

## **CANTERRA MINERALS CORPORATION**

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

For the nine months ended September 30, 2023

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 nine months period ended September 30, 2023 ("**third quarter 2023**" and "**nine months fiscal 2023**", respectively) with the comparable period in 2022 ("**third quarter 2022**" and "**nine months fiscal 2022**", respectively). This MD&A should be read in conjunction with interim condensed consolidated financial statements for the third quarter 2023 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022, copies of which are filed under the Company's profile on the SEDAR website, [www.sedarplus.ca](http://www.sedarplus.ca).

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 580 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is Suite 2200 – 885 W Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. 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, November 27, 2023 (the "**Report Date**").

#### **DESCRIPTION AND OVERVIEW OF BUSINESS**

The Company is a Canadian resource exploration company with a focus on critical mineral and gold exploration in Newfoundland and holding diamond properties in the Northwest Territories, Ontario and Alberta.

The Company holds the Wilding Lake, Noel Paul and VMS properties in central Newfoundland, the Marlin property in the Northwest Territories and holds a 50% interest in the Buffalo Hills Diamond Project in Northern Alberta. The Company recently staked the Ring of Fire Project in Ontario and entered into an Asset Purchase Agreement (the "APA") to acquire the Buchans Property in central Newfoundland.

On November 21, 2023, the Company entered into an APA with Buchans Resources Limited ("BRL"), a non-listed Reporting Issuer, and its subsidiary Buchans Minerals Corporation, to acquire the mineral rights to several critical and precious metals projects in central Newfoundland (the "Properties"). The Properties will add 316 square kilometres ("km<sup>2</sup>") to Canterra's already substantial property position in central Newfoundland. The acquisition of the Properties (the "Acquisition") will be a cashless transaction, with the consideration comprising (a) 24,910,000 common shares (the "Consideration Shares") of Canterra, representing an approximate 19.9% ownership interest at closing, and (b) 125,500,000 common share purchase warrants (the "Special Warrants") of Canterra exchangeable for common shares of Canterra, for no additional consideration, upon (i) the claims comprising the Properties being transferred to Canterra, and (ii) an undertaking from Buchans that the common shares of Canterra issuable on exchange of the Special Warrants will be distributed to the shareholders of Buchans such that no change of control of Canterra will occur and no new control person of Canterra will be created. Together, the Consideration Shares and the Special Warrants will represent a total consideration value of approximately \$7.5 million based on a closing price of \$0.05 per share. The Consideration Shares will be subject to a statutory hold period, expiring four months and one day from the closing. Additionally, they will face transfer restrictions for a period of 24 months post-closing. The common shares of Canterra issuable upon exchange of the Consideration Warrants will be subject to contractual holds with 1/3 being freely tradable on distribution (assuming expiry of statutory hold), 1/3 being freely tradable on the date which is three months from distribution and 1/3 being freely tradable on the date which is six months from distribution. The Acquisition is expected to be completed in December 2023 and remains subject to customary conditions for transactions of this nature, including third party consents and waivers, and the acceptance of the Acquisition by the TSX Venture Exchange.

As of September 30, 2023, the Company had working capital of approximately \$572,845. The Company's ability to continue as a going concern is dependent upon its ability to continue to raise adequate financing, monetize its marketable securities holdings and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

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#### **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.

#### **NEWFOUNDLAND**

##### ***Wilding Lake Project***

On December 17, 2020, the Company acquired Teton Opportunities Inc. ("Teton"), a private company incorporated under the laws of British Columbia, Canada who holds an option agreement with Altius Resources Inc. ("Altius") for the Wilding Lake Project ("Wilding Lake") located in the Province of Newfoundland, Canada. The total purchase price of \$2,042,533 was effected by way of share exchange whereby Canterra issued 9,677,250 Canterra shares and 4,398,750 Canterra warrants in exchange for all the issued and outstanding securities held by Teton shareholders.

In accordance with the terms of the Wilding Lake option agreement, the Company was required to:

- Issue Altius 12,500,000 Teton shares and warrants to acquire a further 6,250,000 Teton shares (issued on December 16, 2020 by Teton prior to acquisition);
- Complete a minimum financing for gross proceeds of \$2,500,000 (completed by Canterra on December 17, 2020);
- Incur cumulative exploration expenditures of at least \$1,000,000 on the property before August 27, 2022 (completed in 2021);
- and complete a transaction with a publicly listed company before December 31, 2020 (completed)

The property is subject to a 2% Net Smelter Return ("NSR") payable to Altius and a 1.5% NSR to the original property owners. The Company may buyback 1% of the NSR held by the original property owners by payment of \$1,000,000.

