

TERRA VENTURES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations ("MD&A")

The following information, prepared as of June 26, 2009, explains trends in the financial condition and results of operations for Terra Ventures Inc. (the "Company" or "Terra") for the year ended February 28, 2009 as compared to the year ended February 29, 2008. This discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the audited consolidated financial statements of the Company for the year ended February 28, 2009, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All financial statement figures are reported in Canadian dollars unless explicitly stated otherwise

FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of June 26, 2009.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

The material assumptions that were applied in making the forward looking statements in this MD&A include: execution of the Company's existing plans or exploration programs for each of its properties, either or which may change due to changes in the views of the Company or its joint venture partner or if new information arises which makes it prudent to change such plans or programs; and the accuracy of current interpretation of drill and other exploration results.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

GENERAL

On September 16, 2003 the Company announced the sale of all assets of its wholly owned subsidiary Transmeridian Communications Inc. This agreement received shareholder approval at the Company's AGM held on August 26, 2003 and received regulatory approval on September 23, 2003. The sale was completed shortly thereafter. At the same AGM the Company also received shareholder approval for an 18:1 consolidation of its outstanding shares. This was subsequently completed on June 11, 2004 and the Company's name was changed to Terra Ventures Inc.

With the introduction of the NEX board of the TSX Venture Exchange ("TSXV"), the Company's listing was transferred from the TSXV to the NEX and the Company was designated as inactive, subject to the restrictions placed on inactive issuers as outlined in the TSXV Exchange Policy 2.6.

On April 25, 2006 the Company entered into a Sale and Purchase Agreement to acquire a 100% interest in 44 mineral dispositions and two claim units known as the Carswell Lake Property located in the Athabasca Basin of northern Saskatchewan. On December 21, 2006 the TSXV approved the transaction and a concurrent brokered private placement financing. The acquisition transaction was subsequently completed on December 28, 2006 and constituted a reverse takeover as such term is defined by the policies of the TSXV.

Thereafter the Company has continued the process of building a mineral property inventory that is focused on uranium prospects located in North America.

Terra currently is an exploration stage company and is a reporting issuer in the provinces of Alberta and British Columbia. The Company trades on the TSXV under the trading symbol "TAS" and is also listed on the Berlin and Frankfurt exchanges under the symbol "G7K".

Canadian Uranium Properties and Interests

Hathor Production Interest

In March 2007 the Company acquired from an arms-length third party an 8% carried working interest in 7 claims comprising 56,360 acres in two separate projects located in the Athabasca Basin, Saskatchewan of which 90% of the remaining interest was held by a subsidiary of Hathor Exploration Ltd. ("Hathor") and 2% continued to be held by the vendor. By a separate agreement dated March 8, 2008, the Company acquired from the vendor a further 2% (aggregate 10%) carried working interest in one of the projects (which interest together with the 8% carried working interest in the other project is collectively "the Hathor Production Interest").

Consideration paid by the Company for the additional 2% interest was \$2,500,000 and 3,000,000 shares of the Company.

Pursuant to an underlying agreement, the Company's interest is carried through to completion of a feasibility study, after which the Company is required to finance 10% of all ongoing expenditures. The properties owned by Hathor that are subject to the carried interest do not have any historic or NI 43-101 compliant resource estimates at this time.

During the winter of 2008 Hathor completed 10,654 metres of diamond drilling in 29 NQ-sized, vertical and angled diamond drill holes on the Midwest NorthEast property. The drilling results were successful and are summarized in news releases dated March 3, 2008 and May 21, 2008.

Hathor commenced a 2008 summer drill program consisting of 15 holes that began in mid-June to further test the Roughrider Zone and other targets on the Midwest NorthEast property. The results of this successful program were disclosed on press releases dated August 27, 2008, October 2, 2008 and November 4, 2008.

