TERRA VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2008 and February 28, 2007

BDO Dunwoody LLP
Chartered Accountants and Advisors

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AUDITORS' REPORT

To the Shareholders,
Terra Ventures Inc.

We have audited the balance sheets of Terra Ventures Inc. as at February 29, 2008 and February 28, 2007 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2008 and February 28, 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Dunwoody LLP"

Chartered Accountants

Vancouver, Canada
June 10, 2008

TERRA VENTURES INC.
CONSOLIDATED BALANCE SHEETS
February 29, 2008 and February 28, 2007

ASSETS	2008	2007
Current		
Cash and cash equivalents	$ 7,978,014	$ 2,920,586
GST and other receivables	228,137	45,984
	8,206,151	2,966,570
Resource properties – Schedule 1, Notes 3 and 8	9,896,982	7,851,473
Equipment (net of accumulated amortization of $446)	4,904	-
Deposits in trust	13,670	-
	$ 18,121,707	$ 10,818,043
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Note 6	$ 63,497	$ 74,205
Loans payable – Note 4	-	257
	63,497	74,462
Future income tax liability – Note 7	-	157,000
	63,497	231,462
SHAREHOLDERS' EQUITY		
Share capital – Notes 5 and 11	26,589,728	12,925,827
Contributed surplus – Note 5	3,041,934	1,012,000
Deficit	(11,573,452)	(3,351,246)
	18,058,210	10,586,581
	$ 18,121,707	$ 10,818,043

Nature of Operations – Note 1
Commitments – Notes 3, 5 and 10
Subsequent Events – Note 11

APPROVED BY THE DIRECTORS:

"Gunther Roehlig" Director
Gunther Roehlig

"Robert McMorran" Director
Robert McMorran

SEE ACCOMPANYING NOTES

TERRA VENTURES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
for the years ended February 29, 2008 and February 28, 2007

	2008	2007
Expenses		
Amortization	$ 446	$ -
Bank charges and interest	3,884	401
Consulting fees – Note 6	181,637	35,270
Exploration expense	151,260	-
Legal, audit and accounting fees – Note 6	184,161	51,732
Management fees – Note 6	162,500	20,000
Office and miscellaneous – Note 6	75,035	14,395
Part XII.6 tax and goods and services tax	71,667	-
Rent – Notes 6 and 10	69,724	9,500
Resource property written-off – Note 3	6,091,195	-
Shareholder's communication	317,123	2,023
Stock-based compensation – Note 5	1,441,934	1,012,000
Tradeshow and marketing	467,703	200,450
Transfer agent and filing fees	77,289	74,974
Travel and accommodation	103,048	8,276
Loss before other items	(9,398,606)	(1,429,021)
Other items:		
Interest income	341,400	13,095
Loss before income taxes	(9,057,206)	(1,415,926)
Future income tax recovery – Note 7	835,000	566,000
Net loss and comprehensive loss for the year	(8,222,206)	(849,926)
Deficit, beginning of the year	(3,351,246)	(2,501,320)
Deficit, end of the year	$(11,573,452)	$ (3,351,246)
Basic and diluted loss per share	$ (0.21)	$ (0.07)
Weighted average number of shares outstanding	38,844,652	12,700,731

SEE ACCOMPANYING NOTES

TERRA VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended February 29, 2008 and February 28, 2007

	2008	2007
Operating Activities		
Net loss and comprehensive loss for the year	$ (8,222,206)	$ (849,926)
Items not affecting cash		
Amortization	446	-
Stock-based compensation	1,441,934	1,012,000
Resource property written-off	6,091,195	-
Future income tax recovery	(835,000)	(566,000)
	(1,523,631)	(403,926)
Changes in non-cash working capital items:		
GST and other receivables	(182,153)	(35,862)
Accounts payable and accrued liabilities	(10,708)	50,345
Cash used in operating activities	(1,716,492)	(389,443)
Investing Activities		
Acquisition of resource properties	(2,623,484)	(1,000,000)
Deferred exploration expenditures	(2,136,920)	(219,973)
Purchase of equipment	(5,350)	-
Deposits in trust	(13,670)	-
Cash used in investing activities	(4,779,424)	(1,219,973)
Financing Activities		
Loans payable	(257)	-
Issuance of common shares, net	11,553,601	4,506,639
Cash provided by financing activities	11,553,344	4,506,639
Increase in cash during the year	5,057,428	2,897,223
Cash and cash equivalents, beginning of the year	2,920,586	23,363
Cash and cash equivalents, end of the year	$ 7,978,014	$ 2,920,586
Cash and cash equivalents are comprised of:		
Cash	$ 237,757	$ 807,586
Short-term investments	7,740,257	2,113,000
	$ 7,978,014	$ 2,920,586

