TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the six months ended July 31, 2018

This Management's Discussion and Analysis of TerraX Minerals Inc. ("TerraX" or the "Company") ("MD&A") provides analysis of the Company's financial results for the six months ended July 31, 2018 and should be read in conjunction with the accompanying unaudited condensed interim financial statements and notes thereto for the six months ended July 31, 2018 and with the audited financial statements and notes thereto for the year ended January 31, 2018, all of which are available at www.sedar.com. This MD&A is based on information available as at September 28, 2018.

The accompanying condensed interim financial statements for the six months ended July 31, 2018 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. All amounts are expressed in Canadian dollars, unless otherwise stated.

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 Corporation amended its notice of articles to change its name to TerraX Minerals Inc. The Company has no subsidiaries.

Additional information about TerraX Minerals Inc. is available at www.sedar.com.

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.

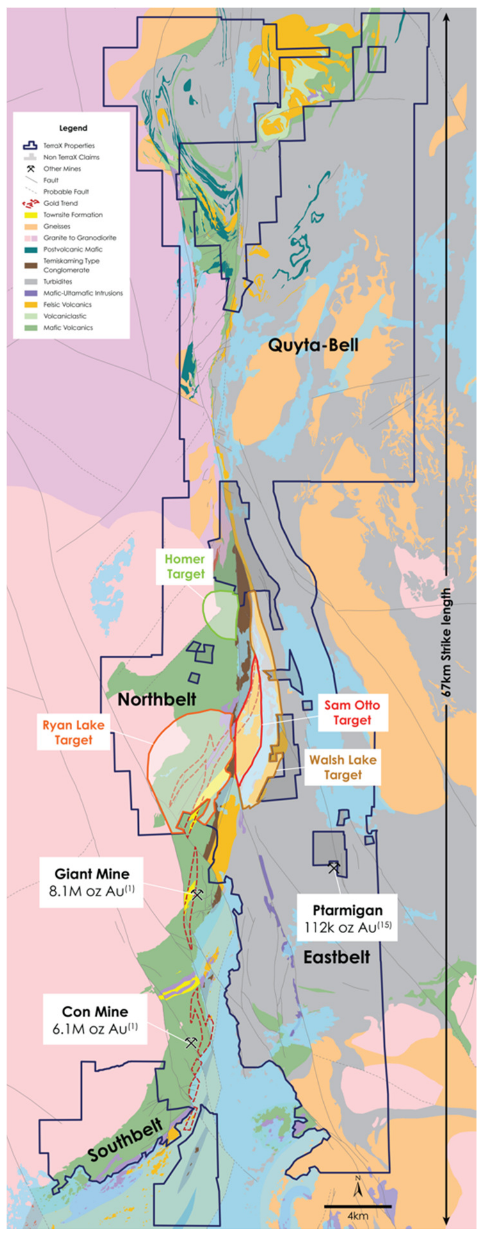
Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should 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 six months ended July 31, 2018 TerraX completed a winter drill program and commenced a summer field exploration program on its wholly-owned Yellowknife City Gold Project ("YCG") immediately north, south and east of the City of Yellowknife in the Northwest Territories. The Company also staked an additional 337.5 square kilometers immediately to the north of its current properties. These additional 47 claims were staked based on the results of field exploration completed on the YCG during the summer and fall of 2017 and bring the Company's total holdings in the YCG to 771.6 sq km and extend the total strike of the project area by 22 km to the north, for a total strike length of 75 km. The new land area has been named **Quyta-Bell** and was the subject of extensive airborne geophysical surveys during field work during the summer.

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 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 innumerable gold showings and recent high-grade drill results. Being all-season road accessible and all within 40 km of the City of Yellowknife, the YCG is close to vital infrastructure, including transportation, service providers, hydro-electric power and skilled trades people.



TerraX commenced its 2018 winter drill program on the Yellowknife City Gold project in early February, 2018. The program totalled approximately 5,684 meters and incorporated two drill rigs to test dip and strike extensions of the **Sam Otto** and **Crestaurum** deposits, two of the Company's most advanced high priority gold targets. Both drill programs were successful. The drilling at Sam Otto confirmed a 2.2 km mineralized zone that remains open along strike and at depth, with the drilling at Crestaurum extending that mineralized zone to 300 meters of vertical depth, doubling the size of the known mineralized structure.