On January 20, 2009, Hathor reported that it had commenced a drill program comprising 60 holes totaling about 22,000 metres with the objective of extending and further defining the Roughrider Zone. The results of this program are disclosed in press releases dated March 2, 2009, April 15, 2009, April 30, 2009 and June 4, 2009. In total Hathor completed in excess of 30,000 metres of drilling in 89 holes during the 2009 winter drilling campaign. Hathor advised that the successful 2009 winter drilling has:

- Demonstrated continuity of mineralization
- Identified significant strike length extensions to the southwest and northeast, and width extensions of the original Roughrider zone; all of these extensions are still open
- Discovered initial zones of high radioactivity at and above the unconformity (e.g. MWNE-09-94, MWNE-09-97 and MWNE-09-101)
- Intersected the highest levels of radioactivity (as determined by down-hole gamma-ray probe data) on the property to date in drill hole MWNE-09-116, a step-out hole to the southwest.

Drilling is planned to continue after spring breakup utilizing both barge-based and land-based drill rigs. These will be used to: further test for strike-length extensions and extensions of sandstone-hosted mineralization; continue in-fill drilling; and provide material for detailed metallurgical testing.

For a complete list of assay results and a drill hole location map, please visit Hathor's website at: www.hathor.ca.

Titan Production Interest

In February 2007 the Company entered into an agreement with certain arms-length vendors to purchase their 10% production carried interest (“the Titan Production Interest”) in 34 claims held by Titan Uranium Inc. (“Titan”) in seven separate projects located in the southwestern and northeastern parts of the Athabasca Basin, Saskatchewan. Subsequently, the decision was made to lapse three of these claims as they were deemed to be non prospective for significant uranium deposits. 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 any of the claims into production. The cost recovery to Titan is to be paid from a portion of the 10% production profits otherwise due to the Company.

During the year ended February 28, 2009, the Company determined to write-down the Titan Production Interest by \$1,317,000 to reflect its best estimate of the fair value of this asset and accordingly recorded a charge to the statement of operations in this amount.

Lac Kachiwiss

In March 2007 the Company entered into an agreement to acquire a 100% interest in the Lac Kachiwiss uranium property located near Sept-Iles, Quebec. The 2,166 acre property is currently the Company’s most advanced exploration property. As calculated in 1978 by Getty Minerals Company Limited, a previous explorer on the property, the property contains a historic resource (non-43-101 compliant), of 18.1 million tons grading 0.31 lbs U₃O₈/ton (0.015% U₃O₈).

On December 30, 2008, the Company reported that it entered into an agreement to acquire a 100% interest in an additional 838 mineral claims contiguous with the Lac Kachiwiss property. Further, on January 21, 2009, the Company advised that it had acquired by staking an additional 101,600 hectares. In the aggregate the Company now holds 2,951 claims covering 150,500 hectares in the Lac Kachiwiss region.

In January 2009 the Company reported the results of its 2008 exploration program. The program included a 10,827 line-kilometre airborne survey utilizing a gamma-ray spectrometer and magnetometer, and a 12-hole, 4,004-metre diamond drilling program. The airborne survey covered the Lac Kachiwiss property as well as the 838 claims acquired on December 30, 2008, and further covered a large portion of the surrounding ground.

Average assay results from the drilling program over wide zones of low-grade uranium mineralization include 103 ppm U₃O₈ over 116.95 metres in hole LK08-01 and 100 ppm U₃O₈ over 66.00 metres in LK08-07. The mineralized system remains open to the north, east and west, and also at depth. A detailed summary of the assay results is provided in the Company’s press release dated January 8, 2009.

The Company plans to carry out further diamond drilling in 2009 at Lac Kachiwiss with a view to determining the full extent of the mineralized system, as well as in-fill drilling to aid in defining a resource.

US Uranium Properties and Interests

North Yellow Cat

In May 2007 the Company entered into a letter of agreement pursuant to which it has been granted the right to acquire 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. The property is located in the Thompson uranium/vanadium mining district, one of the oldest and most prolific mining regions for uranium, radium and vanadium in the United States. One of the claim blocks has a historic resource estimate based on widely spaced drilling. This historic resource (non-43-101 compliant), consists of 12.68 million tons of sandstone grading 0.022% uranium and 0.14% vanadium. To date the Company had not conducted any exploration work on the property and management determined at the end of fiscal 2009 to terminate the option agreement and accordingly wrote-off the carrying cost of the property (\$419,454) to the statement of operations.

