

RARA TERRA CAPITAL CORP.

QUARTERLY REPORT

for the three months ended December 31, 2010

Management's discussion and analysis is prepared as of December 31, 2010 and provides a review of the performance of the Company and should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and nine month periods ended December 31, 2010 and related notes included therein which are prepared in accordance with Canadian generally accepted accounting principles. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements contained in this document constitute "forward looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by law.

MANAGEMENT DISCUSSION AND ANALYSIS

1.1 Date of Report: Feb 10, 2011

1.2 Overall Performance

Nature of Business and Overall Performance

RARA TERRA CAPITAL CORP. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on December 17, 2009. The Company is in the development stage and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange ("TSX"). The Company's intention was to list its common shares on the TSX and complete a Qualifying Transaction (as defined).

On June 3, 2010, the Company filed a prospectus in British Columbia and Alberta to qualify for public sale and distribution of a minimum of 2,000,000 and a maximum of 3,000,000 common shares of the Company in an Initial Public Offering ("IPO") at \$0.10 per share for gross proceeds of a minimum of \$200,000 and a maximum of \$300,000.

On August 27, 2010 the Company completed its IPO of 3,000,000 common shares in the capital of the Company at a price of \$0.10 per common share for gross proceeds of \$300,000. The Company paid the agent a cash commission equal to 10% of the gross proceeds and granted non-transferable agent's warrants to purchase 300,000 common shares of the Company equal to 10% of the common shares sold in the IPO. The agent's warrants are exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange ("Exchange") at a price of \$0.10 per common share provided no more than 50% of the common shares which may be acquired on exercise of the warrants are sold by the agent prior to completion of the Qualifying Transaction. The agent also received a corporate finance fee of \$21,000 (plus HST).

The Company also granted to the directors and officers options to acquire 450,000 common shares at a price of \$0.10 per common share for a period of five years from the date the common shares are listed on the Exchange.

The Company's principle business is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the TSX. The Company is required to complete its Qualifying Transaction within twenty-four months of listing on the TSX. The acquisition will be subject to shareholder and regulatory approval.

The Company does not have business operations or assets other than cash.

On December 1, 2010, Rara Terra announced (refer to the Company's news release on www.SEDAR.com):

1. That it had signed a letter of intent dated November 29, 2010 (the "LOI") with American Manganese Inc. (TSX-V: AMY) ("American Manganese") to acquire up to 60% of the right, title and interest of American Manganese in the Lonnie property (the "Lonnie Property" or the "Property"), a niobium and rare earth property located in the Omineca Mining Division of British Columbia (the "Transaction"). The Company's Shares were halted on the November 30, 2010 pending receipt by the Exchange of certain required materials from the Company.

The Lonnie Property consists of 8 mineral claims, totalling 1605 hectares, and is located on Granite Creek, south east of Manson Creek in North Central British Columbia, approximately three hours drive north of Fort St. James. The Property is more specifically situated at latitude 55°41'N, longitude 124°23'E (UTM 413,300E, 6,171,300N) on NTS Map Sheet 93N/9W. Altitude on the Property varies between 3200 feet and 4000 feet. While historically known for its showings of niobium, the Lonnie Property has more recently become of interest for its rare earth elements showings.

Pursuant to the terms of the LOI, as consideration for the acquisition of the interest in the Lonnie Property, Rara Terra agreed to pay American Manganese cash payments totaling \$60,000 and issue to American Manganese 285,000 common shares of the Company over the three year term of an option agreement to be entered into between the Company and American Manganese (the "Definitive Agreement"). Rara Terra also committed to incur exploration expenditures totaling \$500,000 over the three year term of the Definitive Agreement.

Subject to the approval of the Exchange, a finder's fee will be paid to each of David Heyman and Nick Horsley, who are arm's length parties to the Company and American Manganese, in connection with the Proposed Transaction. The finder's fee payable to Mr. Heyman was expected to consist of a total cash payment of \$3,000 and the issuance of a total of 15,000

Shares of the Company. The finder's fee payable to Mr. Horsley was expected to consist of a total cash payment of \$3,000 and the issuance of a total of 15,000 Shares of the Company.

The Transaction is subject to the approval of the TSX Venture Exchange (the "Exchange") and is intended to constitute Rara Terra's "Qualifying Transaction" ("QT") as defined in Exchange Policy 2.4 concerning capital pool companies (the "CPC Policy").

As Rara Terra and American Manganese are at arm's length, the proposed Transaction will not be a Non-Arm's Length Qualifying Transaction, as defined in the policies of the Exchange. Accordingly, it is expected that a valuation will not be required and that the QT will not be subject to approval of the shareholders of the Company.