Non-Cash Transactions – Note 8

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations

Terra Ventures Inc. (the "Company") is a public company listed on the TSX Venture Exchange and is in the business of acquiring, exploring and evaluating mineral resource properties and interests, and either joint venturing or developing these properties and interests further or disposing of them when the evaluation is completed. At February 29, 2008, the Company was in the exploration stage and had interests in properties located in Canada and the USA.

The Company is currently exploring its mineral properties and has not yet determined the existence of economically recoverable reserves. The recoverability of amounts shown for mineral properties and its investments is dependent upon the existence of economically recoverable reserves in its mineral properties, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete their development, and the attainment and maintenance of future profitable production or disposition thereof.

Note 2 Summary of Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada and are stated in Canadian dollars. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgement. Actual results may differ from these estimates.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Principles of Consolidation

These financial statements include the accounts of the Company and it wholly-owned subsidiary, Terra Uranium USA Inc., incorporated May 14, 2007 in the state of Utah, USA. All significant inter-company balances and transactions have been eliminated.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of certificates of deposit and bankers' acceptances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Note 2 Summary of Significant Accounting Policies – (cont'd)

c) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

d) Equipment and Amortization

The Company records its acquisition of equipment at cost. Amortization is computed using the declining balance method at an annual rate of 20%.

e) Impairment of Long Lived Assets

Canadian generally accepted accounting principles require that long-lived assets and intangibles to be held and used by the Company be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, impairment is recognized. Management believes there has been no impairment of the Company's long-lived assets as at February 29, 2008 and February 28, 2007 other than the resource property written off.

f) Asset Retirement Obligations ("ARO")

The Company records a liability for the fair value of the statutory, contractual or legal asset retirement obligations associated with the retirement and reclamation of tangible long-lived assets when it is incurred, with a corresponding increase to the carrying amount of the related assets. This corresponding increase to capitalized costs is amortized to earnings on a basis consistent with amortization, depletion and amortization of the underlying assets.

Note 2 Summary of Significant Accounting Policies – (cont'd)

f) Asset Retirement Obligations ("ARO") – (cont'd)

Subsequent changes in the estimated fair value of the ARO are capitalized and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the consolidated balance sheet at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included as an operating item in the statements of operations.

As at February 29, 2008 and February 28, 2007, the Company had no asset retirement obligations.

g) Basic and Diluted Loss Per Share

Basic loss per share is calculated by dividing the net loss for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

For the year ended February 29, 2008, potentially dilutive common shares (relating to share purchase options, warrants outstanding and shares to be issued on resource property option agreements) totalling 10,272,250 (year ended February 28, 2007: 3,281,250) were not included in the computation of loss per share because their effect was anti-dilutive.

h) Foreign Currency Translation

Monetary items denominated in a foreign currency, other than Canadian dollars, are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets are acquired or obligations incurred. Foreign currency denomination revenue and expense items are translated at exchange rates prevailing at the transaction dates. Gains or losses arising from the translations are recognized in the current period.

i) Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

Note 2 Summary of Significant Accounting Policies – (cont'd)

j) Stock-based Compensation Plan

The Company has a stock-based compensation plan (Note 5), whereby stock options are granted in accordance with the policies of regulatory authorities. The Company records a compensation cost attributable to all share purchase options granted at fair value at the grant date using the Black-Scholes option valuation model and the fair value of all share purchase options are expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

k) Flow-through Shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. The tax effect related to renounced expenditures is recorded as a reduction of share capital and an increase in future income tax liabilities. Recognition of previously unrecorded future income tax assets is credited to income tax expense.

l) Broker Warrants

Warrants issued to agents or brokers in connection with a financing are recorded at fair value and charged to issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Proceeds of broker warrant exercises are credited to share capital together with the corresponding amount, if any, of the original warrant charge included in contributed surplus.

m) Changes in Accounting Policy

On March 1, 2007, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments – Recognition and Measurement" and Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Note 2 Summary of Significant Accounting Policies – (cont'd)

m) Changes in Accounting Policy – (cont'd)

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost.

Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in operations.

Under adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and loans payable are classified as other financial liabilities, which are measured at amortized cost.

The adoption of these Handbook Sections had no impact on opening deficit or accumulated other comprehensive income.

n) Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs ("EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective February 29, 2008 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

o) Future Accounting Changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These standards are effective for interim and annual financial statements for the Company's reporting period beginning on March 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. Accounting standards for public companies in Canada are expected to converge with the International Financial Reporting Standards (IFRS) as at January 1, 2011.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets and is effective for the Company beginning March 1, 2009. Concurrent with the adoption of this standard, EIC-27, "Revenues and Expenditures in the Pre-operating Period," will be withdrawn. The adoption of this standard is not expected to have a significant impact on the Company's financial statements.

In May 2007, the CICA issued amended Handbook Section 1400, "General Standards of Financial Statement Presentation." The section provides revised guidance related to management's responsibility to assess and disclose the ability of an entity to continue as a going concern. This amended standard applies to interim and annual financial statements for fiscal years beginning on or after January 1, 2008. The adoption of this standard is not expected to have a significant impact on the Company's financial statements.

Note 3 Resource Properties – Schedule 1 and Note 8

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

The Company has investigated title to all of its mineral properties and, to the best of its knowledge, titles to all of its properties are in good standing. Described below are commitments with respect to various properties the Company has acquired or has acquired ownership rights to as at February 29, 2008.

a) Carswell Lake Uranium Property, Saskatchewan

By a Sale and Purchase Agreement ("the S&P Agreement") dated April 25, 2006, the Company acquired a 100% interest in 44 mineral dispositions and two claim units known as the Carswell Lake Uranium Property located in the Athabasca Basin of northern Saskatchewan. Pursuant to the terms of the S&P Agreement the Company paid the property vendors $1,000,000 cash and issued 2,500,000 common shares of the Company. In addition, the vendors were granted a 2% net smelter return and a 2% gross overriding royalty.

A finder's fee of 190,000 common shares was paid by the Company in connection with the property acquisition.

Based on the exploration results to date, the carrying costs of the property and other matters, the Company determined in January 2008 to return the claims to the vendor and accordingly the resource property costs associated with the property totalling $6,091,195 were written-off.

b) Titan Production Carried Interest, Saskatchewan

By agreement dated January 12, 2007, between the Company and certain arms-length vendors ("the Vendors") ("the Titan Agreement"), the Company purchased the Vendors' 10% production carried interest ("the Titan Production Interest") in 34 claims held by Titan Uranium Inc. ("Titan") comprising 310,158 acres in seven separate projects located in the southwestern and northeastern parts of the Athabasca Basin, Saskatchewan.

As consideration for acquiring the Titan Production interest, the Company issued 2,000,000 of its common shares to the Vendors. The Titan Production Interest remains in effect until the commencement of commercial production by Titan on one or more of the claims. At the time of commencement of commercial production, Titan is entitled to recover 10% of the aggregate expenditures incurred after February 5, 2007, with respect to putting the respective claim(s) into production. The cost recovery to Titan is to be paid from a portion of the production profits otherwise due to the Company.

Note 3 Resource Properties – Schedule 1 and Note 8 – (cont'd)

c) Lac Kachiwiss Property, Quebec

By agreement dated March 1, 2007, ("the Lac Kachiwiss Agreement") the Company acquired the Lac Kachiwiss Uranium Property located near Sept-Iles, Quebec. The Company acquired a 100% interest in the property by issuing to the vendor 2,000,000 of its common shares, with a market value of $1.55 per share totalling $3,100,000.

