

TERRAX MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended January 31, 2009

The following discussion and analysis should be read in conjunction with the Annual Financial Statements and related notes for the year ended January 31, 2009. All dollar amounts are stated in Canadian funds. This discussion is based on information available as at May 8, 2009.

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.

OVERVIEW

The principal business of the Company is the acquisition of an interest in, and the exploration of, the Needle Lake Property for gold and diamond prospecting. In addition, the Company intends to seek and acquire additional properties worthy of exploration and development.

The Corporation intends to fund exploration of the Needle Lake Property in the Nunavut Territory using the proceeds of an Initial Public Offering ("IPO") completed on June 27, 2008 of 3.6 Million shares at \$0.25 per share for gross proceeds of \$900,000. To date, the Company's activities have been financed through the sale and issuance of its securities by way of private placement.

The Needle Lake Property is the Corporation's sole property interest.

During the period under review, the Company made preparations for a drill program to be conducted at Needle Lake following completion of the IPO. Drilling commenced at the Needle Property on August 16, 2008 and was completed on September 6, 2008.

Needle Property, Nunavut

Pursuant to an Option Agreement dated August 19, 2007 among TerraX, Kaminak Gold Corporation ("Kaminak") and 974134 NWT Ltd. (the registered holder of the Needle Lake Property, and a wholly-owned subsidiary of Kaminak) the Company has an option to acquire up to a 60% interest in the Needle Lake Property.

Under the terms of the Option Agreement, the Company has the option to acquire a 51% interest in the Needle Lake Property by issuing an aggregate of 400,000 Common Shares to Kaminak and incurring an aggregate of \$1,000,000 in exploration expenditures on the Needle Lake Property as follows:

Share Issuances

- a. 100,000 Common Share upon completion of the Offering (issued);
- b. a further 100,000 Common Shares on or before August 19, 2008 (issued);
- c. a further 100,000 Common Shares on or before August 19, 2009 (issued); and
- d. a further 100,000 Common Shares on or before August 19, 2010.

Exploration Expenditures

- a. \$100,000 on or before December 31, 2007 (incurred);
- b. a further \$250,000 on or before December 31, 2008 (incurred);
- c. a further \$300,000 on or before December 31, 2009 (incurred); and
- d. a further \$350,000 on or before December 31, 2010.

The Company has the option to acquire a further 9% interest in the Needle Lake Property, for a total interest of 60%, by incurring an additional \$1,000,000 in exploration expenditures on or before December 31, 2011.

Upon earning its 51%, the Company and Kaminak will operate the Needle Lake Property on a joint venture basis and the parties will enter into a joint venture agreement at that time.

The Needle Lake Property is subject to a 0.25% net smelter royalty in favour of each of 678119 Alberta Ltd., 677081 Alberta Ltd., 655110 Alberta Ltd. and Stewart Holdings Ltd., for an aggregate 1% net smelter royalty.

The Needle Lake Property comprises two contiguous claims with a total area of 2090.21 hectares located approximately 460 km northeast of Yellowknife, 200 km southeast of the Lupin Mine owned by Wolfden Resources Inc., and 70 km south of the George and Goose Lake deposits owned by Dundee Precious Metals Inc. Gold exploration in the area has been largely driven by significant discoveries of iron formation-hosted gold at the Lupin Mine, which produced 3.37 million ounces of gold from 1982-2005.

The Needle property has had limited previous exploration, the last major phase of which occurred in 1990 when drilling yielded mineralized intersections in three holes, including 9.46 g/t Au over 3.43 m in one hole and 11.58 g/t Au over 2.02 m in another. These intersections appear to be on the same northerly trending structure, which is untested along strike in both directions and down dip. Furthermore, during field work in 2007, TerraX collected a grab sample which ran 14.8 g/t Au on the surface projection of the structure. TerraX planned to drill five holes on this target in 2008.

An independent technical report dated November 27, 2007 entitled, "Technical Report on the Gold and Diamond Potential of the Needle Lake Property, western Nunavut, Canada" (the "Needle Lake Report") was prepared for the Company by Robert B. L'Heureux, M.Sc., P.Geol. The Needle Lake Report has been filed with the Securities Commissions and is available for review on the SEDAR database at www.sedar.com.

