Cameco Corp. and acquired Hathor Exploration Ltd. and its flagship Roughrider uranium property in the Athabasca Basin, Saskatchewan in January 2012. The bidding war between Cameco and Rio Tinto and several more recent transactions involving projects in the Athabasca Basis are evidence that the major producers are confident that demand for U_3O_8 will remain robust.

The uranium exploration properties the Company acquired in the transaction with Triex are, with the exception of the Mountain Lake deposit in Nunavut, at an early stage of exploration. Information on the individual properties is presented in the MD&A for the year ended December 31, 2009, a copy of which is filed under the Company's profile on the SEDAR website. Due to the relatively complex geology of the target areas for the properties in the Athabasca Basin, exploring these properties will require a significant investment of technical and financial resources. Management has concluded that the Company's uranium exploration projects would be better suited for evaluation by more senior companies. Accordingly, the Company will endeavour to negotiate option agreements whereby other parties take on the obligation and expense of further exploration on these properties. During the year, Canterra wrote off costs of $1,440,592 associated with the acquisition of its six uranium properties.

RESULTS OF OPERATIONS

The Company is in the business of exploring for, and where warranted, developing mineral deposits. During the first ten years following its formation, the emphasis was on diamond exploration. Several years ago, the Company broadened its exploration to include base metal properties in the James Bay Lowlands, seeking principally nickel mineralization. The Company added uranium to its portfolio of exploration properties upon acquiring Triex in December 2009 and subsequently acquired several exploration properties in northwestern Ontario prospective for gold deposits. More recently, Canterra has begun evaluating epithermal and mesothermal vein type gold/silver properties.

The Company has no producing properties, and consequently no sales or revenues.

During fiscal 2012, Canterra changed its accounting policy for mineral property exploration costs. Previously, the Company capitalized acquisition costs of mineral properties and 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.

As provided by IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has accounted for this change on a retrospective basis. The impact of this change was to reduce mineral properties and increase deficit by $22,912,411 and $22,785,554, respectively, as at December 31, 2011 and 2010. Additionally, the loss for fiscal 2011 has been increased from $1,182,691 to $1,309,549 and loss per share from $0.03 to $0.04. Furthermore, cash flows used in operating and investing activities for fiscal 2011 have changed by $167,132.

For the twelve months ended December 31, 2012

In the period, the Company recorded a loss of $2,378,742 (2011 - $1,309,549).

Expenses in the current twelve month period amounted to $877,555 (2011 - $908,050). During 2012, Canterra continued to constrain general and administrative expenses and as a result, most categories of expense were lower than the prior year's amounts. In particular, wages and benefits costs were lower (by $76,242) due to reductions in executive salaries and in the number of employees and office and miscellaneous expense was lower (by $49,827) as the result of the closure of subsidiary offices as the leases on those offices expired. Exploration costs increased from $281,180 in the prior year to $445,550 in the current year. The increase was primarily due to an increase in reclamation and safety expenses, reflecting the costs associated with reclaiming campsites at several of Canterra's former exploration projects, partially offset by lower costs associated with land use and data evaluation activities.

Interest income in the current year was $13,911 (2011 - $1,534), as a result of higher cash balances during the current year, which resulted from the completion of a financing in late 2011 that added approximately $1,900,000 (net of share issuance costs) to the Company's treasury.

Write-offs of mineral properties amounted to $1,748,047 (2011- $403,033) as a result of the decision to write-off the acquisition costs of all of the Company's diamond properties, with the exception of the Hilltop/Cache, King and Carat properties in the Northwest Territories and the Buffalo Hills property in Alberta, and all of its gold and uranium properties.
In 2012, Canterra recovered $262,949 of amounts written-down in prior years.

For the three months ended December 31, 2012

In the period, the Company recorded a loss of $1,985,745 (2011 - $728,474).

Expenses in the current three month period amounted to $581,288 (2011 - $411,044). Most of the increase in the current period is attributable to the increase in exploration expenditures and property costs, as discussed in the 12 month results set out above.