On April 15, 2021, the Company entered into an option agreement with Sokoman Minerals Corp. ("Sokoman") to acquire 100% of the East Alder gold project ("East Alder") located immediately northeast of the Company's Wilding Gold Project in central Newfoundland. The Company can acquire 100% of East Alder by issuing 750,000 common shares of the Company and work commitments totalling \$600,000 over a 4-year period. Sokoman will retain a 1.0% net smelter return royalty on East Alder with Canterra having the right to buy-down 0.5% of the royalty for \$1,000,000.

In the third quarter of 2021, the Company increased its land position at Wilding Lake, announcing the addition of 112 claims staked along the Valentine Lake Shear Zone ("VLSZ") at the Carter Lake property. The Company further increased the land position in the second quarter of 2022 by staking an additional 3 licences, bringing the total land position at Wilding Lake to 1,201 claims in 24 Mineral Exploration Licenses.

The Wilding Lake Project includes approximately 65 km strike extent of the Rogerson Lake structural corridor which runs for 200 kilometres in a southwest-northeast direction across Newfoundland. The Rogerson Lake corridor hosts Marathon Gold's Valentine Lake project as well as the Cape Ray gold deposit owned by Matador Mining. New gold discoveries on the Wilding Lake Project and continued success at Marathon Gold's Valentine Lake project, directly southwest of Wilding Lake, indicate that the Rogerson Lake corridor is only recently emerging as a major area of gold endowment.

Gold was first discovered at the Wilding Lake Project through forestry activity in 2016. Five zones of gold mineralization were identified by a previous operator through an initial 30-hole drill campaign in 2017, with highlights including:

- 10.01 g/t Au over 5.3m in hole WL-17-24
- 40.85 g/t Au over 0.5m in hole WL-17-01
- 0.98 g/t Au over 17.0m in hole WL-17-12

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- 1.44 g/t Au over 5.1m in hole WL-17-08
- 11.14 g/t Au over 0.5m in hole WL-17-03
- 0.54 g/t Au over 12.7m in hole WL-17-28

The 2017 initial drill hole program successfully demonstrated strong gold endowment at the Wilding Lake Project with gold mineralization in 27 of the 30 holes in a proximal and geologically similar setting to the Valentine Lake project to the southwest. Gold mineralization occurred in shear-related orogenic style quartz veins and quartz stockworks underneath shallow overburden in an area that has not been previously systematically explored for gold.

In the first quarter of 2021, the Company completed 2,335m in 16 drill holes in its first winter drill program at Wilding. Drilling targeted the expansion of known gold mineralization in several zones, including seven holes at Elm and testing multiple targets along the 750m long Red Ochre Complex. Initial results from the winter program were announced on April 28, 2021 (the first seven drill holes at the Red Ochre Complex, which is the westernmost zone of gold mineralization identified at Wilding Lake), with the remaining results announced on May 27, 2021 (the Elm Zone and Dogberry targets).

In the fourth quarter of 2021, the Company completed 4,195m in 19 drill holes in a fall drilling program at Wilding. Drilling tested several new targets in the northern portion of the property where gold-in-soil anomalies and interpretation of airborne magnetic data suggested possible continuation of the VLSZ, the controlling structure for mineralization at Marathon Gold's Valentine Lake project. Additional drilling was also carried out to expand known targets, including the Elm and Alder veins, and the Red Ochre and Dogberry targets. Results from 17 of the 19 drillholes were announced on April 19, 2022, while results from the remaining two drillholes have not yet been released. At Red Ochre, shallow-dipping stacked quartz-pyrite veins thought to host gold mineralization were identified over 30-60 metre intervals and have been identified over ~1 km of strike length, while step-out drilling indicates continuity of the Alder vein up to ~340 m to the northeast. Highlights from the fall 2021 program include:

- 42.0 m at 0.57 g/t Au, including 15.0 m at 1.01 g/t Au in hole WL-21-53 (Red Ochre Zone)
- 0.5 m at 81.52 g/t Au in hole WL-21-54 (Red Ochre Zone)
- 4.0 m at 1.14 g/t Au in hole WL-21-54 (Red Ochre Zone)
- 1.5 m at 3.03 g/t Au in hole WL-21-48 (step-out of the Alder vein)
- 6.5 m at 3.63 g/t Au including 1.2 m at 18.66 g/t Au in hole WL-21-59 (Elm vein)