In the Needle Lake Report, Mr. L'Heureux has recommended a two-phase exploration program in which some drilling will be dependent on results from phase I work. The first phase would include the construction of an all-weather camp on the Needle 1 and 2 claims followed by drilling, ground geophysics and field work. Based on presently available data, a series of several west-trending drill holes across the north-trending mineralized structure to the north and south of previous intersections would be justified in Phase I. Ground geophysical surveys conducted during Phase I will help refine the location of potential additional drill holes for the second phase of exploration. Consideration should also be given to more rock and mudboil sampling and surficial geology mapping to be conducted during both phases. The Phase I program was budgeted at \$663,480. The Phase II program is estimated to cost \$692,340.

On August 16, 2008 TerraX began drilling at the Needle Gold Property. The 2008 exploration program was comprised of a five hole drill program that tested extensions from the main Needle Gold Zone, which was drilled by previous workers in 1990. Data examination revealed evidence that the three mineralized intercepts from the 1990 drill program occur on the same structure, which remained untested along strike or down dip. Drill results from 1990 at the Needle Zone include 9.46 g/t Au over 3.43m of core length and 11.58 g/t Au over a 2.02m core length.

In addition, the current drill program tested a new vein structure identified during fieldwork conducted by TerraX in 2007 (486 g/t Au assay from a large (> 1 cubic m), angular boulder/subcrop), located within 100 metres of the mineralized structure described above. No previous drilling had been completed over this target.

Finally, the drill program tested a new style of mineralization that was discovered on the property and consists of zinc and lead-rich precious metal occurrences. An outcropping surface grab sample from one such discovery yielded 24 g/t Au, 70 g/t Ag, 1.7% Zn and 0.5% Pb. This occurrence is coincident with a geophysical conductor which has yet to be fully defined. Previous prospecting along this conductor has resulted in seven anomalous Au samples (3.0 g/t to 41.7 g/t). A GPS controlled VLF survey was completed over this target area to help determine drill collar locations and orientation. No previous drilling had been completed over this target, and one hole was drilled to test this area during the current drill campaign.

On October 24, 2008 TerraX announced the assay results from the Needle Lake drill program.

Holes TXR08-001, 002 and 004 were drilled on extensions to the main zone drilled in 1990. All holes intersected the mineralized zones where they had been projected from previous drilling. Although these holes confirmed strike and dip extensions to the main mineralized zone on the property, none of the results were as high grade as previous drilling. TerraX's best intersection in TXR008-004 (2.47 g/t Au over 3.25 m) is the most southerly drill hole on the zone and indicates that the zone remains open along a 2 km magnetic trend. The northern extension of the zone goes under Needle Lake and would require winter drilling off the ice. TerraX will continue to assess the extensions of this zone.

Hole TXR08-003 tested the vein structure discovered by surface prospecting. The hole intersected two narrow zones of quartz veining with results of 1.17 g/t Au over 0.65 m and 1.03 g/t Au over 1.27 m.

No significant mineralization was encountered in TXR08-005 which was designed to test the zinc and lead precious metal occurrence. TerraX will review the work done to date on this target to ascertain why it was missed in the drilling, and to better target future exploration.

2008 Needle Gold Assay Results

Hole No.	From (m)	To (m)	Interval (m)	Au Grade (g/t)
TXR08-001	40.15	48.62	8.47	0.44
TRX08-002	80.35	83.05	2.70	0.80
TXR08-003	22.00	22.65	0.65	1.17
and	29.53	30.80	1.27	1.03
TXR08-004	34.60	37.85	3.25	2.47
and	71.40	74.35	2.95	1.09
TXR08-005	No significant values			

Drill holes were designed to intersect zones at right angles and reported drill intercepts are approximately true widths.

TerraX's exploration program was supervised by Joseph Campbell, P.Geo., TerraX's President and CEO, who serves as a Qualified Person under the definition of National Instrument 43-101 for the purpose of this disclosure. Drilling assays were completed at TSL Laboratories in Saskatoon, Saskatchewan. Reference standards were inserted into the sample streams as part of a comprehensive QA/QC program to ensure accurate results.

The Company spent a total of \$631,514 on exploration of the Needle property during the year ended January 31, 2009. This total was comprised of \$56,150 for geologic consulting, \$204,792 for drilling and assays and \$370,572 for field expenses.

