GOLD TERRA RESOURCE CORP.
(Formerly TerraX Minerals Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the year ended January 31, 2020

This Management's Discussion and Analysis of Gold Terra Resource Corp. (formerly TerraX Minerals Inc.) ("Gold Terra" or the "Company") ("MD&A") provides analysis of the Company's financial results for the year ended January 31, 2020 and should be read in conjunction with the accompanying audited consolidated financial statements and notes thereto for the year ended January 31, 2020, all of which are available at www.sedar.com. This MD&A is based on information available as at May 20, 2020.

The accompanying January 31, 2020 audited consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of the financial statements. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about the Company is available at www.sedar.com.

The Company was incorporated on August 1, 2007 pursuant to the provisions of the *Business Corporations Act* (British Columbia) under the name of TerraX Resource Corp. On March 31, 2008, the Company amended its notice of articles to change its name to TerraX Minerals Inc. and on February 14, 2020, the Company further amended its notice of articles to change its name to Gold Terra Resource Corp. The Company has one wholly-owned subsidiary, Gold Matter Corporation, that was incorporated under the Business Corporations Act (Ontario).

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

OVERVIEW

During the year ended January 31, 2020, the Company conducted a summer exploration program that began in July 2019 with a drilling program on its wholly-owned Yellowknife City Gold Project ("YCG") immediately north, south and east of the city of Yellowknife in the Northwest Territories. On November 4, 2019, the Company announced its maiden mineral resource estimate for the YCG. The classification of the mineral resource estimate was completed in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definition standards incorporated by reference in National Instrument 43-101.

The inferred resource estimate of 735,000 ounces consists of:

- A pit-constrained inferred resource of 11.6 million tonnes averaging 1.4 grams per tonne ("g/t") for 523,000 ounces of contained gold;
- An underground inferred resource of 1.2 million tonnes averaging 5.7 g/t for 212,000 ounces of contained gold.

For more details on this mineral resource estimate, please view the Company's news release of November 4, 2019. The Technical Report is available on our web site at www.goldterracorp.com and can be accessed on SEDAR at www.sedar.com.

The YCG lies within the prolific Yellowknife greenstone belt and covers the northern and southern extensions of the shear system that hosts the high-grade Con (6.1 million ounces "Moz" produced) and Giant (8.1 Moz produced) gold mines. The project area contains multiple shears that are the recognized hosts for gold deposits in the Yellowknife gold district, with numerous gold showings and recent high-grade drill results. Being all-season road accessible and all within 40 km of Yellowknife, the YCG is close to vital infrastructure, including transportation, service providers, hydro-electric power and skilled trades people.

For more information on the YCG, including its exploration history, please visit the Company's web site at www.goldterracorp.com.

EXPLORATION OVERVIEW

The Company has conducted a number of exploration programs on the YCG since acquiring its initial property, the Northbelt (totalling 37 square kilometres), in February of 2013. Subsequently, the Company acquired and staked ground over prospective geology, and as of May 19, 2020, the property encompasses approximately 790 square kilometres.

Prior to the 2020 winter drilling program, the Company had drilled 61,481 metres in 296 diamond drill holes ("DDH") on the property. In addition, the Company has a historic drill database that includes 186 DDH totalling 37,500 metres of core from the former Giant mine core yard. This has allowed the Company to begin developing a geologic model that encompasses four main gold mineralized zones: Crestaurum, Sam Otto, Mispickel and Barney.

2019 Summer Drilling Program

During the summer of 2019, the Company completed in two phases a drilling program of 1,914 metres in nine (9) holes. All holes were drilled at Sam Otto South to test the strike extension of this north-south shear zone and define the continuity and geometry of the mineralized system. The assay results were announced on September 9 and October 10, 2019 and the highlights included:

- 1.26 g/t Au over 25.5m, including 1.76 g/t Au over 10.0m (TSO19-050)
- 2.93 g/t Au over 7m (within a broader interval of 0.60 g/t Au over 40m) (TSO19-043)
- 1.36 g/t Au over 14m (within a broader interval of 0.64 g/t Au over 34m) (TSO19-046)
- 1.24 g/t Au over 11m (TSO19-047)
- 1.20 g/t Au over 9m (TSO19-045)

The 2019 drilling program extended the gold mineralized system to a strike length of 2.5 kilometres and remains open in all directions.