In July 2022, the Company announced that it had completed a 3,476 m drill program comprising 18 diamond drill holes at Wilding Lake. Nine holes totaling 1,805 m were drilled on two previously untested targets in the western portion of the property, ~3 km along strike from known mineralization. The remaining holes were drilled to test the continuity at the Red Ochre and Dogberry zones. Highlights from the winter 2022 program include:

- 6 m at 0.94 g/t Au including 1.5 m at 1.92 g/t Au in hole WL-22-69 (Dogberry Zone)
- 1 m at 2.06 g/t Au in hole WL-22-73 (between Dogberry & Red Ochre Zones).
- 7.5 m at 1.0 g/t Au in hole WL-22-75 (Red Ochre Zone).

In the second quarter of 2022, Canterra undertook a prospecting program consisting of 307 rock samples at the East Alder option with Sokoman Minerals, confirming anomalous gold results. Sokoman subsequently agreed with Canterra that it had fulfilled the option agreement and took full possession of the property, pending finalization of the property claim transfer with the Department of Industry, Energy and Technology in Newfoundland and Labrador. Also In the second quarter of 2022 Canterra undertook a comprehensive IP geophysics survey spanning all of its Newfoundland properties, A total of 10 IP lines were completed over the Wilding, Noel Paul and East Alder projects and 9 lines were done in conjunction with the neighbouring St. James Gold Corp. This survey revealed potential structures to be followed up on in future drilling.

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#### VMS Project

On October 4, 2021, the Company announced that it had entered into an asset purchase agreement with NorZinc Ltd. ("NorZinc") and its affiliate NorZinc-Newfoundland Ltd. to acquire the mineral rights to four projects in Newfoundland, adding 67km<sup>2</sup> to the Company's central Newfoundland property position. The agreement provides for the acquisition of the properties for \$250,000 in cash and 6,625,000 common shares (the "Consideration Shares") of the Company, representing an approximate 9.1% ownership interest, together representing a total consideration value of approximately \$2,237,500 based on a closing price of \$0.30 per share. The Consideration Shares may not be transferred until the date that is six months following the closing and the remaining 3,625,000 may not be transferred until the date that is 12 months following the closing. The Consideration Shares will also be subject to a statutory hold period expiring four months and one day from the closing. Completion of the acquisition occurred on November 15, 2021.

The VMS Project comprises five discrete properties, namely Lemarchant, Boomerang/Domino, Long Lake, Tulks East, and Victoria Mine. Three of these properties contain mineral resource estimates prepared in accordance with National Instrument 43-101, as shown in the table below:

DEPOSIT	CATEGORY	TONNES	AU	AG	ZN	PB	CU
			(G/T)	(G/T)	(%)	(%)	(%)
Lemarchant(1)	Indicated	2,420,000	1.22	64	6.15	1.6	0.68
	Inferred	560,000	1.06	44.7	4.68	1.08	0.45
Boomerang(2)	Indicated	1,364,600	1.66	110.43	7.09	3	0.51
	Inferred	278,100	1.29	96.53	6.72	2.88	0.44
Domino(2)	Inferred	411,200	0.6	94	6.3	2.8	0.4
Long Lake(3)	Indicated	407,000	0.57	49	7.82	1.58	0.97
	Inferred	78,000	0.48	34	5.77	1.24	0.7
			<b>Au</b>	<b>Ag</b>	<b>Zn</b>	<b>Pb</b>	<b>Cu</b>
			<b>(K oz)</b>	<b>(M oz)</b>	<b>(M lbs)</b>	<b>(M lbs)</b>	<b>(M lbs)</b>
<b>Total Indicated</b>			<b>175</b>	<b>10</b>	<b>611</b>	<b>189</b>	<b>60</b>
<b>Total Inferred</b>			<b>40</b>	<b>2</b>	<b>166</b>	<b>58</b>	<b>13</b>

(1) Based on a 4.0% ZnEq Cutoff from the technical report entitled "NI 43-101 Technical Report and Updated Mineral Resource Estimate on the Lemarchant Deposit South Tally Pond Property, Central Newfoundland, Canada" prepared for NorZinc Ltd., Report Date: October 22, 2018, Effective Date: September 20, 2018, as prepared by Michael Cullen, P.Geo., Matthew Harrington, P.Geo. and Michael J. Vande Guchte, P.Geo. All figures have been rounded to reflect the relative accuracy of the estimates.