In June 2018 the Company began its summer field program on the YCG with surface sampling and mapping programs. New gold zones were identified at Gull Lake and Rater Lake on the Northbelt property. These new targets are in the same mafic volcanic geology that also hosted the Giant and Con mines.

On the Eastbelt property, three channel samples were cut from outcrop along the Ptarmigan vein trend and returned assays that included 24.75 g/t Au over 5.50 m (including 44.82 g/t Au over 3.00 m).

The results from the summer field program are still being analysed and compiled, with further assay results to be announced when available.

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

EXPLORATION OVERVIEW

TerraX has conducted extensive exploration on the YCG since acquiring its initial property, the Northbelt, in February of 2013. To date, TerraX has drilled over 56,000 m in 274 diamond drill holes ("DDH") at Northbelt to complement a historic drill database that includes 186 DDH totalling 37,500 m of core from the former Giant Mine core yard. This has allowed us to begin developing geologic models of resources along 5 km of strike that encompasses three main high grade gold mineralized zones at Northbelt:

Ryan Lake - 308 drill holes that include:

Barney Shear - 22.4 m @6.35 g/t Au
Crestaurum – 5.0 m @ 62.9 g/t Au
Hebert Brent – 11.0 m @ 7.55 g/t Au; and
Shear 20 – 21 m @ 2.97 g/t Au

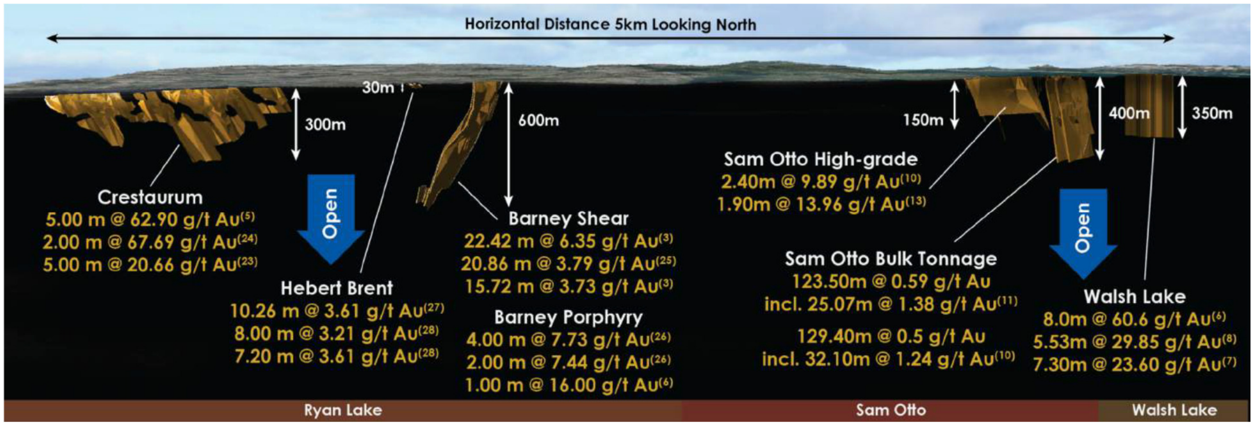
Sam Otto – 58 drill holes that include:

- 123.5m @ 0.59 g/t Au;
- 1.9 m @ 13.96 g/t Au; and
- 27.16 m @ 2.16 g/t Au in a 1.5 km step out to the south of prior drilling (see below).

Walsh Lake – 50 drill holes that include:

- 8.00 m @ 60.60 g/t Au;
- 5.53 m @ 29.85 g/t Au; and
- 7.30 m @ 23.60 g/t Au

All of these mineralized zones are open along strike and down dip and will be further defined in subsequent drill programs.



Winter Drill Program 2018

In early February 2018 TerraX commenced its 2018 winter drill program on the YCG, incorporating two drill rigs to test dip and strike extensions of the **Sam Otto** and **Crestaurum** deposits in the Core Gold area just north of Yellowknife.