Sunbeam-Pettigrew Property, Ontario

On April 15, 2009 TerraX entered into an option to acquire a 100% interest in the Sunbeam-Pettigrew gold property in northwest Ontario. The property consists of 27 claims totalling 350 claim units (~55 km²) located 25 km northeast of the town of Atikokan, 180 km west of Thunder Bay and 15 km from Brett Resources' Hammond Reef deposit, which contains a National Instrument 43-101 compliant resource of 141.5 Mt @ 1.05 g/t Au (approximately 4.8 Moz Au). The geology and known mineralization on the Sunbeam-Pettigrew property are similar to the Hammond Reef deposit where Brett Resources (TSX-V: BBR) has reported wide zones of mineralization, such as 154.5 m @ 1.21 g/t Au.

The option agreement provides for an immediate non-refundable payment of \$10,000 to the vendors (which has been paid), followed by a due diligence period that ends on May 30, 2009. TerraX can earn a 100% interest in the property over a three year period by making option payments totalling \$210,000, issuing 600,000 shares, and funding \$450,000 of exploration and development work. The vendors will retain a 2.5% NSR, 1% of which can be purchased for \$1,000,000. An annual pre-production royalty of \$20,000 will also be in effect, commencing on April 15, 2013.

The property occurs in the Archean Marmion Batholith, which contains a number of phases, varying from tonalite to quartz diorite. Gold mineralization is associated with northeast-trending lineaments traceable for up to 80 km within and along the margin of the batholith. The lineaments are thought to represent faults or shear zones. Mineralization occurs in and adjacent to quartz vein systems within the shear zone, and is associated with pyrite and alteration consisting of sericitization, saussuritization, carbonatization and chloritization. The Hammond Reef deposit occurs on the western edge of the Marmion Batholith.

The Sunbeam-Pettigrew property occurs in the central part of the batholith, 15 km from the Hammond Reef deposit. The property contains two northeast-trending intermittently mineralized zones: the so-called Sunbeam-Atiko Shear Zone and the Pettigrew-Jack Lake Shear Zone. Both shear zones contain significant gold occurrences, including past producers, over approximately 15 km of strike length. Historic gold values from these showings reportedly range from less than one gram per tonne to 898 grams per tonne (sample collected by Ontario Geological Survey). The majority of the previous work on the property was around 1900; exploration activity since then has been highly intermittent, and no work has been completed since 1990. A 1982 drill hole on the property intercepted 8.5 m @ 4.8 g/t Au, including 1.8 m @ 15.8 g/t Au. The presence of regional shear zones as controls on mineralization does not appear to have been recognized during previous exploration, and all previous work was concentrated on exposed quartz veins. Exploration for a large low grade deposit similar to Hammond Reef has not been undertaken. Although the over-riding target for TerraX is a large, low grade gold deposit, the grade reported from some of the showings on the property suggests that a smaller, higher grade deposit might also be present.

TerraX's initial plans for the property include following up known mineralization and mapping/prospecting of structural targets. The discovery of the Rubble showing (up to 48.6 g/t Au grab sample) during staking in 2008 attests to the strong possibility of finding additional mineralization at surface on the property. Results from a government-sponsored airborne magnetic survey, justified in part by the results of Brett Resources' exploration, will be released in the next several months. This data should help TerraX develop additional targets on the property.

The foregoing technical information has been verified by Dr. Tom Setterfield, PhD, PGeo., Vice President Exploration, who is a Qualified Person as defined in "*National Instrument 43-101, Standards of Disclosure for Mineral Properties.*" Closing of the proposed transaction is subject to satisfactory completion of due diligence by TerraX and to acceptance for filing by the TSX Venture Exchange.

Current Economic Conditions

During 2008, particularly in the fourth quarter, the ongoing global credit crisis and economic weakness have made for extremely volatile capital markets characterized by plunging equity and commodity prices and an environment in which few opportunities exist to raise additional capital. TerraX has taken precautions and implemented initiatives to preserve its cash reserves. The Company has commitments in the future (later this year and beyond) on its mineral properties and the Company may be forced to abandon and write-off 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. However, the Company currently has sufficient cash to meet all obligations during fiscal 2010 and does not believe that any write-downs of its mineral properties are required at this time. The Company will be reviewing its mineral property commitments as well as its capital position on an ongoing basis during fiscal 2009 and may elect to abandon properties when obligations become due if management deems it necessary in order to maintain the long-term viability of the Company.