(2) Based on a 1.0% Zn Cutoff from the technical report entitled "Messina Minerals Inc.: Tulks South Property, Central Newfoundland, Canada Technical Report" prepared for Messina Minerals Inc., Report Date: August, 2007, as prepared by Snowden. All figures have been rounded to reflect the relative accuracy of the estimates.

(3) Based on a 7.0% ZnEq Cutoff from the technical report entitled "Independent Technical Report for the Main Zone of the Long Lake Volcanic Massive Sulphide Project, Newfoundland and Labrador, Canada" prepared for Messina Minerals Inc., Report Date: April 16, 2012, Effective Date: March 13, 2012, as prepared by SRK Consulting (Canada) Inc. All figures have been rounded to reflect the relative accuracy of the estimates.

The VMS Project represents an underexplored property package in prolific volcanogenic massive sulfide ("VMS") district, which hosts the past producing Duck Pond Mine (Teck Resources) and Buchans Mine (ASARCO). Strong average gold grades greater than 1.0 g/t are found at the Lemarchant and Boomerang deposit, and all properties have VMS systems defined, with significant expansion potential and numerous untested targets.

In the second quarter of 2022, the Company undertook a comprehensive IP geophysics survey covering the Lemarchant, Boomerang, Tulks East and Long Lake surveys. These surveys identified several structures and conductive anomalies that will be used in targeting for future drill programs.

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#### **NORTHWEST TERRITORIES**

##### ***Marlin Property***

In fiscal year 2014, the Company acquired the Marlin Property by staking 23 mineral claims. The Company currently maintains 10 mineral claims covering an area of approximately 13,461 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. Three of the remaining mineral claims expired in July 2019, with the remaining in good standing until March 2024.

#### **ALBERTA**

##### ***Buffalo Hills Property, Alberta***

The Buffalo Hills Property ("Buffalo Hills") is held by the Buffalo Hills Joint Venture ("BHJV"), which is comprised of Star Diamond Corporation (50%) and the Company (50%). The Company is the Operator of the BHJV. Buffalo Hills is comprised of 21 mineral leases covering 4,848 ha, located in north central Alberta centered approximately 120 km northeast of Peace River and 400 km northwest of Edmonton. To date, a total of 41 kimberlites have been discovered in the region, of which 28 are diamondiferous. Kimberlite bodies range in size from 1 – 47 ha. In addition, four metallic and industrial mineral permits were staked near the main lease holdings in 2015, these permits expired in 2017. Buffalo Hills is currently on care and maintenance.

#### **Ontario**

##### ***Ring of Fire Project***

The Ring of Fire Project is located in the Ontario Ring of Fire region, in close proximity and similar geological setting to Eagles Nest which is one of the largest undeveloped, high-grade nickel-copper-platinum-palladium deposits in the world, located in the Ring of Fire region of Northern Ontario, and is 20 km from the proposed Ring of Fire Northern Road Link. This acquisition resulted from the Company's strategic shift to critical minerals exploration and was facilitated through the re-evaluation of historic data from the Company's predecessors' (Diamondex Resources Ltd.) drilling, geophysical and geological datasets in the Ring of Fire. These datasets included several highly anomalous drill ready targets identified by previous operators of the historic projects. The Ring of Fire Region is host to several world class deposits and is currently in the process of a major infrastructure push from all levels of government.

#### **RESULTS OF OPERATIONS**

##### **For the three months ended September 30, 2023 and 2022**

The net loss for the three months ended September 30, 2023 was \$185,159 compared to \$322,176 for the prior year's comparative period.

Expenses for the three months period ended September 30, 2023 amounted to \$188,801 (September 30, 2022: \$321,883). Expenditures have decreased in 2023 as compared to 2022 due a delayed start to field programs.

The unrealized gain on marketable securities amounted to \$46 (September 30, 2022: unrealized loss of \$293).

##### **For the nine months ended September 30, 2023 and 2022**

The net loss for the nine months ended September 30, 2023 was \$609,970 compared to \$2,976,319 for the prior year's

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comparative period.

Expenses for the nine months period ended September 30, 2023 amounted to \$613,602 (September 30, 2022: \$3,085,509). Expenditures have decreased in 2023 as compared to 2022 due to the extensive exploration programs that were conducted in 2022 at the Newfoundland properties. The unrealized gain on marketable securities amounted to \$34 (September 30, 2022: unrealized loss of \$569).