Sam Otto is a disseminated wide zone of gold mineralization with the potential to yield both a large bulk tonnage deposit at the main Sam Otto target and a high-grade deposit at Sam Otto West (formerly Dave's Pond target). Sam Otto is currently outlined over approximately 750 meters of strike and 325 meters of depth by 56 drill holes. Recent field work in the summer and fall of 2017 has identified the Sam Otto zone over 3.5 km of strike length, indicating potential for a large deposit. The 2018 drill program extended both the strike and dip of the currently drilled deposit at Sam Otto Main and Sam Otto West.

Assay results from the first 5 holes (2,003 m) of the winter drill at Sam Otto were announced on March 9, 2018. Two of these holes (688 m) tested the Sam Otto South extension, confirming a 2.2 km mineralized zone that remains open along strike and at depth. These holes were drilled as a follow up to a surface sampling program done in 2017 (news release of Sept 26, 2017) that indicated the Sam Otto zone may extend for 3.5 km south of the main zone which was drilled over 750 m of strike length in 2016. Hole TSO18-035 was collared 1.5 km south of the Sam Otto main zone and intersected a broad zone of deformation and alteration (150 m wide) that contained a mineralized zone assaying **2.16 g/t Au over 27.16 m**, including **1 m of 23.1 g/t Au**, and **2.44 m at 7.99 g/t Au.** This extremely long step out hole confirmed the Company's exploration targeting. The higher grade multi-gram intersections reported here exceed the grades typically seen in the Sam Otto main zone and confirm continuity within this large mineralizing system.

The second hole, TSO18-037, drilled 377 m north along strike from TSO18-035 also intersected a broad deformation and alteration zone (231.5 m wide), and contained a mineralized zone assaying **1.92 g/t Au over 11.52 meters**, including **2.89 g/t Au over 3.64 meters.**

Three holes totalling 1,315 m were also drilled on the Sam Otto Main zone testing the down dip extension of previous TerraX drilling to a vertical depth of 350 meters. These three holes were drilled over 230 meters of strike length below previous drilling at the Sam Otto main zone. All holes hit typical Sam Otto main zone deformation and alteration, extending the Sam Otto main zone to depth, but with an increase in mineralized quartz veins relative to the mineralized zones in the previous shallower holes. Hole TSO18-032 intersected deformation and alteration over 247.5 m, with a well mineralized zone of 0.85 g/t Au over 62.24 m, including 2.04 g/t Au over 13.95 m. Hole TSO18-033 intersected deformation and alteration over 216.5 m, with two well mineralized zones of 0.52 g/t Au over 21.50 m and 0.50 g/t Au over 40.00 m. Hole TSO18-034 intersected deformation and alteration over 176.2 m, with well mineralized zones that included 0.51 g/t Au over 31.80 m. For a listing of all significant drill results and a map of drill hole locations at Sam Otto, refer to the Company's news release of March 9, 2018.

On May 8, 2018, TerraX released the remaining 5 holes (2,081 m) drilled at Sam Otto West to test strike and depth potential (down to 250 meters vertical) on this zone. All holes hit gold mineralized structure with best results of **3.00 g/t Au over 2.69 m** in hole TSO18-038, **1.06 g/t Au over 4.00 m** in hole TSO18-041, and **1.32 g/t Au over 2.70 m** in hole TSO18-036. All holes included intersections of 2.0 to 5.6 meters of 0.71 to 0.81 g/t Au. The continuous presence of the gold mineralized structures that now extend over more than a kilometre of strike and 250 meters of depth, with alteration and mineralization styles like the high grade zones from the nearby Con and Giant mines, makes this a good target for continued exploration.

A single hole (TSO18-039, 430 meters) was drilled approximately 500 m south along strike from the Sam Otto Main zone, and 600 meters north of TSO18-037 (1.92 g/t Au over 11.52 meters, news release Mach 9, 2018). This hole confirmed the continuity of the Sam Otto structure between the known extents of the Sam Otto Main and Sam Otto South zones, intersecting a broad zone of deformation and alteration (0.10 g/t Au over 157.75 m) consistent with the Sam Otto style of mineralization, including multiple 2.50 m - 9.10 m wide zones of 0.35 g/t Au – 0.82 g/t Au.