The Lac Kachiwiss Agreement also provides that the vendor will retain a 0.5% Net Smelter Royalty ("NSR") on any revenues generated from ore mined from the property. The Company has the right at any time until the day of commencement of commercial production to purchase back one-half (0.25%) of the NSR for $1,000,000.

The Company issued 106,000 of its common shares, with a market value of $1.55 per share totalling $164,300, as a finder's fee payment in connection with this transaction.

d) Hathor Production Carried Interest, Saskatchewan

By agreement dated March 30, 2007, the Company acquired from an arms-length third party, Bullion Fund Inc. ("Bullion"), an 8% carried working interest ("the Hathor Production Interest") in 7 claims comprising 56,360 acres in two separate projects located in the Athabasca Basin, Saskatchewan, of which 90% of the remaining 92% interest is held by a subsidiary of Hathor Exploration Ltd. The Hathor Production Interest remains in effect until the completion of a feasibility study on one or more of the claims. Thereafter, the Company is responsible for its pro-rata share of all costs to put the property into commercial production. Consideration paid by the Company for such interest was $2,300,000. A finder's fee of $69,000 was also paid.

e) Grand County Property, Utah, USA

By agreement dated June 18, 2007, the Company acquired a 100% interest in 208 unpatented Federal lode mining claims and one State lease, in four separate blocks, totalling 4,720 acres in Grand County, Utah. In order to vest its interest in the property the Company must make cash payments aggregating US$450,000 (US$75,000 paid) and issue an aggregate of 200,000 common shares (100,000 issued) over a period of five years. In addition the vendor has retained a 3% NSR which the Company may purchase for US$2,000,000.

The Company agreed to pay a finder's fee of 60,000 common shares in connection with this transaction. Of this amount, 20,000 shares were issued during the year ended February 29, 2008, at an ascribed value of $1.00 per share and a further 40,000 common shares will be issued pending regulatory approval.

Note 4 Loans Payable

	2008	2007
Loans payable, unsecured, non-interest bearing, due on demand.	$ -	$ 257

Note 5 Share Capital

a) Authorized:

Unlimited common shares without par value.

b) Issued:

	2008		2007	
	Number	Amount	Number	Amount
Balance, beginning of year	26,620,226	$ 12,925,827	10,626,476	$ 2,510,688
Issued during the year				
For cash				
Pursuant to private placements	11,100,000	12,450,000	5,203,750	4,163,000
Less:				
Issue costs - cash and other	-	(1,594,399)	-	(418,861)
- shares	100,000	110,000	-	-
Pursuant to exercise of share purchase warrants	-	-	6,100,000	762,500
Pursuant to resource property agreements	2,226,000	3,376,300	4,690,000	6,631,500
Future income tax on flow-through shares	-	(678,000)	-	(723,000)
Balance, end of year	40,046,226	$ 26,589,728	26,620,226	$ 12,925,827

c) Financings:

During the year ended February 29, 2008:

In April 2007 the Company completed a brokered private placement of 1,600,000 flow-through shares at $1.25 per share plus 9,500,000 units at $1.10 per unit for aggregate gross proceeds of $12,450,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company on or before October 3, 2008 at an exercise price of $1.40 per share. Proceeds from the issuance of the units have been allocated all to common shares and none to warrants.

In the event that the Company’s common shares trade at a closing price on the TSX Venture Exchange of greater than $2.25 per share for a period of 20 consecutive trading days at any time after August 4, 2007, the Company may accelerate the expiry date of the warrants by giving notice to the holders and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

Note 5 Share Capital – (cont'd)

c) Financings: – (cont'd)

The agents were paid a cash commission of $809,250, and were granted agent warrants exercisable for 666,000 shares of the Company at a price of $1.10 per share on or before October 3, 2008. With respect to the agent warrants issued, the fair value of these warrants ($588,000) as determined by an option pricing model was charged to share issue costs and credited to contributed surplus. In addition, a finder's fee of $60,000 and 100,000 common shares was paid, and legal and other issue costs of $27,149 were incurred.