The operating losses reflect 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:	2023	2023	2023	2022	2022	2022	2022	2021
Quarter Ended:	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Net sales or total revenue:	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net income (loss):								
(i) in total (000s)	\$(185)	\$(314)	\$(111)	\$(662)	\$(322)	\$(2,018)	\$(637)	\$(2,262)
(ii) per share <sup>(1)</sup>	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.03)	\$(0.01)	\$(0.04)

(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 evaluation 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.

#### Financing Activities

During the nine months ended September 30, 2023, the Company completed a \$1,150,000 non-brokered private placement, 20,783,600 common shares were issued at \$0.05, and 1,847,000 flow through shares were issued at \$0.06 for an aggregate total of 22,630,600 shares issued. In connection with the private placement, 200,000 common shares were issued as finders' fees, and \$9,017 as share issuance costs.

During the nine months ended September 30, 2022, the Company incurred share issuance costs of \$1,843.

#### Investing Activities

During the nine months ended September 30, 2023, the Company issued 350,000 common shares with a fair value of \$21,000 to Sokoman Minerals Corp. pursuant to an option agreement to acquire the East Alder gold project in central Newfoundland and staked additional ground for \$9,250.

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During the nine months ended September 30, 2022, the Company issued 250,000 common shares with a fair value of \$60,000 to Sokoman Minerals Corp. pursuant to an option agreement to acquire the East Alder gold project in central Newfoundland and staked additional ground for \$25,285.

#### 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 nine months period ended September 30, 2023 and 2022:

Paid or accrued the following to Chris Pennimpede, the President and Chief Executive Officer of the Company:

	<b>2023</b>		<b>2022</b>
Wages & Benefits	\$ 15,316	\$	22,737
Share-based compensation	57,346		75,863

Paid or accrued the following to Cooper Quinn, the former Interim President of the Company who resigned from the position effective December 31, 2022:

	<b>2023</b>		<b>2022</b>
Wages & Benefits	\$ -	\$	65,069
Share-based compensation	-		33,807

Paid or accrued the following to Rand Explorations Ltd. ("Rand") a company controlled by Randy Turner, the former Chairman of the Board:

	<b>2023</b>		<b>2022</b>
Share-based compensation	22,787		48,990

Paid or accrued the following to Harry Chan, the Chief Financial Officer of the Company:

	<b>2023</b>		<b>2022</b>
Consulting Fees	\$ 46,000	\$	54,000
Share-based compensation	12,628		18,966

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

	<b>2023</b>		<b>2022</b>
Rent	\$ 12,060	\$	12,060
Wages, benefits and other	\$ 22,100	\$	37,800

Paid or accrued the following to Cairn Merchant Capital, a company controlled by Andrew Farncomb, a director of the Company:

	<b>2023</b>		<b>2022</b>
Consulting Fees	12,280		-

On January 18, 2022, the Company announced that Chris Pennimpede, President & CEO, would be taking a temporary leave of absence from Canterra in order to recover from significant injuries sustained following a motor vehicle accident.

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During Mr. Pennimpede's leave, Cooper Quinn served as Interim President of the Company, until his resignation on December 31, 2022. On September 1, 2023, Chris Pennimpede returned to the position of President & CEO.

Included in accounts payable and accrued liabilities as at September 30, 2023 is \$15,605 (December 31, 2022 - \$5,248) due to companies with common directors and/or officers.

#### **LIQUIDITY AND CAPITAL RESOURCES**

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

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

#### **Cash and Financial Condition**

As of September 30, 2023, the Company had a working capital of \$572,845 (December 31, 2022: working capital deficiency of \$210,350).

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

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

#### **Financial Instruments**

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of earnings (loss) and comprehensive earnings (loss) in the period in which they arise.

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

Further information regarding the Company's financial instruments is set forth in Note 3 and 13 to the consolidated audited financial statements for the year ended December 31, 2022.



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#### OUTSTANDING SECURITIES AT THE REPORT DATE

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

Security	Number	Weighted Average Exercise Price	Expiry Date
Common Shares	100,234,372		
Warrants	20,783,600	\$0.075	April 24, 2028
Options	7,190,000	\$0.21	March 19, 2026 – June 7, 2028

#### 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 date 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"

## **CANTERRA MINERALS CORPORATION**

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

For the nine months ended September 30, 2023

processing within Canada of the minerals produced. One or more of these risk elements could have a material adverse impact on costs of an operation, which, if significant enough, could reduce or eliminate the profitability of a particular project.

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

#### *COVID-19 global pandemic*

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company's business or ability to raise funds.

#### **FORWARD LOOKING INFORMATION**

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