Crestaurum is a high-grade deposit currently outlined with 253 drill holes over 1.4 km of strike and 150 meters of dip. Recent biogeochemical field work, IP surveying, and structural studies carried out in the summer and fall of 2017 have helped define the down dip and down plunge extent of the high-grade lodes at Crestaurum.

On May 8, 2018, TerraX announced the results from the four holes (1,170) drilled on the high-grade Crestaurum gold bearing structure to test whether gold mineralization continued to depth. All four holes hit mineralized structure, with two holes containing visible gold. All holes intersected significant gold with selected intervals of:

- **8.84 g/t Au over 2.49 m** and **5.38 g/t Au over 0.63 m** in hole TCR18-076
- **3.08 g/t Au over 2.80m**, and **5.57 g/t Au over 2.06 m**, in hole TCR18-078
- **13.30 g/t Au over 1.24 m**, and **4.41 g/t Au over 0.80 m**, in hole TCR18-079
- **3.86 g/t Au over 0.56 m** in hole TCR18-077

The upper portion of the Crestaurum structure has been previously drilled with 187 drill holes over 1.4 kilometres of strike length, from surface down to a depth of approximately 100-150 meters depth, outlining a lode style shear and vein deposit (including 5.00 m @ 62.90 g/t Au, news release October 2, 2013). Although the structure is very continuous the high grade lodes are more discrete and these initial widespread deeper holes were designed to intersect structure to determine whether there was probability of high grade lodes continuing at depth potentially doubling the size of the mineralized zones. The 300 meter vertical depth tested with these holes is still considered very shallow for Archean lode gold deposits and mineralization remains open for further expansion, both along strike and at depth. A drill hole location map and a long section of the Crestaurum main shear can be accessed on the Company's news release of May 8, 2018.

<u>Field Exploration Summer 2018</u>

The Company's summer exploration program commenced on the YCG in June 2018 with initial results announced on July 12, 2018.

The first set of assay results come from sampling done on two new zones called Gull Lake and Rater Lake that have been identified on our Northbelt property. These new targets are in the same mafic volcanic geology that also hosted the Giant and Con mines. The highlight assays are **43.7 g/t Au**, **28.0 g/t Au**, and **19.05 g/t Au** on the Gull Lake Zone with several additional assays in the **1 to 5 g/t Au** range on both zones. These gold zones are interpreted as being the continuation of the Giant Mine gold structure, warranting immediate further work along these structural trends. For a map showing the location of these samples, refer to the Company's news release of July 12, 2018.

The second set of assay results come from channel sampling done around the past producing Ptarmigan Mine on Eastbelt, an asset that TerraX acquired in early 2018 (see news release of January 12, 2018). These channels were cut from outcrop along the Ptarmigan vein trends and sampled across the gold mineralized structures. Assay results for gold range up to **226 g/t Au and 126 g/t Ag in 0.50 m channel samples** from Channel ECH18-037. Intervals for the 3 sampled areas (ECH18-035 to ECH18-037) are indicated on the map included in our news release of July 12, 2018 and include:

- ECH18-037 **- 24.75 g/t Au over 5.50 m** (including **44.82 g/t Au over 3.00 m)**
- ECH18-036 - **5.39 g/t Au over 7.50 m** (including **10.44 g/t Au over 2.50 m**)
- ECH18-035 - **4.25 g/t Au over 2.00 m**

On July 25, 2018 TerraX additional assay results from surface sampling at Ptarmigan that extended the mineralized zone 400 m northwest and included channel samples of 53.85 g/t Au over 1.8 m.

Continued channel sampling and prospecting assay results come from the area immediately northwest of the past producing Ptarmigan Mine on Eastbelt. Detailed mapping and prospecting extends the Ptarmigan zone 400 meters northwest of previously reported channel sampling with a **19.00 g/t Au** grab sample along the Ptarmigan trend. Channel sample results were cut from outcrop southeast of previously reported channels (24.75 g/t Au over 5.50 m including 44.82 g/t Au over 3.00 m reported on July 12, 2018) following the Ptarmigan vein trend and sampling across the gold mineralized structures. Assay results for gold range up to **124 g/t Au in a 0.70 m channel sample** from Channel ECH18-039. Mineralized intervals for the sampled areas (ECH18-034, 038, 039 and ECH18-041) are indicated on the maps included in our news release of July 25, 2018 and include:

- ECH18-034 **- 4.76 g/t Au over 2.00 m**
- ECH18-038 **- 6.60 g/t Au over 2.10 m**
- ECH18-039 – **53.85 g/t Au over 1.80 m**
- ECH18-041 **- 18.13 g/t Au over 3.10 m**

An additional grab sample was collected from a gossanous quartz vein 2.7 kilometres due west of the Ptarnigan Mine and assayed **5.17 g/t Au**. Further work is warranted in this area.