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: **Quarter Ended:**	**2012** **Dec. 31**	**2012** **Sep. 30**	**2012** **June 30**	**2012** **Mar. 31**	**2011** **Dec. 31**	**2011** **Sep. 30**	**2011** **June 30**	**2011** **Mar. 31**
Net sales or total revenue	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Income (loss) from continuing operations:								
(i) in total (000s)	$(1,986)	$(137)	$(90)	$(135)	$(728)	$(147)	$(136)	$(299)
(ii) per share[(1)]	$(0.04)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.01)	$(0.01)
Net income (loss):								
(i) in total (000s)	$(1,986)	$(137)	$(90)	$(135)	$(728)	$(147)	$(136)	$(299)
(ii) per share[(1)]	$(0.04)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.01)	$(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) 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 (ii) 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. In addition, because of the locations in which Canterra conducts its exploration activities, weather conditions can affect the level of those activities (and the associated exploration expenditures) from quarter to quarter.

Selected Annual Information

Year:		**2012**		**2011**		**2010**
Net sales or total revenue	$	Nil	$	Nil	$	Nil
Loss from continuing operations:						
(i) Total (000s)	$	(2,379)	$	(1,310)	$	(12,181)
(ii) per share[(1)]	$	(0.05)	$	(0.04)	$	(0.34)
Net loss:						
(i) Total (000s)	$	(2,379)	$	(1,310)	$	(12,181)
(ii) per share[(1)]	$	(0.05)	$	(0.04)	$	(0.34)
Total assets (000s)	$	9,851	$	12,329	$	11,611

(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

The Company did not complete any financing transactions during 2012.

During the twelve months ended December 31, 2011, the Company completed a private placement of 13,153,266 units at a price of $0.15 per unit for total proceeds of $1,972,990. Each unit consisted of one common share and one share purchase warrant to purchase one additional common share at a price of $0.25 until June 21, 2013. The expiry date may be accelerated in the event that the Company's common shares trade at a closing price of greater than $0.50 per share during any twenty consecutive trading-day period at any time after expiry of four months from December 13, 2011. In connection with the financing, the Company paid finders' fees at a rate of 6% in cash and 6% in warrants on those subscriptions made by investors introduced to the Company. A total of $67,529.39 in cash and an aggregate of 450,196 warrants were paid pursuant to this arrangement. The warrants issued to the finders had terms identical to those applicable to the warrants issued to subscribers.

During the twelve months ended December 31, 2011, the Company borrowed and repaid a $125,000 unsecured non-interest bearing loan from a related party.

Investing Activities

During the twelve months ended December 31, 2012, as a result of the change in accounting policy to expense all exploration expenses, no exploration expenses were capitalized.

In 2012, Canterra incurred $Nil (2011 - $163,376) to acquire interests in mineral properties.

Refunds of exploration deposits received in the twelve months ended December 31, 2012 amounted to $Nil (2011 - $138,088). Refunds of exploration deposits arise when expenditures on specific properties exceed the amounts stipulated in the exploration permits for such properties.

In 2012, the Company received $Nil (2011 - $15,000) from the disposition of equipment.

Transactions with Related Parties

The Company entered into the following transactions with related parties and key management personnel during the year ended December 31, 2012:

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

		2012		2011
Management fees	$	Nil	$	21,250
Geological Consulting fees:		Nil		3,750

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

		2012		2011
Management fees	$	17,700	$	6,475

Paid or accrued the following to David Clarke, the former Vice President - Exploration of the Company:

		2012		2011
Geological consulting fees:	$	Nil	$	66,664
Wages and benefits		Nil		66,664

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

		2012		2011
Geological consulting fees:	$	135,000	$	Nil

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

		2012		2011
Rent	$	60,000	$	Nil
Wages and benefits		30,000		Nil

Included in receivables at December 31, 2012 is $3,063 (2011 - $560) due from companies with common directors and/or officers.