SELECTED ANNUAL INFORMATION

The Company's fiscal period ends on February 28 or 29, as the case may be, of each year. The following is a summary of certain selected audited consolidated financial information for the last three completed fiscal years of the Issuer:

	2009	2008	2007
Total Revenues	\$ -	\$ -	\$ -
Net Income (Loss)	\$ (3,780,898)	\$ (8,222,206)	\$ (849,926)
Net loss Per Share (basic and diluted) ⁽¹⁾	\$ (0.08)	\$ (0.21)	\$ (0.07)
Total Assets	\$ 24,474,899	\$ 18,121,707	\$ 10,818,043
Deferred Resource Property Expenditures – For The Year	\$ 6,759,603	\$ 8,136,704	\$ 7,851,473
Deferred Resource Property Expenditures – Cumulative	\$ 14,920,131	\$ 9,896,982	\$ 7,851,473
Long Term Debt	\$ -	\$ -	\$ -
Dividends Declared	\$ -	\$ -	\$ -

⁽¹⁾ The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The net loss for the year ended February 28, 2009 includes a charge of \$1,736,454 (2008 - \$6,091,195; 2007 - \$nil) with respect to resource properties written-down/written-off. In addition, the net loss for the year ended February 28, 2009 includes a charge of \$1,309,252 (2008 - \$1,441,934; 2007 - \$1,012,000) for stock-based compensation and a credit in the amount of \$619,000 (2008 - \$835,000; 2007 - \$566,000) with respect to income tax benefits not previously recognized.

Total assets typically increase as a result of the completion of a financing or financings and/or the issuance of securities for the acquisition of mineral properties, and decrease as a result of losses incurred in operations including the write-down or write-off of resource properties. Cumulative deferred resource property expenditures typically increase as the result of expenditures incurred on exploration activities and/or the issuance of securities for the acquisition of mineral properties, and decrease as the result of a write down or write-off of resource properties.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended February 28, 2009.

	Three Months Ended			
	Feb 28, 2009	Nov 30, 2008	August 31, 2008	May 31, 2008
Total Revenues	-	-	-	-
Net (Loss) Income	\$(1,940,346)	\$ (237,534)	\$ (893,287)	\$ (709,731)
Net (Loss) Income Per Share (basic and diluted)	\$ (0.04)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Deferred Exploration Expenditures	\$ 772,935	\$ 1,750,393	\$ 229,666	\$ 4,006,609
Total Assets	\$24,474,899	\$24,630,483	\$24,706,129	\$ 19,464,106

	Three Months Ended			
	Feb 29, 2008	Nov 30, 2007	August 31, 2007	May 31, 2007
Total Revenues	-	-	-	-
Net (Loss) Income	\$ 375,344	\$ (6,222,170)	\$ (395,190)	\$ (1,980,190)
Net (Loss) Income Per Share (basic and diluted)	\$ 0.01	\$ (0.16)	\$ (0.01)	\$ (0.06)
Deferred Exploration Expenditures	\$ 20,598	\$ 1,151,295	\$ 321,817	\$ 6,642,994
Total Assets	\$ 18,121,707	\$ 19,478,789	\$ 24,614,690	\$ 24,829,912

During the quarters ended February 28, 2009, February 29, 2008 and May 31, 2007 the results reported in the respective quarter include a credit (February 2009 - \$619,000; February 2008 - \$678,000; May 2007 - \$157,000) as the result of recording income tax benefits not previously recognized and which arose from the renunciation of flow-through share expenditures in each of February 2009 and February 2008. This accounting entry is the reason the Company recorded net income in the quarter ended February 29, 2008.

The significant loss recorded in the quarter ended November 30, 2007, includes a write-off of the Carswell Lake property in the amount of \$6,091,195. The write-off also resulted in a corresponding decrease in the total assets at the end of the same period. During the quarter ended February 28, 2009 the Company recorded a write-off in the amount of \$419,454 against the Grand County Property and a write-down of the Titan Production Interest in the amount of \$1,317,000.