During the year ended February 28, 2007:

The Company completed a brokered private placement of 2,641,250 flow-through common shares at a price of $0.80 per share and 2,562,500 non-flow-through units at a price of $0.80 per unit for aggregate gross proceeds of $4,163,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company until December 28, 2008 at a price of $1.20 per share. Proceeds from the issuance of the units have been allocated all to common shares and none to warrants.

A cash commission of $333,040 was paid to the agent in connection with the private placement and in addition $85,821 of legal and other expenses associated with the offering were also charged to share issue costs.

d) Escrow Shares

At February 29, 2008, 370,009 (2007: 370,009) common shares are held in escrow by the Company's transfer agent. The Company has applied to have the escrow shares cancelled.

e) Commitments:

i) Stock-based Compensation Plan

The Company has established a stock option plan in accordance with the policies of the TSX-V under which it is authorized to grant share purchase options up to 10% of its outstanding shares. The exercise price of options granted equals the market price of the Company's stock on the date of the grant. Unless otherwise stated, the options vest when granted. The options are for a maximum term of five years.

Note 5 Share Capital – (cont'd)

e) Commitments: – (cont'd)

i) Stock-based Compensation Plan – (cont'd

A summary of the status of the stock option plan as of February 29, 2008 and February 28, 2007 and changes during the years then ended is presented below.

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	2,000,000	$1.13	-	$ -
Granted	1,435,000	$1.39	2,000,000	$1.13
Balance, end of year	3,435,000	$1.22	2,000,000	$1.13
Exercisable, end of year	3,391,250		2,000,000	

The weighted average contractual remaining life of these options is 3.94 years.

The 43,750 unvested options at year end vested March 5, 2008.

At February 29, 2008, 3,435,000 share purchase options were outstanding entitling the holder thereof to acquire one share for each option held as follows:

Number of Options	Exercise Price	Expiry Date
1,000,000	$1.00[2]	December 14, 2011
1,000,000	$1.25[2]	January 05, 2012
235,000	$1.35[2]	March 5, 2012
1,200,000[1]	$1.40[2]	April 12, 2012
3,435,000		

(1) Subsequent to February 29, 2008, 450,000 of these options were tendered for cancellation by the holder thereof.

(2) Subsequent to February 29, 2008, the exercise price of all of these options was amended to $0.65 per share, subject to regulatory approval and, in the case of options granted to insiders, shareholder approval.

Note 5 Share Capital – (cont'd)

f) Commitments: - (cont'd)

i) Stock-based Compensation Plan – (cont'd)

The weighted average fair value of share purchase options granted during the year ended February 29, 2008, of $1.01 (2007 - $0.51) per option was estimated using the Black-Scholes option valuation model with the following assumptions:

	2008	2007
Average risk-free interest rate	3.95-4.11%	3.86-3.94%
Expected life	5 years	5 years
Expected volatility based on historical share prices	92.1-92.2%	93.1-93.5%
Expected dividends	Nil	Nil

ii) Warrants

	2008		2007	
	Number of Shares issuable Pursuant to Warrants	Weighted Average Exercise Price	Number of Shares issuable Pursuant to Warrants	Weighted Average Exercise Price
Balance, beginning of year	1,281,250	$1.20	6,100,000	$0.125
Issued	5,416,000	$1.36	1,281,250	$ 1.20
Exercised	-	-	(6,100,000)	$0.125
Balance, end of year	6,697,250	$1.33	1,281,250	$1.20

The weighted average contractual remaining life of these warrants is 0.65 years.

At February 29, 2008, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number	Exercise Price	Expiry Date
4,750,000	$1.40	October 8, 2008
666,000	$1.10	October 8, 2008
1,281,250	$1.20	December 28, 2008
6,697,250		

Note 5 Share Capital – (cont'd)

g) Contributed Surplus

	2008	2007
Balance, beginning of year	$ 1,012,000	$ -
Fair value of options granted	1,441,934	1,012,000
Fair value of warrants issued	588,000	-
Balance, end of year	$ 3,041,934	1,012,000

Note 6 Related Party Transactions

The Company incurred the following charges with directors, officers and former directors of the Company for the years ended February 29, 2008 and February 28, 2007:

	2008	2007
Legal, audit and accounting fees	$ 36,236	$ 4,600
Consulting fees	9,250	7,500
Management fees	162,500	20,000
Rent	19,250	9,500
Office	19,000	3,000
	$ 246,236	$ 44,600

These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties.