The QT may be subject to the provisions of the CPC Policy relating to sponsorship and sponsorship requirements. Rara Terra may make an application to the Exchange for a waiver of the sponsorship requirements. There are no assurances that the Exchange will grant such waiver. If a waiver is not received, Rara Terra expects to retain Global Securities Corp. ("Global Securities") to act as sponsor for the QT pursuant to Global Securities' right of first refusal under Rara Terra's current agency agreement with Global Securities that was entered into in connection with the Company's initial public offering.

The proposed Transaction will be subject to a number of conditions, including, but not limited to, the following: negotiation and execution of the Definitive Agreement; the satisfaction of the initial listing requirements of the Exchange; Exchange approval of the QT; receipt of a report with respect to the Lonnie Property completed in accordance with NI 43-101; entry into a sponsorship agreement or obtaining a waiver of sponsorship; and receipt of the approval of the board of directors of Rara Terra.

2. Subsequent to the QT, Rara Terra or a subsidiary intends to acquire 100% of the right, title and interest of Golden Santa Cruz S.A., an Argentine Corporation ("GSC") in the Las Chacras property (the "Las Chacras Property"), located in the Sierra Pampeanas range in the province of San Luis in the west of Argentina, for a cash payment of \$25,000 and the issuance of 3,000,000 Shares to GSC, which Shares shall be subject to a milestone-driven release formula and an escrow agreement to be entered into between Rara Terra, GSC's principles and an escrow agent. The Las Chacras Property is prospective for rare earth elements and is proximal to the Rodeo de Los Molles REE property currently under option by Wealth Minerals Ltd. (TSX-Venture: WML).
3. Christopher Ecclestone, a principal of GSC, will become Chief Executive Officer and President of Rara Terra. At Closing, Alexander Helmel will step down as President and CEO of Rara Terra. Christopher Ecclestone is a Principal at the boutique New York investment bank, Hallgarten & Company, which specializes in mining-related businesses. He is well-known for his consultancy to the rare earths and specialty metals industries. Prior to this position, he was the head of research at an economic think-tank in New Jersey which he joined in 2001. For ten years prior to that he was the Founding Principal of the Argentine equity research house, Buenos Aires Trust Company, from 1991 until 2001. As such he has extensive experience doing business in Latin America. Prior to his arrival in Argentina, he worked in London as a corporate finance and equities analyst and as a freelance consultant on the restructuring of the securities industry. He has also worked for the Federal and State governments in Australia. He is a native of Melbourne, Australia and graduated in 1981 from the Royal Melbourne Institute of Technology.

4. In connection with the proposed Transaction, Rara Terra also plans to complete a concurrent private placement to raise gross aggregate proceeds of up to \$2,950,000, the exact terms of which will be determined at a later date. The Company intends to use the proceeds of the private placement to fund the acquisition costs of the proposed QT, to finance the work program as detailed in the NI 43-101 report, and to finance the general working capital expenses of the resulting issuer upon completion of the QT. A finder's fee may be paid on the private placement on terms to be determined. Rara Terra will issue a subsequent news release once the Company has finalized the terms of the proposed private placement.

Following completion of the QT, the resulting issuer will be classified as a mining issuer under the policies of the Exchange and will proceed to carry on business in the mining exploration sector.

In December 2010, Rara Terra engaged Norm Tribe, P. Eng., of the geological consulting firm N. Tribe & Associates Ltd., for the purpose of preparing a report in accordance with National Instrument 43-101 ("NI 43-101") with respect to the Property. Mr. Tribe issued his report on December 15, 2010. The report contains a proposed work program and budget for the exploration and development of the Lonnie Property. It is anticipated that the Company will be able to cover the costs of this program with its existing resources and the funds obtained through a proposed private placement which is described below, but, should the actual amounts be greater than anticipated, the Company may need to obtain further financing.

On January 31, 2011 the Company and American Manganese executed the Definitive Agreement which agreement contained the material terms described above.

All of the financial data has been prepared in accordance with Canadian Generally Accepted Accounting Principles and all figures are stated in Canadian dollars.

Discussion of Operations and Financial Condition

Operations during the three months ended December 31, 2010 were primarily related to the identification and negotiation of a Qualifying Transaction. The Company incurred costs related to identifying and negotiating a Qualifying Transaction, which costs were deferred or expensed as identified in the financial statements.

There were no investor relations arrangements entered into during the period.

There were no transactions with related parties other than the payment of rent for office space and the reimbursement of expenses incurred by the Company's officers and directors.

There also were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

At December 31, 2010, the Company had not yet achieved profitable operations, had accumulated a deficit of \$98,649 (September 30, 2010: \$62,463), had working capital of \$320,349 (September 30, 2010: \$386,534) which may not be sufficient to sustain operations over the next twelve months and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in a Qualifying Transaction.

The fiscal year-end of the Company is March 31.

1.3 Selected Annual Information

N/A

1.4 Results of Operations

The Company has not yet generated revenue to date and has reported net losses since inception of the Company.