Mineral Resource Estimate in November 2019

On November 4, 2019, the Company announced its first mineral resource estimate on the YCG property. The mineral resource estimate included four gold deposits: Sam Otto, Crestaurum, Barney and Mispickel, which are all within a 3 kilometre radius. It incorporated the results from 463 drill holes totalling 94,096 metres, from which 201 drill holes totalling 42,447 metres were completed by Gold Terra from 2014 to 2019. In general, the drilling is variably spaced reflecting different mineralization styles and ranges from 25 to 100 metres apart.

The mineral resource estimate was prepared by Dr. Allan Armitage, P.Geo., from SGS Geostat ("SGS"). SGS used Geovia Gems software to construct mineralized wireframes for each zone and then interpolated tonnage and grade into block models constrained by the mineralized wireframes and used inverse distance squared (ID2) interpolation. Block sizes were 5 metre X 2 metres X 2 metres for Crestaurum and 5 metres X 2 metres X 2 metres for Barney to generate underground estimates, and 5 metres X 5 metres X 5 metres for pit constrained estimates on Sam Otto and Mispickel. Appropriate interpolation parameters were generated for each deposit based on the mineralization style and geometry.

The pit shells were created using Whittle pit optimization software and applying the following optimization parameters: US$1,300 gold price; US$2.20/tonne for mining cost; US$16.00/tonne for processing and G&A costs; 90% metallurgical recovery; 5% dilution (external); 5% mining loss; and 55º pit slopes (the deposits occur in areas of extensive outcrop with negligible overburden).

Mineral Resource Estimate for Yellowknife City Gold Project
(Effective November 4, 2019)

Pit Constrained Inferred Mineral Resources

Deposit	**Tonnes**	**Grade (Au g/t)**	**Contained Gold Ounces**
Crestaurum Pit (Starter)	127,000	9.41	38,000
Mispickel Pit	696,000	2.62	59,000
Sam Otto Pit	10,794,000	1.23	426,000
Pit Constrained Total	**11,617,000**	**1.40**	**523,000**

Underground Inferred Mineral Resources

Deposit	**Tonnes**	**Grade (Au g/t)**	**Contained Gold Ounces**
Crestaurum U/G	723,000	6.56	153,000
Barney U/G	214,000	4.67	32,000
Mispickel U/G	30,000	4.99	5,000
Sam Otto U/G	185,000	3.65	22,000
U/G Total	**1,152,000**	**5.70**	**212,000**

Total Inferred	**12,769,000**	**1.79**	**735,000**

1. The classification of the current mineral resource estimates as Inferred is consistent with CIM Definition Standards on Mineral Resources and Mineral Reserves.
2. Mineral resources which are not mineral reserves do not have demonstrated economic viability.
3. Underground mineral resources are reported undiluted and in situ at a cut-off grade of 3.0 g/t Au.
4. Cut-off grades are based on a gold price of US$1,300 per ounce and gold recoveries of 90%.
5. Gold recoveries are based on preliminary test work completed on the Crestaurum and Sam Otto deposits.
6. High grade capping was done on composite data. Capping values of 55 g/t Au were applied to Crestaurum and 60 g/t Au for all other deposits.
7. Bulk density values were determined based on physical specific gravity test work from each deposit: Crestaurum at 2.85 g/cm^3; Barney at 3.00 g/cm^3; Sam Otto and Mispickel at 2.80 g/cm^3.
8. All figures are rounded to reflect the relative accuracy of the estimate.

The Sam Otto deposit is currently the largest deposit of the four containing a pit constrained Inferred mineral resource of 426,000 oz gold (10,794,000 tonnes averaging 1.23 g/t) to a maximum depth of 200 metres. The shear-hosted gold mineralization has been defined over a strike length of 4.5 kilometres. The associated quartz vein system has a width ranging from 15 to more than 25 metres. The deposit remains open along the north-south strike direction and at depth.