At February 29, 2008 accounts payable included $26,561 (2007: $33,182) due to current or former directors and officers of the Company or companies controlled by such individuals for consulting and management fees payable, and for reimbursement of expenses incurred on the Company's behalf.

Note 7 Income Taxes

A reconciliation of the income tax provisions computed at statutory rates to the reported income tax provision is as follows:

	2008	2007
Statutory rate	$ 33.6%	$ 34.1%
Provision for income taxes based on statutory Canadian combined federal and provincial income tax rates	$(3,043,000)	$ (484,000)
Stock-based compensation	485,000	346,000
Effect of reduction in statutory rates	613,000	-
Valuation allowance	1,110,000	(428,000)
Income tax recovery	$ (835,000)	$ (566,000)

Note 7 Income Taxes – (cont'd)

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2008	2007
Future income tax assets (liabilities)		
Share issue costs	$ 380,000	$ 126,000
Mineral properties and related deferred exploration	1,083,000	(157,000)
Non-capital losses carried forward	788,000	440,000
	2,251,000	409,000
Less: valuation allowance	(2,251,000)	(566,000)
Net future income tax liabilities	$ -	$ (157,000)

During the year ended February 29, 2008, the Company renounced $2,000,000 (year ended February 28, 2007 - $2,113,000) of Canadian exploration expenditures to subscribers of flow-through shares offerings. As a result of these renunciations, the Company is not entitled to deduct these expenditures for tax purposes. Further, the Company is committed to incurring qualifying expenditures in the amount of $2,000,000 on or before December 31, 2008 with respect to these flow-through share offerings.

The Company recorded a valuation allowance against its future income tax assets, based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

At February 29, 2008, the Company has accumulated non-capital losses totalling approximately $3,029,000 and Canadian exploration and development expenditures of $14,000,000 that may be applied against future years' taxable income. The non-capital losses expire as follows:

2009	$ 136,000
2010	218,000
2011	146,000
2015	190,000
2026	112,000
2027	463,000
2028	1,764,000
	$ 3,029,000

Note 8 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flow. During the years ended February 29, 2008, and February 28, 2007, the following transactions were excluded from the statements of cash flows:

During the year ended February 29, 2008:

- the Company issued the following common shares pursuant to resource property agreements and finder fee agreements, the value of which were included in the cost of resource properties:

  - 2,106,000 common shares at $1.55 per share totalling $3,264,300;
  - 100,000 common shares at $0.92 per share totalling $92,000; and
  - 20,000 common shares at $1.00 per share totalling $20,000.

- the Company issued 100,000 common shares at $1.10 totalling $110,000 pursuant to a finder's fee agreement with respect to a private placement financing completed. The value of the shares was recorded as a share issuance and reduction to share capital. The value was determined by the market value at the date these shares were issued.

- the Company issued agent warrants as a finders fee, exercisable for 666,000 shares of the Company at a price of $1.10 per share on or before October 3, 2008, the fair value of which was determined to be $588,000, which amount was recorded as an increase to contributed surplus and a reduction to share capital.

During the year ended February 28, 2007:

- the Company issued the following common shares pursuant to resource property agreements and finder fee agreements:

  - 2,690,000 common shares at $1.35 per share totalling $3,631,500; and
  - 2,000,000 common shares at $1.50 per share totalling $3,000,000.

The value was determined by the market value at the date these shares were issued.

Note 9 Segmented Information

The Company operates in one segment – the acquisition, exploration and development of uranium properties. As at February 29, 2008, all the operations and assets of the Company were located in Canada except for the Grand County Property, located in Utah, USA.

Note 10 Commitments

The Company is committed to monthly payments of approximately $7,333 under an operating lease for office premises expiring October 31, 2012. Payments for the next five years are as follows:

2009	$ 88,001
2010	88,001
2011	88,001
2012	88,001
2013	58,667
	$ 408,671

Note 11 Subsequent Events

Price Amendment of Incentive Stock Options

In April 2008 the Company amended the exercise price of 2,985,000 outstanding stock options from the original exercise prices ranging from $1.00 to $1.40 per share to a new price of $0.65 per share, subject to regulatory and, in the case of options granted to insiders, shareholder approval.