Net loss during the three months ended December 31, 2010 was \$36,186 (September 30, 2010: \$48,986) and was comprised of general and administrative operating costs and to costs related primarily to the identification, negotiation and completion of a Qualifying Transaction.

1.5 Summary of Quarterly Results

The following is a summary of the Company's financial results for the four most recently completed quarters. The financial data has been prepared in accordance with Canadian Generally Accepted Accounting Principles and all figures are stated in Canadian dollars.

	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Net Loss	\$36,186	\$48,986	\$5,509	\$7,968
Basic & Diluted Net Loss Per Common Share	\$0.01	\$0.01	\$0.00	\$0.01

1.6 Liquidity

The Company has total assets of \$377,822 (September 30, 2010: \$409,046). The primary assets of the Company are cash of \$335,345 (September 30, 2010: \$402,060). The Company expects that it has adequate working capital, \$320,348 (September 30, 2010: \$386,534), to enable it to undertake its business of identifying and evaluating the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval, if required, and acceptance for filing by the TSX within the required twenty-four months of listing on the TSX.

The Company has contractual obligations for the use of cash which consist of its obligations under the Definitive Agreement to:

- invest up to \$500,000 in a Lonnie Property work program being:
 - \$100,000 on or before the first anniversary date of the acceptance of the Company's Qualifying Transaction by the TSXV;
 - \$100,000 on or before the second anniversary date of the acceptance of the Company's Qualifying Transaction by the TSXV;

- \$300,000 on or before the third anniversary date of the acceptance of the Company's Qualifying Transaction by the TSXV; and
- the payment of \$40,000 in two instalments, each of \$20,000, on the first and second anniversaries of the acceptance of the Company's Qualifying Transaction by the TSXV.

1.7 Capital Resources

The capital resources of the Company are primarily its cash of \$335,345 (September 30, 2010: \$402,060). The Company does not currently have any capital commitments.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

There are currently no transactions with related parties other than payments for office rent and reimbursement of expenses incurred by the Company's officers and directors.

1.10 Third Quarter

Operations during the three months ended December 31, 2010 were primarily related to the identification and negotiation of a Qualifying Transaction. The Company incurred costs primarily related to these activities. Other than the Lonnie Property letter of intent (as described above) no material contracts were entered into during the three month period ended December 31, 2010. There were no investor relations arrangements entered into during the period. There were no transactions with related parties other than the payment of rent for office space and the reimbursement of expenses incurred by the Company's officers and directors. There also were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period. At December 31, 2010, the Company had not yet achieved profitable operations.

1.11 Proposed Transactions

There are no other proposed transactions other than those that were described above (refer to "Nature of Business and Overall Performance").

1.12 Critical Accounting Estimates

N/A

1.13 Changes in Accounting Policies

There are no accounting policies that the Company has adopted or expects to adopt, other than what was disclosed in the annual March 31, 2010 financial statements (refer to the Company's audited financial statements incorporated in the Company's prospectus filed on SEDAR.com).

1.14 Financial Instruments and Other Instruments

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short maturity of those instruments. Unless otherwise noted, it is

managements' opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

1.15 Other MD&A Requirement

- (a) Additional information relating to the Company is on SEDAR at www.sedar.com.
- (b) Disclosure of Outstanding Share Data

Authorized:

Unlimited common shares without par value

Issued:	Number Of Shares	Amount
Balance as at December 17, 2009 (Incorporation)	1	\$ -
Common shares issued for cash at \$0.05 per share	2,200,000	110,000
Common shares issued for cash at \$0.10 per share	1,400,000	140,000
Common shares issued for cash at \$0.10 per share	3,000,000	300,000
Cancelled share	(1)	-
Share issuance costs	-	(150,616)
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Balance as at December 31, 2010	6,600,000	\$ 399,384
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(c) Initial Public Offering

On August 27, 2010 the Company completed its IPO of 3,000,000 common shares in the capital of the Company at a price of \$0.10 per common share for gross proceeds of \$300,000. The Company paid the agent a cash commission equal to 10% of the gross proceeds and granted non-transferable agent's warrants to purchase 300,000 common shares of the Company equal to 10% of the common shares sold in the IPO. The agent's warrants are exercisable for a period of 24 months from the date of listing on the TSX Venture Exchange ("Exchange") at a price of \$0.10 per common share provided no more than 50% of the common shares which may be acquired on exercise of the warrants are sold by the agent prior to completion of the Qualifying Transaction. The agent also received a corporate finance fee of \$21,000 (plus HST).

At December 31, 2010, the Company had incurred costs relating to the various financings in the amount of \$150,616 (September 30, 2010: \$150,616).

(d) Subsequent Event

On January 31, 2011 the Company and American Manganese executed the Definitive Agreement which agreement contained the material terms described above (refer to "Nature of Business and Overall Performance")