The Crestaurum deposit, located only 3 kilometres southwest of Sam Otto, is outcropping at surface with some high grade gold mineralization that has been modeled for a shallow starter pit before moving potentially into an underground operation. The current scenario estimates a pit constrained Inferred mineral resource of 38,000 oz gold (127,000 tonnes averaging 9.41 g/t) to a depth of 45 metres and an underground Inferred mineral resource of 153,000 oz gold (723,000 tonnes averaging 6.56 g/t). The deposit remains open in all directions and all underground zones defined to date remain open along strike and down plunge.

The gold mineralization at Crestaurum is very similar in style to the past producing Con Mine located 15 kilometres to the south. The Con Mine produced 6 million ounces of gold from 1938 to 2004 and was mined to a depth of 2,000 metres below surface. Archean shear-hosted gold deposits typically extend vertically and along strike for kilometres. The Crestaurum deposit is likely an extension of the same mineralized system from the Con Mine. The Crestaurum deposit is hosted in mafic volcanics (Kam Group) and is a lode gold style deposit consisting of quartz veins hosted within a discrete sericite-chlorite-carbonate shear zone.

On December 2, 2019, the Company filed a technical report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* supporting the first mineral resource estimate on its 100% owned YCG project, as reported in the Company's news release dated November 4, 2019.

The technical report, titled "**Amended Technical Report on the Resource Estimates for the Crestaurum-Barney-Sam Otto/Mispickel Deposits, Yellowknife City Gold Project, Yellowknife, Northwest Territories, Canada**", is dated December 2, 2019 with an effective date of November 4, 2019, and can be found on the Company's website at www.goldterracorp.com and is available under the Company's profile on SEDAR at www.sedar.com.

2020 Winter Drilling Program

Gold Terra commenced a 10,000 metre winter drilling program at Sam Otto on January 20, 2020 and completed the program in mid-April 2020. The objectives of the drilling campaign were to establish continuity of the Sam Otto mineralized system and potentially increase the current mineral resource.

The Company completed 9,622 metres in 34 holes at Sam Otto and 1,274 metres in two holes targeting the projected trace of Campbell shear zone. The Company also completed an 84.5 line-kilometre IP geophysical survey. The drilling program at Sam Otto was completed on approximate 50 metre centers to a vertical depth of approximately 200 metres and covered a total strike length of 1.8 kilometres.

The assay results from this program were announced on February 24, March 31, April 22, May 11, and May 19.

Highlights from Sam Otto South included:

- 1.30 g/t Au over 50.6m, including 3.02 g/t Au over 9.0m (TSO20-083)
- 1.18 g/t Au over 51.65m, including 2.07 g/t over 11.05m and 2.03 g/t over 13.5m (TSO20-081)
- 1.39 g/t Au over 25.0m, including 2.48 g/t Au over 10.59m (TSO20-058)
- 1.03 g/t Au over 23m, including 1.30 g/t Au over 12m (TSO20-077)
- 0.53 g/t Au over 39.69m, including 6.24 g/t Au over 2.0m (TSO20-053)
- 1.33 g/t Au over 9.77m and 0.99 g/t Au over 8.24m (TSO20-060)
- 1.60 g/t Au over 11.75m (TSO20-078)
- 2.50 g/t Au over 5.75m (TSO20-071)
- 1.18 g/t Au over 11m, including 1.94 g/t Au over 6m (TSO20-074)
- 1.80 g/t Au over 6.30m (TSO20-067)
- 1.05 g/t Au over 9m (TSO20-076)
- 1.09 g/t Au over 7m (TSO20-068)

Overall, the drilling program expanded the footprint of the Sam Otto gold mineralized system. The results demonstrated good continuity of the gold mineralization at greater than 1.0 g/t at Sam Otto Main and South and have expanded the mineralized zone beyond the boundaries of the 2019 mineral resource estimate. From the eight (8) holes drilled in the 'connector' zone (area between Sam Otto Main and Sam Otto South), only two (2) holes intersected significant gold mineralization in the northern part:

- 1.06 g/t Au over 12.90m and 1.63 g/t Au over 7.25m (TSO20-063)
- 0.45 g/t Au over 41.96m, including 1.68 g/t Au over 5.00m (TSO20-062)

Gold mineralization encountered at Sam Otto South is in shear zone structures 100 to 200 metres in width with strong sericite alteration and shearing. Gold mineralized zones are directly associated with modest (1 to 2 per cent) sulphide content in sheared and altered intermediate volcanic rocks. These geological characteristics are consistent with what is observed at the Sam Otto Main zone 1.5 kilometres to the north.

2020 Outlook

Following the completion of the 2020 winter drilling program at Sam Otto, the Company is planning a drilling program of up to 10,000 metres at Crestaurum for the third quarter of 2020 pending the situation with COVID-19.

Subject to completing this drilling program, the Company anticipates to update the mineral resource estimate for both deposits.

Property Acquisition:

On February 10, 2020, the Company announced that it acquired 100% interest in two claims, Aurora 1 and 2 in Yellowknife which are contiguous to the existing properties. The acquisition terms are:

- $10,000 cash paid upon TSX-V acceptance for filing of the agreement (paid subsequent to January 31, 2020);
- 100,000 common shares issued upon TSX-V acceptance for filing of the agreement (issued subsequent to January 31, 2020); and
- A 2% net smelter return royalty with a buyback of 1% for $1 million and an additional 0.5% buyback for a further $1 million.

The acquisition of these claims gives the Company an additional 600 metres of known strike on the Ptarmigan vein, as well as the known east extension of the Tom vein. A recent grab sample taken on the Ptarmigan vein at the property boundary between Aurora 2 and Gold Terra's current claims graded 19 g/t Au (see news release of July 25, 2018). This acquisition adds fully accessible high-grade gold targets to be evaluated in the near future.

During the year ended January 31, 2020, the Company incurred $3,321,336 in exploration expenditures on the YCG, inclusive of geological consulting of $444,389, drilling and assays of $2,210,297, community relations of $187,818, environmental work of $109,662, geophysical consulting of $40,855 and field expenses of $328,315.

The technical information contained in this MD&A has been approved by Joseph Campbell, Chief Operating Officer of the Company, who is a Qualified Person as defined in “National Instrument 43-101, Standards of Disclosure for Mineral Projects”.

Acquisition of Gold Matter Corporation and Private Placement for $360,000

On October 21, 2019, the Company completed the acquisition of Gold Matter Corporation (“Gold Matter”) (the “Acquisition”). Concurrently with the completion of the acquisition of Gold Matter, Gerald Panneton, the founder of Gold Matter, also subscribed for 1,000,000 common shares of the Company at a price of $0.36 per share for net proceeds to the Company of $359,250. These shares are subject to a hold period of four months and one day.

As consideration for the Acquisition, the Company issued 5 million common shares of the Company to the shareholders of Gold Matter. The former shareholders of Gold Matter have agreed to a four-month hold on the Company’s shares issued to them, expiring on February 21, 2020, with Gerald Panneton agreeing to a further eight-month hold (for a total 12-month hold), expiring on October 21, 2020.

As a result of the Acquisition, the Company now holds a 100% undivided interest in the Mulligan project located in New Brunswick, which consists of 12 mining claims comprising 413 units and covering 8,200 hectares, and subject to a 2% net smelter returns royalty on production. The highlight of this property is an undrilled gold discovery at surface with a trench sample of 5.67 g/t Au over 16 metres. An IP geophysical survey was recently completed, and the Company plans to drill test the project in 2020.