On September 14, 2018 TerraX announced further assay results from **Gull and Rater Lake zones**, where high grade gold assays from grab sampling have extended the strike of the mineralized zones. As previously reported these new targets are in the same mafic volcanic geology that also hosted the Giant and Con mines and are within TerraX's Core Gold exploration area. The highlight assays are **171.0 g/t Au**, **5.60 g/t Au**, **5.29 g/t Au**, and **4.49 g/t Au** on the Rater Lake zones, and **72.0 g/t Au**, **52.5 g/t Au**, **29.0 g/t Au**, and **12.95 g/t Au** on the Gull Lake Zone.

These gold zones are interpreted as being the continuation of the Giant Mine gold system. The Rater Lake structure has been followed for 300 meters north, and then appears to be offset to the west on the Akaitcho Fault, possibly continuing as the Gull Lake structure for another 1200 meters north. A second sub-parallel zone appears on the south side of Rater Lake with high grade values up to 171 g/t Au. For a map showing the location of these samples, refer to the Company's news release of September 14, 2018. The multiple gold bearing structures in this area enhance the expanding resource potential of the Northbelt Core Gold Area.

During the six months ended July 31, 2018, the Company incurred $2,435,807 in exploration expenditures on the YCG, inclusive of geological consulting of $658,388, drilling and assays of $1,339,671, community relations of $110,804, geophysical work of $44,059, environmental studies of $35,405 and field expenses of $247,480.

TerraX stakes 337.5 square km of contiguous ground north of YCG

On March 7, 2018, TerraX announced that it had expanded its land position at the YCG through the staking of an additional 337.5 square kilometers, named **Quyta-Bell**, immediately to the north of its current properties. These additional 47 claims were staked based on the results of field exploration completed on the YCG during the summer and fall of 2017 and bring the Company's total holdings adjacent to the City of Yellowknife to 771.6 sq km and extend the total strike by 22 km to the north. A comprehensive field exploration program is now underway at Quyta-Bell and will continue through the remainder of the summer.

Private Placement Closed for $4.0 Million

On April 12, 2018, TerraX closed a bought deal equity financing (the "Offering") led by PI Financial Corp. (the "Underwriter"), with the overallotment option granted to the Underwriter having been exercised in full.

Pursuant to the Offering, the Company issued an aggregate of 4,312,500 units of the Company ("Units") at a price of $0.40 per Unit and 4,107,143 flow-through units of the Company ("FT Units") at a price of $0.56 per FT Unit, for aggregate gross proceeds of $4,025,000, of which $2,300,000 was raised through the issuance of flow-through shares. Each Unit is comprised of one common share and one half of one transferable non-flow-through common share purchase warrant (each whole such common share purchase warrant, a "Warrant"). Each FT Unit is comprised of one flow-through common share and one half of one Warrant (issued on a non-flow-through basis). Each Warrant is exercisable into one additional non-flow-through common share of the Company for a period of three years from closing, subject to an exercise acceleration trigger, at an exercise price of $0.60.

In connection with the offering, the Company paid a cash fee of $241,500 and 420,982 compensation warrants. Each compensation warrant is exercisable into one common share of the Company at a price of $0.40 for a period of 24 months from closing.

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 April 12, 2018, the Company received a total of $2,300,000 from the issuance of 4,107,143 FT units as part of a larger financing that totalled $4,025,000, as described in more detail above. These units were issued at a premium of $0.16 per share, for a total premium of $657,143. During the period, the Company incurred and renounced expenditures of $1,269,479 with respect to the FT financing and has accounted for this deferred premium on flow-through shares as a liability in its financial statements.