Purchase of Additional 2% Hathor Production Carried Interest

In March 2008 the Company acquired from Bullion its remaining 2% carried working interest in the Midwest NorthEast Project, bringing the Company's aggregate carried working interest in the project to 10%. Consideration paid by the Company to Bullion for the additional 2% interest was $2,500,000 and 3,000,000 shares of the Company.

Shareholder Rights Plan

In May 2008 the Company announced that its board of directors had approved a shareholders right plan ("the Plan"), subject to regulatory and shareholder approval. The Plan is designed to ensure that the Company's shareholders are treated fairly in the event of a take-over bid for the Company's common shares and that the Company's board of directors and shareholders have sufficient time to evaluate any unsolicited take-over bid, and, if appropriate to evaluate and pursue other alternatives to maximize shareholder value.

TERRA VENTURES INC. Schedule 1

CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES

for the year ended February 29, 2008

	Canada				USA	
			Production Interests			
	Carswell Lake	Lac Kachiwiss	Titan	Hathor	Grand County	Total
Balance, February 28, 2007	$4,851,473	$ -	$ 3,000,000	$ -	$ -	$ 7,851,473
Deferred exploration costs						
Access roads		16,685	-	-	-	16,685
Consultants – Geophysical	1,108,789	-	-	-	-	1,108,789
Consultants – Geological Reports (recovery)	(9,864)	16,285	-	-	-	6,421
Consultants – Geological	438	37,618	-	-	-	38,056
Consultants – General	-	-	-	-	2,056	2,056
General field labour	-	1,750	-	-	-	1,750
Drilling	-	915,149	-	-	-	915,149
Helicopters	-	7,889	-	-	-	7,889
Equipment rental	-	150	-	-	-	150
Field office	-	5,548	-	-	-	5,548
Freight	-	246	-	-	-	246
Maps and data compilation	3,612	-	-	-	-	3,612
Travel and accommodation	-	2,174	-	-	-	2,174
Property filings/assessment/fees	-	-	-	-	27,531	27,531
Licenses/permits and fees	-	125	-	-	739	864
	1,102,975	1,003,619	-	-	30,326	2,136,920
Acquisition costs						
Cash	136,747	-	-	2,369,000	117,737	2,623,484
Shares	-	3,264,300	-	-	112,000	3,376,300
	136,747	3,264,300	-	2,369,000	229,737	5,999,784
Resource property written-off (Note 3)	(6,091,195)	-	-	-	-	(6,091,195)
Balance, February 29, 2008	$ -	$4,267,919	$ 3,000,000	$ 2,369,000	$260,063	$ 9,896,982

TERRA VENTURES INC. Schedule 1

CONSOLIDATED SCHEDULE OF RESOURCE PROPERTIES

for the year ended February 28, 2007

	Carswell Lake	Titan Production Interest	Total
Balance, February 28, 2006	$ -	$ -	$ -
Deferred exploration costs			
Consultants – Geophysical	85,825	-	85,825
Consultants – Geological Reports	43,452	-	43,452
Consultants – Geological	11,589	-	11,589
Field office	132	-	132
Travel and accommodation	2,426	-	2,426
Refundable deposit	76,549 (1)	-	76,549
	219,973	-	219,973
Acquisition costs			
Cash	1,000,000	-	1,000,000
Shares	3,631,500	3,000,000	6,631,500
	4,631,500	3,000,000	7,631,500
Balance, February 28, 2007	$ 4,851,473	$ 3,000,000	$ 7,851,473

(1) The refundable deposit represented funds advanced to and held by the Province of Saskatchewan as security against the Company completing a minimum amount of exploration expenditures on the Carswell Lake property on an annual or aggregate basis, as the case may be for a maximum of two years. The Company did not incur sufficient expenditures on the property to earn a refund of the deposit, and ultimately the Company determined in fiscal 2008 to write-off the property.