The Company concluded that the acquired assets did not constitute a business and accounted for the transaction as an asset acquisition. The purchase price was allocated according to the assets acquired as follows:

Cash	$	172,611
HST and exploration grants receivable		37,076
Exploration and evaluation asset acquired		1,103,644
Total consideration	$	1,313,331

Changes in Directors and Officers

Following the closing of the Gold Matter acquisition, the Company appointed Gerald Panneton, founder of Detour Gold Corporation ("Detour Gold"), as the Company's Executive Chairman and Louis Dionne, formerly a director of Detour Gold, as a director of Gold Terra. Joseph Campbell, former Executive Chairman, agreed to serve as Chief Operating Officer.

At the Annual General and Special Meeting of the Company held on December 17, 2019 (the "Meeting"), the shareholders elected Gerald Panneton, David Suda, Stuart Rogers, Louis Dionne, Elif Lévesque, Laurie Gaborit and Russell Starr as directors of the Company for the forthcoming year. Joseph Campbell, Rene Carrier and Paul Reynolds did not stand for re-election at the Meeting, with Joseph Campbell continuing to serve as Chief Operating Officer.

Effective April 1, 2020, Mark T. Brown was appointed as new Chief Financial Officer after Gold Terra co-founder and Chief Financial Officer Stuart Rogers announced his retirement. Stuart Rogers will continue to serve as a director.

Effective May 19, 2020, Russell Starr resigned from the Board.

Bought Deal Financing Completed for $5.5 Million

On December 27, 2019, the Company closed a bought deal financing (the "Offering") with BMO Capital Markets for aggregate gross proceeds of $5 million. Pursuant to the Offering, a total of 20 million common shares of the Company were issued at a price of $0.25 per share for gross proceeds of $5 million. The Offering was made through BMO Capital Markets (the "Underwriter").

The Company granted the Underwriter an option exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 10% of the number of common shares sold under the Offering to cover over-allotments, if any. The Offering was completed by way of a short form prospectus filed in all provinces in Canada, except Québec, and offered and sold elsewhere outside of Canada on a private placement basis.

Concurrent with the completion of the Offering, the Company issued an aggregate of 320,000 common shares at a price of $0.25 per share for gross proceeds of $80,000. These shares were issued on a non-brokered private placement basis and are subject to a statutory hold period in Canada expiring on April 28, 2020. No commission or other fees were paid in connection with the issuance of such shares.

On January 17, 2020, pursuant to the over-allotments provided in the Offering, the Underwriter exercised its option to purchase 2 million common shares at a price of $0.25 per share for gross proceeds of $500,000. Share issuance costs of $27,868 were incurred in connection with the issuance of these shares.

Use of Proceeds from Flow-through Private Placements

Flow-through ("FT") common shares require the Company to incur an amount equivalent to the proceeds of the issued FT common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. Under the IFRS framework, the increase to share capital when FT shares are issued is measured based on the current market price of the common shares. The incremental proceeds, or "premium", are recorded as a FT liability.

On June 26, 2019, the Company received a total of $2,496,300 from the issuance of 5,430,000 FT shares as part of a larger financing that totalled $3,138,000, as described in more detail in the consolidated financial statements. These FT shares were issued at a premium to market, for a total premium of $541,500.

During the year ended January 31, 2020, the Company incurred and renounced expenditures of $2,496,300 with respect to the FT financing, eliminating the deferred premium on flow-through shares as of January 31, 2020.

Exercise of Stock Options

During the year ended January 31, 2020, the Company received proceeds totalling $245,000 from the exercise of 700,000 stock options at an exercise price of $0.35 per share.

CURRENT ECONOMIC CONDITIONS

During the calendar year 2019, ongoing global economic weakness made for extremely volatile capital markets characterized by weaker equity prices for mineral exploration companies and an environment in which limited opportunities exist to raise additional capital. While periods of stronger commodity prices have provided financing opportunities which Gold Terra has capitalized on in the past to augment its working capital, management of the Company remains cautious and will continue to take the necessary precautions to maintain its cash reserves. The Company has commitments in the future (in fiscal 2021 and beyond) on its mineral properties and the Company may be forced to abandon and write-off one or more of these properties if the Company does not have the means to meet these commitments or does not feel it is fiscally prudent to do so.

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 effects on the Company's business or ability to raise funds.