Management Changes

On June 15, 2018, the Company appointed David Suda as President and CEO. Mr. Suda has over 11 years of capital markets experience. He graduated with honours from York University with a bachelor's degree in environmental studies. Most recently, Mr. Suda was Head of trading and managing director at Beacon Securities. He has established relationships with investors including institutional managers and public companies. His extensive capital markets experience with a focus on public resource-based companies will provide TerraX access to a skill set which includes marketing, corporate strategy and investment banking.

To accommodate Mr. Suda's appointment, Stuart Rogers agreed to step down as President and to serve as Chief Financial Officer, replacing Mark Gelmon, who left the company at the end of June.

Options Granted

On June 18, 2018, the Company granted 1,250,000 stock options to the new President and Chief Executive Officer of the Company that can be exercised at $0.41 per share until June 18, 2021. The options vest over an 18 month period.

Acquisition of Tom Mine and Sickle Claims

In September 2018 TerraX announced the purchase of a 100% interest in the Tom Mine (6 sq. km) and Sickle (2 sq. km) properties from Altamira Gold Corp. These properties increase the area of the YCGP from 772 square km to 780 square km. For a map showing the location of these properties, refer to the Company's news release of September 19, 2018.

The Tom Mine was a gold producer in the Yellowknife gold district from 1985-1997. The Tom and C vein systems were accessed by ramp to 122 vertical metres over 300 metres of strike length. The Tom Mine production was milled at the Ptarmigan Mine (January 12, 2018 press release) so separate production records for the Tom Mine are not available. The Tom Mine gold ore has the same characteristics as the Ptarmigan Mine which is free milling with reported recovery of 94%. When the mine closed in 1997 the veins were still open at depths below the current mine workings. (Source: The Operational History of Mines in the Northwest Territories, R. Silke, 2009; and Treminco Resources Limited, Annual report 1990). The southern portion of the property is contiguous with the Ptarmigan Gold Mine property owned by TerraX.

The Sickle property is underlain by the Walsh Lake sediments, which are host to TerraX's Mispickle Zone (September 22, 2016, press release). Several historic gold showings occur on the property with gold values up to 4 g/t.

As part of the agreement, TerraX paid Altamira a total of $25,000 cash and 250,000 shares of TerraX. Altamira will retain a 2% NSR royalty.

Exercise of Stock Options and Share Purchase Warrants

During the six months ended July 31, 2018, the Company received proceeds totalling $458,200 in conjunction with the exercise of 2,150,000 stock options with exercise prices ranging between $0.17 and $0.38 per share and $44,172 in conjunction with the exercise of 110,430 share purchase warrants with an exercise price of $0.40 per share.

CURRENT ECONOMIC CONDITIONS

During the calendar year 2018, 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 TerraX 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 2019 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.

With the completion of a bought-deal brokered private placement of $4,025,000 in April 2018, the Company anticipates having sufficient cash to meet all of its obligations through the end of the fiscal year ending January 31 2019, with approximately $615,000 available as of the date of this MD&A to fund its general and administrative operating expenses through to the end of that same period. 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

Three months ended July 31, 2018

Operating expenses for the three months ended July 31, 2018 (the "current period") totaled $597,427 as compared to $576,256 incurred during the three months ended July 31, 2017 (the "comparative period"). The significant variances in expenditures were as follows:

Consulting expense increased to $145,206 during the current period from $136,765 incurred during the comparative period due to the retention of additional staff on a contract basis.

Management fees of $83,872 were incurred during the current period as a result of the hiring of David Suda as President and CEO in June 2018. During the prior period, expenses for the President and CEO were included in consulting expense.

During the current period, the Company incurred $143,502 for share-based payments expense (a non-cash expense) for stock options. This is a decrease from the share-based payment expense of $194,200 incurred during the comparative period.

Transfer agent, filing fees and shareholder communications expenses were reduced to $96,624 during the current period from the $125,041 incurred during the comparative period due to a reduction in expenditures for advertising and road shows.

During the current period, the Company earned interest income of $2,976 on cash and cash equivalents on hand. This compares to $10,653 earned during the comparative period when the Company had more cash on hand and invested.