Results of Operations – Year ended January 31, 2009

Operating expenses for the year ended January 31, 2009 totaled \$170,738 as compared to \$66,091 during the period from inception on August 1, 2007 to January 31, 2008. The significant expenditures were as follows:

During the year ended January 31, 2009 the Company incurred \$18,468 for office, rent and expenses, which was comparable, on an annualized basis, to the \$9,358 incurred during the same period a year prior.

Professional fees increased to \$26,478 during the year ended January 31, 2009 from the \$13,065 incurred during the comparable period a year prior due to additional audit fees incurred during the current year.

During the year ended January 31, 2009 the Company incurred stock-based compensation expense, a non-cash expense, of \$92,865 for 750,000 options granted to directors, officers and consultants during the period. This compares to stock-based compensation expense of \$31,000 charged during the same period a year prior for 1,550,000 escrowed shares issued to founders of the Company.

The Company spent \$12,871 for transfer agent, filing fees and shareholder communications during the year ended January 31, 2009. There was no comparable expense during the same period a year prior when the Company was still private.

Management fees of \$20,000 were incurred during the year ended January 31, 2009. There were no management fees incurred during the same period a year prior.

Travel expenses of \$56 were incurred during the year ended January 31, 2009. This compares to travel expenses of \$5,318 incurred during the same period a year prior for property visits.

During the year ended January 31, 2009 the Company earned interest income of \$9,258 on short-term investments and cash on hand. This compares to \$1,643 earned on cash on hand during the period ended January 31, 2009.

As a result of the foregoing, the Company incurred a net loss for the year ended January 31, 2009 of \$161,480 as compared to a loss of \$64,448 for the comparable period a year prior.

Selected Annual Information

	Year ended January 31, 2009	Period from inception on August 1, 2007 to January 31, 2008
Revenue	Nil	Nil
Income (Loss) before Other Items	(170,738)	(66,091)
Per Share	(0.02)	(0.02)
Net Income or (Loss)	(161,480)	(64,448)
Per Share	(0.02)	(0.02)
Total assets	\$1,084,201	\$377,052
Long-Term Liabilities	Nil	Nil

The net loss for the fiscal year ended January 31, 2009 of \$161,480 represented an increase, on an annualized basis, from the net loss incurred during fiscal 2008 of \$64,448 (\$128,896 on an annualized basis) due to increased levels of expenditure during the current period in all categories related to the Company becoming publicly traded during the current fiscal period. Expenditures were incurred during fiscal 2009 for management fees and transfer agent, filing fees and shareholder communications expenses \$32,871 that were not incurred during the prior fiscal period, when the Company was privately held.

Summary of Quarterly Results

	Q4-09 <small>(January 31, 2009)</small>	Q3-09 <small>(October 31, 2008)</small>	Q2-09 <small>(July 31, 2008)</small>	Q1-09 <small>(April 30, 2008)</small>
Revenue	Nil	Nil	Nil	Nil
Net Loss (\$)	13,478	24,612	119,770	3,620
Per Share	0.01	0.01	0.02	0.01

A “Summary of Quarterly Results” has only been prepared for the first, second, third and fourth quarters of fiscal 2009 as the Company was only incorporated on August 1, 2007 and was private during the past fiscal period ended January 31, 2008 and therefore did not prepare any quarterly financial reports during that period.

The loss during the second quarter of fiscal 2009 (the three month period ended July 31, 2008) increased to \$119,770 from the loss of \$3,620 incurred during the prior fiscal quarter primarily due to stock based compensation expense of \$92,865 (a non-cash item) incurred during the second quarter for 750,000 stock options granted during the period. As TerraX also became a public company during the second quarter, it also incurred additional expenses for transfer agent, filing fees and shareholder communications of \$6,590 and additional professional fees of \$12,259 during the period. These additional charges will continue to be incurred during subsequent quarters.

The loss for the third quarter of fiscal 2009 decreased to \$24,612 from the \$119,770 incurred during the second quarter of fiscal 2008 primarily due to the elimination of stock based compensation expense, a non-cash item, as there were no stock options granted or vested during the current period.

The loss for the fourth quarter of fiscal 2009 decreased to \$13,478 from the \$24,612 incurred during the third quarter of fiscal 2008 primarily due to the elimination of management fees during the fourth quarter in order to conserve cash.