With the closing of multiple non-brokered private placements and completion of the bought deal financing in fiscal 2020, the Company anticipates having sufficient cash to meet all of its obligations through to the second half of 2020. The Company continues to review its mineral property commitments as well as its working capital position on an ongoing basis. While management does not believe that the abandonment of any of the Company's mineral properties is required at this time, management may elect to abandon properties when obligations become due if deemed necessary in order to maintain the long-term viability of the Company.

RESULTS OF OPERATIONS

Results of Operations - Year ended January 31, 2020

Operating expenses for the year ended January 31, 2020 (the "current year") totalled $1,886,436 as compared to $2,011,749 incurred during the year ended January 31, 2019 (the "comparative year"). The significant variances in expenditures were as follows:

Consulting expense decreased to $308,930 during the current year from $469,247 incurred during the comparative year due to a reduction in contract staff during the current period.

Directors' fees expense incurred during the current year totalled $33,500 as compared to $30,000 paid during the comparative year. Directors' fees for an additional director were accrued during the current period.

Depreciation expense of $47,678 was incurred for a right-of-use asset during the current year as a result of the adoption of IFRS 16 "Leases" at the start of the current fiscal year on February 1, 2019. There was no equivalent expense during the comparative year.

Management fees during the current year were $300,000 as compared to $200,000 incurred during the comparative year. The increase was due to the appointment of the new Executive Chairman which is a paid position.

Office, rent and miscellaneous expense increased to $194,530 during the current year from $178,693 incurred during the comparative year.

During the current year, the Company incurred $81,935 for share-based payments expense (a non-cash expense) for the vesting of stock options. This is a reduction from the share-based payment expense of $332,752 incurred during the comparative year.

Transfer agent, filing fees and shareholder communications expenses increased to $596,139 during the current year from the $416,177 incurred during the comparative year due to an increase in investor relations activities during the current year.

Travel and related costs were reduced to $178,369 during the current year from the $247,680 incurred during the comparative year when the Company incurred one-time moving expenses for the hiring of a new President and CEO.

During the current year, the Company earned interest income of $18,388 on cash and cash equivalents on hand. This compares to $8,257 earned during the comparative year when the Company had less cash on hand.

As a result of completing $2,496,300 of eligible exploration expenditures during the current year, the Company reduced its outstanding deferred FT share premium related to the FT financing completed in June 2019 by $541,500 and recorded this same amount as a FT share premium reversal. This compares to a premium reversal of $657,143 recorded during the comparative year for a FT financing completed in April 2018.

Due to an increase in the valuation allowance for deferred tax assets during the current year, the Company recorded a deferred income tax recovery of $195,000 (non-cash recovery). This compares to a deferred income tax expense of $202,000 (non-cash expense) recorded during the comparative period.

During the current year, two licenses were allowed to lapse on the Stewart Property in Newfoundland, resulting in an impairment of $540,029. There was no equivalent expense during the comparative year.

As a result of the foregoing, the Company recorded a comprehensive loss for the current year of $1,686,448 as compared to a loss of $1,548,349 incurred during the comparative year.

<u>Selected Annual Information</u>

	Year ended January 31, 2020 ($)	Year ended January 31, 2019 ($)	Year ended January 31, 2018 ($)
Interest income	18,388	8,257	36,337
Loss before other items	(1,886,436)	(2,011,749)	(2,277,485)
Per share	(0.01)	(0.02)	(0.02)
Net loss	(1,686,448)	(1,548,349)	(2,241,148)
Per share	(0.01)	(0.01)	(0.02)
Total assets	37,394,120	29,543,495	25,197,982
Non-current liabilities	60,449	202,000	Nil

Results of Operations – Three months ended January 31, 2020

Operating expenses for the three months ended January 31, 2020 (the “current period”) totalled $578,127 as compared to $455,792 incurred during the three months ended January 31, 2019 (the “comparative period”). The significant variances in expenditures were as follows:

Consulting expense decreased to $52,059 during the current period from $111,000 incurred during the comparative period due to a reduction in the number of contract staff engaged during the current period.