As a result of completing $1,269,479 of eligible exploration expenditures during the current period, the Company reduced its outstanding deferred flow-through share premium related to this flow-through financing by $362,708 during the period and recorded this same amount as a flow-through share premium reversal. There was no share premium reversal recorded during the comparative period.

As a result of the foregoing, the Company recorded a comprehensive loss for the current period of $231,743 as compared to a loss of $565,603 incurred during the comparative period.

Six months ended July 31, 2018

Operating expenses for the six months ended July 31, 2018 (the "current six-month period") totaled $1,004,204 as compared to $1,175,691 incurred during the six months ended July 31, 2017 (the "comparative six-month period"). The significant variances in expenditures were as follows:

Consulting expense increased to $253,636 the current six-month period from $237,524 incurred during comparative six-month period due to the retention of additional staff on a contract basis.

Directors' fees expense incurred during the current six-month period totaled $15,000 as compared to $7,500 paid during the comparative six-month period. Commencing May 1, 2017, independent directors of the Company received directors' fees totaling $7,500 per quarter.

Management fees of $83,872 were incurred during the current six-month period as a result of the hiring of David Suda as President and CEO in June 2018. During the prior period, expenses for the President and CEO were included in consulting expense.

Office, rent and miscellaneous expense decreased to $68,311 during the current six-month period from $95,411 incurred during the comparative six-month period mainly due to the elimination of one-time expenses incurred during the prior year for the move into new office premises on February 1, 2017.

During the current six-month period, the Company incurred $200,925 for share-based payments expense (a non-cash expense) for stock options. This is a reduction from the share-based payment expense of $465,404 incurred during the comparative six-month period.

Travel and related costs increased to $71,877 during the current six-month period from the $52,966 incurred during the comparative six-month period due to travel expenses incurred during the current period for the recruitment and hiring of David Suda as President and CEO.

During the current six-month period, the Company earned interest income of $2,976 on cash and cash equivalents on hand. This compares to $31,078 earned during the comparative six-month period when the Company had more cash on hand.

As a result of completing $1,269,479 of eligible exploration expenditures during the current six-month period, the Company reduced its outstanding deferred flow-through share premium related to the flow-through financing completed in April 2018 by $362,708 and recorded this same amount as a flow-through share premium reversal. There was no share premium reversal recorded during the comparative six-month period.

As a result of the foregoing, the Company recorded a comprehensive loss for the current six-month period of $638,520 as compared to a loss of $1,144,613 incurred during the comparative six-month period.

Summary of Quarterly Results

	Q2-2019	**Q1-2019**	**Q4-2018**	**Q3-2018**	**Q2-2018**	**Q1-2018**	**Q4-2017**	**Q3-2017**
Net loss ($)	231,743	414,277	462,713	633,822	565,603	579,010	647,411	289,352
Per Share ($)	0.00	0.00	0.01	0.01	0.01	0.00	0.01	0.00

The loss for the third quarter of fiscal 2017 increased to $289,352 from the loss of $129,207 incurred during the second quarter primarily due to reduction in the FT share premium reversal in the current period to $146,645 from the $141,294 recorded during the prior quarter, offset by an increase in share-based payments expense of $283,174 as compared with nil recorded during the first quarter.

The loss for the fourth quarter of fiscal 2017 increased to $647,411 from the loss of $289,352 incurred during the third quarter primarily due to the FT share premium reversal in the comparative period of $289,352 and an increase in consulting fees incurred during the fourth quarter.

The loss for the first quarter of fiscal 2018 decreased to $579,010 from the loss of $647,411 incurred during the fourth quarter of fiscal 2017 primarily due to a residual adjustment of $54,960 to the flow-through share premium reversal recorded in the fourth quarter.

The loss for the second quarter of fiscal 2018 decreased to $565,603 from the loss of $579,010 incurred during the first quarter of fiscal 2018 primarily due to lower share-based payment expense recorded during the second quarter.

The loss for the third quarter of fiscal 2018 increased to $633,822 from the loss of $565,603 incurred during the second quarter of fiscal 2018 primarily due to higher consulting and shareholder communication expense recorded during the third quarter.

The loss for the fourth quarter of fiscal 2018 decreased to $462,713 from the loss of $633,822 incurred during the third quarter primarily as a result of lower share-based payments expense recorded during this quarter.