Included in accounts payable and accrued liabilities at December 31, 2012 is $Nil (2011 - $5,722) due to companies with common directors and/or officers.

During fiscal 2011, the Company received and repaid a $125,000 an unsecured non-interest bearing loan from Rand.

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 $919,522 in working capital at December 31, 2012 (2011 - $1,482,688). Throughout the period, the Company continued to enforce a cost containment program initially implemented during 2008. The program has included reductions in staffing levels and office space, elimination of non-essential travel and other corporate expenses and a curtailment of discretionary exploration activities.

While the private placement financing completed in December 2011 addressed the Company's immediate working capital requirements at that time, 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.

OUTSTANDING SECURITIES AT THE REPORT DATE

On the Report Date, the Company had 49,911,009 shares outstanding, or 64,654,721 shares on a fully diluted basis. The Company has 1,140,250 options outstanding with expiry dates ranging from January 26, 2014 through April 14, 2015, with exercise prices ranging from $0.25 to $0.33 per share. There are also 13,603,462 warrants outstanding that will expire (subject to an acceleration provision) on June 21, 2013 at an exercise price of $0.25 per share.

OUTLOOK

Corporate Development Strategy

A number of the senior and intermediate gold producers reported significant write-downs in 2012, the effect of which was to dampen to a considerable degree what should have been the beneficial effect on the junior exploration sector of continuing attractive prices for several commodities, gold and copper in particular. As a result, the share prices of most junior exploration companies have been weak, and few of the companies have been able to raise financing for early-stage exploration projects on attractive terms. Companies that are focused on advanced uranium projects have seen a modest recovery in investor interest, but interest in companies exploring for diamonds continues to be lackluster and locating sources of financing remains difficult, notwithstanding that the prices for diamonds themselves have being improving over the last 24 months.

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. Consequently, the Company's property portfolio, and hence its ongoing property maintenance and exploration costs, can be expected to change over time.

Exploration Expenditures

The Company has broadened its exposure to gold by acquiring interests in properties with significant exploration potential for hosting gold deposits, with an emphasis placed on seeking properties located in Canada, the United States and Mexico. A number of submittals have been received, some of which have been followed up with site visits, but the only agreements entered into as of the Report Date are the MOUs in respect of the Highland and East Manhattan properties in Nevada.

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

Risk Factors Relating to the Company's Business

As a company active 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' groups can add an additional layer of risk and uncertainty to efforts to explore and develop mineral deposits in many areas of Canada. In northern Ontario, First Nations groups, protesting the lack of consultation by the provincial government in setting policies respecting land use and mineral development, have severely disrupted the work plans and schedules for a number of companies planning to undertake seasonal exploration activities in the area since the beginning of the 2010/2011 winter season.

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 to which it is a party and its interest in such joint ventures 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.

With the exception of the Mountain Lake uranium deposit in Nunavut, none of the properties in which the Company has an interest contain identified mineral resources at the present time. 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 effects of global warming on Canada are expected to be dramatic, especially so for the High Arctic. Many northern exploration projects, including those on several of the Company's properties, are supplied by moving fuel and other goods along winter ice roads from Yellowknife, NWT. Mild winter conditions can delay the opening of the winter road and that may disrupt the transportation by road of the materials needed to support the operating mines and various exploration projects. To the extent some portion of the materials must be moved using air transport, costs will be significantly higher.

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.

Uranium is possibly unique as a commodity, in the sense that a single industrial accident involving a nuclear power plant can have a powerful adverse psychological impact on the general public and the equities markets. Moreover, the uranium sector in all its aspects, including exploration, is vulnerable to governments adopting policies detrimental to the industry, whether it be deciding to phase out nuclear power plants, restricting the processing and transportation of U_3O_8 or placing moratoriums on exploration for uranium.

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 to which it is a party, and reduction or elimination of its joint venture interest 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.