Depreciation recovery of ($15,274) was incurred for a right-to-use asset during the current period as a result of adjustment done in the current quarter related to the adoption of IFRS 16 “Leases” at the start of the current fiscal year on February 1, 2019. There was no equivalent expense during the comparative period.

Management fees of $105,000 were incurred during the current period as this figure now includes fees paid to the new Executive Chairman. This compares to management fees paid during the comparative period of $60,000 for the President and CEO, for part of the prior period.

During the current period, the Company incurred $32,330 for share-based payments expense (a non-cash expense) for stock options granted during prior fiscal periods and vested during the current period. This is a decrease from share-based payment expense of $56,110 incurred during the comparative period when a larger number of options vested.

Transfer agent, filing fees and shareholder communications expenses increased to $139,348 during the current period from the $88,217 incurred during the comparative period and travel expenses increased to $81,201 during the current period from the $23,561 incurred during the comparative period. These increases are due to an increase in investor relations activities during the current period.

A finance cost of $6,282 was incurred during the current period for interest expense paid on the reduction of the lease liability recorded on the adoption of IFRS 16 “Leases” at the start of the current fiscal year.

During the current period, two licenses were allowed to lapse on the Stewart Property in Newfoundland, resulting in an impairment of $540,029. There was no equivalent expense during the comparative year.

As a result of the foregoing, the Company recorded a comprehensive loss for the current period of $868,714 as compared to a loss of $640,632 incurred during the comparative period.

Summary of Quarterly Results

	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Net loss ($)	868,714	63,361	208,528	545,845	640,632	269,025	231,743	406,949
Per share ($)	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The loss for the first quarter of fiscal 2019 decreased to $406,949 from the loss of $462,713 incurred during the fourth quarter of fiscal 2018 primarily as a result of lower professional fees and share-based payments expense recorded during the more recent quarter.

The loss for the second quarter of fiscal 2019 decreased to $231,743 from the loss of $406,949 incurred during the first quarter of fiscal 2019 primarily due to the FT share premium reversal of $362,708 incurred during the second quarter. There was no FT share premium reversal recorded during the first quarter.

The loss for the third quarter of fiscal 2019 increased to $269,025 from the loss of $231,743 incurred during the second quarter primarily due to a reduction in the FT share premium reversal in the current period to $280,841 from the $362,708 recorded during the prior quarter.

The loss for the fourth quarter of fiscal 2019 increased to $640,632 from the loss of $269,025 incurred during the third quarter primarily due to a reduction in the FT share premium reversal in the current period to $13,594 from the $280,841 recorded during the prior quarter and a decrease in the allowance for deferred income tax of $202,000.

The loss for the first quarter of fiscal 2020 decreased to $545,846 from the loss of $640,632 incurred during the fourth quarter of fiscal 2019 primarily due to the elimination of a deferred income tax expense of $202,000 recorded during the prior period as a result of a decrease in the valuation allowance for deferred tax assets. This was partially offset by an increase in transfer agent, filing fees and shareholder communications expenses to $245,022 in the first quarter of 2020 from the $88,217 incurred during the prior fiscal quarter.

The loss for the second quarter of fiscal 2020 decreased to $208,527 from the loss of $545,845 incurred during the first quarter of fiscal 2019 primarily due to the FT share premium reversal of $187,091 incurred during the second quarter. There was no FT share premium reversal recorded during the first quarter.

The loss for the third quarter of fiscal 2019 was reduced to $63,361 from the loss of $208,528 incurred during the second quarter of fiscal 2020 primarily due to an increase in the FT share premium reversal to $314,501 during the third quarter from $187,091 during the second quarter.

The loss for the fourth quarter of fiscal 2020 increased to $868,714 from the loss of $63,361 incurred during the third quarter of fiscal 2020 primarily due to write-down of exploration and evaluation assets of $540,029 as well as a deferred income tax expense of $195,000 while no such expenses were recorded in the third quarter.