The loss for the first quarter of fiscal 2019 decreased to $414,277 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 $414,277 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

Liquidity and Solvency

TerraX is in the development stage and therefore has no regular cash flow. As at July 31, 2018, the Company had working capital of $874,894 (January 31, 2018 - $471,517) (excluding the deferred premium on flow-through shares), inclusive of cash and cash equivalents of $1,307,476 (January 31, 2018 - $1,072,646).

As at July 31, 2018, the Company had current assets of $1,464,466, total assets of $28,354,696, and total liabilities of $884,007, inclusive of the remaining flow-through share premium liability of $294,435. The Company has no 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 $26,639,254 as at July 31, 2018.

The increase in cash and cash equivalents during the six months ended July 31, 2018 of $234,830 was due to net cash received from the issuance of common shares of $4,170,949 offset by cash used for mineral property acquisition and exploration of $2,995,524, and cash used in operating activities of $936,567.

In April 2018, the Company completed flow-through and non-flow-through private placements for total gross proceeds of $4,025,000. The net proceeds of this transaction, along with cash on hand, will be sufficient to fund the Company's general and administrative expenses through the remainder of fiscal 2019. As at the date of this MD&A, the Company has approximately $615,000 in cash and cash equivalents.

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 is required to spend $2,300,000 on eligible exploration and evaluation expenditures under FT share purchase agreements completed in July 2018. These expenditures must be completed by December 31, 2019. The Company has no commitments for capital expenditures.

Effective February 1, 2017, the Company entered into a lease agreement for the rental of office premises in Vancouver, B.C. The future lease payment schedule is as follows:

2019	25,200
2020	52,080
2021	53,760
2022	55,440
	$ 186,480

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 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

During the six months ended July 31, 2018, $72,000 (2017 - $72,000) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for management services provided to the Company.

During the six months ended July 31, 2018, the Company paid $808,594 (2017 – $1,376,829) to a private company in which Joseph Campbell, the President of the Company, and Thomas Setterfield, a former director of the Company, are principals, for geologic consulting services incurred on the Company's properties during the current period. In addition, a further $109,625 (2017 – $77,920) was paid to this same private company for consulting services provided during the period.

During the six months ended July 31, 2018, the Company paid $83,872 (2017 - $Nil) to David Suda, the new President and CEO of the Company, for salary and related hiring costs in accordance with the terms of his Management Agreement.

During the six months ended July 31, 2018, the Company paid $25,000 (2017 - $30,000) to a private company with whom the Company's former Chief Financial Officer is related.

During the six months ended July 31, 2018, the Company paid $30,000 (2017 - $7,500) to a company controlled by Russell Starr, a director of the Company, for consulting fees.

During the six months ended July 31, 2018, the Company paid or accrued directors' fees totalling $15,000 (2017 - $7,500) to independent directors of the Company.

During the six months ended July 31, 2018, the Company recognized share-based payments expense totalling $169,976 (2017 - $299,702) relating to stock options granted to directors and officers of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount as agreed to by the related parties.

Accounting Standards Issued but not yet Effective

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

Certain other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

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. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank 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 secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

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.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. All of its major expenses are transacted in Canadian dollars and the Company maintains all of its cash in Canadian dollars. As such, the Company has no immediate exposure to fluctuations in foreign exchange rates at the present time.

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 July 31, 2018 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:

	July 31, 2018	January 31, 2018
FVTPL:		
Cash and cash equivalents	$ 1,307,476	$ 1,072,646
Security deposits	140,000	140,000
	$ 1,447,476	$ 1,212,646

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

	July 31, 2018	January 31, 2018
Non-derivative financial liabilities:		
Trade payables	$ 270,031	$ 571,979
Due to related parties	319,541	206,525
	$ 589,572	$ 778,504

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 July 31, 2018 and January 31, 2018:

	As at July 31, 2018		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,307,476	$ -	$ -

	As at January 31, 2018		
	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,072,646	$ -	$ -

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of September 28, 2018.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Equity Securities Issued and Outstanding

The Company had 118,273,235 common shares issued and outstanding as of September 28, 2018. In addition, there were 7,895,000 incentive stock options and 7,447,082 share purchase warrants outstanding as of September 28, 2018.