Liquidity and Capital Resources

TerraX is in the development stage and therefore has no regular cash flow. As at January 31, 2009, the Company had working capital of \$276,169, inclusive of cash and short-term investments of \$284,808. This compares to working capital of \$219,365 at January 31, 2008, inclusive of cash and short-term investments on hand at that time of \$233,379.

As at January 31, 2009, the Company had current assets of \$287,000, total assets of \$1,084,201 and total liabilities of \$10,831. The Company has no long-term debt. There are no known trends in the Company's liquidity or capital resources.

The principal asset of the Company is its mineral exploration property, amounting to \$797,201 as at January 31, 2009.

The increase in cash during the year ended January 31, 2009 of \$16,429 was due to cash used in operating activities of \$59,490, cash used in mineral exploration of \$656,514 cash invested in short-term investments of \$35,000 and cash used to repay advances from related parties of \$14,500, offset by deferred finance charges of \$22,500 and by cash received from the issuance of common shares of \$759,433. During the year ended January 31, 2008 cash increased by \$18,379 as a result of cash received from the issuance of shares of \$391,000 and advances from related parties of \$14,500, offset by short-term investments of \$215,000, expenditures on mineral properties of \$115,687, cash used for deferred finance charges of \$22,500 and cash used in operating activities of \$33,934.

The Company has sufficient funds on hand at January 31, 2009 to fund its operating expenses for the balance of the current fiscal year and through fiscal 2010 but will not have sufficient cash to fund further exploration on the Needle Lake Property and may have to obtain other financing or raise additional funds in order to do so. Although the company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company may in the future 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.

Changes in Accounting Policies

Adoption of New Accounting Standards and Accounting Pronouncements

Effective January 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements:

(i) *Financial Instrument Disclosures and Presentation*

CICA Handbook Sections 3862 "*Financial Instruments – Disclosures*" and Section 3863 "*Financial Instruments – Presentation*" replace Section 3861 "*Financial Instruments – Disclosure and Presentation*". The new standards carry forward the presentation requirements for financial instruments and enhance the disclosure requirements by placing increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

(ii) *Capital Disclosures*

CICA Handbook Section 1535 requires the company to disclose (a) its objectives, policies and processes for managing capital; (b) quantitative data about what the entity regards as capital; (c) whether the entity has complied with any capital requirements; and (d) if it has not complied, the consequences of such noncompliance.

(iv) *Going Concern*

CICA Handbook Section 1400 - General Standards of Financial Statements. The new standard requires management to make an assessment of the Company's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

New Accounting Pronouncements Effective in Future Periods

CICA Handbook Section 3064 - Goodwill and other intangibles assets. This new section replaces Section 3062, Goodwill and other intangible assets and Section 3450, Research and development costs. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Management does not expect the adoption of this new standard to have a material impact on the financial statements of the Company or its business. The Company will adopt the new standards for its fiscal year beginning February 1, 2009.

In 2006, the Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS,

replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transitional date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended January 31, 2010. Management has attended briefing seminars on the transition to IFRS, and we are awaiting the release of various exposure drafts and reports which will more clearly define the accounting standards for the mining exploration industry.

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.

Related Party Transactions

During the year ended January 31, 2009, \$18,000 (2008 - \$9,000) was paid to a private company wholly-owned by Stuart Rogers, a director and officer of the Company, for office rent and administration services provided to the Company.

During this same period, the Company paid \$20,000 (2008 - Nil) for management fees to a private company in which Joe Campbell, the President of the Company, and Tom Setterfield, a director of the Company, are principals. In addition, the Company paid \$55,281 (2008 - 32,138) to this same private company for geologic consulting services incurred on the Needle Property.

These amounts were incurred in the ordinary course of business.

Financial Instruments

The Company's financial instruments consist of cash, cash equivalents, receivables, accounts payable and accrued liabilities, notes payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Contingencies

The Company is aware of no contingencies or pending legal proceedings as of May 8, 2009.

Off Balance Sheet Arrangements

The Corporation has no off Balance Sheet arrangements

Equity Securities Issued and Outstanding

The Company had 9,115,000 common shares issued and outstanding as of May 8, 2009. In addition, there were 750,000 stock options and a total of 50,000 warrants outstanding as of May 8, 2009.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company’s operations in the jurisdictions in which it operates.