Liquidity and Solvency

Gold Terra is in the exploration stage and therefore has no regular cash flow. As of January 31, 2020 the Company had working capital of $4,312,481 (January 31, 2019 – working capital of $839,568), inclusive of cash and cash equivalents of $4,768,241 (January 31, 2019 - $954,126).

At January 31, 2020, the Company had current assets of $4,965,788, total assets of $37,394,120 and total liabilities of $713,756, inclusive of a deferred income tax liability of $7,000 and a lease liability (current and non-current) calculated under IFRS 16 of $100,895 for an office lease until January 31, 2022. The Company has no other long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal assets of the Company are its mineral exploration properties, amounting to $32,141,229 as at January 31, 2020.

The increase in cash and cash equivalents during the year ended January 31, 2020 of $3,814,115 was due to net cash received from the financing activities of $8,496,790, offset by cash used for investing activities of $2,847,347, cash used in operating activities of $1,778,320 and cash used for the reduction of the lease liability of $57,009.

In December 2019, the Company completed a bought deal financing for gross proceeds of $5.5 million. The net proceeds of this short form prospectus offering were sufficient to fund the Company's winter drill program and general and administrative expenses through to the second half of 2020.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

Commitments

The Company has no commitments for capital expenditures.

The Company's non-cancellable operating lease with regards to its office has been included in the financial statements under lease liability pursuant to IFRS 16.

Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

Going concern

The Company is in the exploration stage and has no revenue or income from operations. The Company has limited capital resources and has to rely upon the sale of equity and/or debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues from operations in the near future, it must continue to rely upon the sales of its equity or debt securities or joint venture agreements to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to meet its ongoing commitments and further its mineral exploration programs.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The junior resource industry has been severely affected by the world economic situation and the effects of COVID-19 as it is considered speculative and high-risk in nature, making it even more difficult to fund.

While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

Related Party Transactions

Related party balances

As at January 31, 2020, $165,448 (January 31, 2019 - $103,688) was due to directors of the Company or to companies controlled by directors of the Company and recorded in trade payables and accrued liabilities. These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company as defined above was as follows:

	Year ended January 31, 2020	Year ended January 31, 2019
Consulting fees	$ 232,300	$ 371,125
Directors' fees	33,500	30,000
Geological consulting - exploration and evaluation assets [(a)]	827,769	1,423,486
Management compensation	300,000	200,000
Accounting fees	-	25,000
Share-based payments	71,244	273,244
	$ 1,464,813	$ 2,322,855

[a] The Company incurred $827,769 (2018: $1,423,486) of geological consulting fees for its exploration and evaluation assets with a company related to the former Executive Chairman and current Chief Operating Officer of the Company.

Changes in Accounting Policies Including Initial Adoption

Refer to Note 3 in the audited consolidated financial statements for the year ended January 31, 2020 regarding the adoption of IFRS 16 “Leases” as of February 1, 2019.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts and its receivables. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company’s cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company’s receivables are mostly tax receivables from the government. The risk related to receivables is assessed low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company’s sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is, therefore, assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company’s operations and financial results. The Company operates in Canada and is, therefore, not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has positive cash balances at January 31, 2020 and no interest bearing debt, therefore, interest rate risk is nominal.

Capital Management

The Company’s policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Classification of Financial Instruments

Financial assets included in the statement of financial position are as follows:

	January 31, 2020	January 31, 2019
Amortized cost:		
Cash and cash equivalents	$ 4,768,241	$ 954,126
	$ 4,768,241	$ 954,126

Financial liabilities included in the statement of financial position are as follows:

	January 31, 2020	January 31, 2019
Non-derivative financial liabilities:		
Trade payables	$ 554,884	$ 209,682
	$ 554,884	$ 209,682

Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2020 and January 31, 2019:

	As at January 31, 2020		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 4,768,241	$ -	$ -

	As at January 31, 2019		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 954,126	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of the date of this MD&A.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 160,593,235 common shares issued and outstanding as of the date of this MD&A. In addition, there were 6,155,000 incentive stock options and 10,891,849 share purchase warrants outstanding as of the date of this MD&A.