The losses recorded in the quarters ended February 28, 2009, November 30, August 31, May 31, and February 29, 2008, and May 31, 2007, include a charge of \$332,213, \$3,676, \$453,145, \$520,218, \$11,274 and \$1,356,850 for stock-based compensation expense respectively.

The increase in total assets in the quarter ended August 31, 2008, reflects an increase in working capital as the result of completing a private placement financing during that quarter.

RESULTS OF OPERATIONS

The Company recorded a net loss of \$3,780,898 (\$0.08 loss per share) for the year ended February 28, 2009 as compared to net income of \$8,222,206 (\$0.21 loss per share) in fiscal 2008. In order make a comparison of the results of operations for the two years more meaningful, a number of non-cash charges and credits have been adjusted back to the reported net loss for the respective year as detailed in the following table.

	2009	2008
Net loss for the year	\$ (3,780,898)	\$ (8,222,206)
Adjustments:		
Stock-based compensation	1,309,252	1,441,934
Resource property write-off/write-down	1,736,454	6,091,195
Future income tax recovery	(619,000)	(835,000)
	<hr/>	<hr/>
Adjusted net loss for the year	\$ (1,354,192)	\$ (1,524,077)

The stock-based compensation charge relates to the value attributed to options granted by the Company to officers, directors and consultants during the respective year and in some cases to options granted in a prior period but which are vesting over time. The resource property write-off/write-down relates to the Grand County property and Titan Production Interest in 2009 and to the Carswell Lake property in 2008. The future income tax recovery was recorded in each respective period pursuant to the Company's accounting policy with respect to issuing flow-through shares.

Changes in selected expense items of the adjusted net loss for 2009 as compared to 2008 are discussed below.

Consulting fees (\$204,259 vs. \$181,637) in the current period include funds paid to financial consultants as well as a project oversight consultant whereas the fees for the comparative period relate largely to introducing the Company to European investors through various media channels.

Legal, audit and accounting expenses (\$165,423 vs. \$184,161) decreased in the current period as compared to 2008 because the level of activity with respect to regulatory filings and property acquisitions was much lower. The decrease in legal expense was offset somewhat by an increase in accounting and audit fees. Legal fees in the future will vary depending on the number and complexity of transactions the Company enters into while audit and accounting fees are expected to increase nominally as compared to 2009.

Management fees (\$282,000 vs. \$162,500) increased due to an increase in compensation paid to head office personnel as well as an increase in number of personnel. No significant changes in management fees are expected on a go forward basis.

Office and miscellaneous expense (\$129,775 vs. \$75,035) increased in general for most all expenses included as the result of increased activity.

Shareholder communications expense (\$209,929 vs. \$317,123), and tradeshow and marketing fees (\$238,180 vs. \$467,703) decreased significantly in the current period largely because the Company reduced its expenses with respect to introducing the Company to European investors as compared to the same period in 2008. For the foreseeable future it is expected that such expenditures will remain at current levels, pending developments within the Company.

With regard to shareholder communications, the Company has engaged Renmark Financial Communications Inc. to provide such services for a monthly fee. The fee initially was \$5,000 but was amended to \$3,000 during the fourth quarter of fiscal 2009. The agreement commenced May 1, 2007, and is cancelable by either party on written notice. Renmark is focusing its efforts on communicating the Company's corporate developments to Canadian investors. This contract is still in place. In-house investor relations activities included preparing and disseminating information packages to interested parties with respect to the Company's business developments.

The Company recorded interest income of \$203,413 in the current period (2008 - \$341,400). This income arose from interest earned on short-term investments made with surplus cash on hand. Less income was realized primarily as a result of lower interest rates realized in the current period as compared to the 2008 fiscal period.

CAPITAL EXPENDITURES

The Company incurred mineral property option payments and exploration expenditures on such properties in fiscal 2009 amounting to \$6,759,603 (2008 - \$8,116,106). Included in the current year's expenditures is an amount of \$1,652,800 (2008 - \$3,376,300) relating to the issuance of 3,240,000 (2008 - 2,226,000) common shares at various prices as option payments or finder's fees on mineral properties. In the first quarter of the current fiscal year, the Company made a cash payment of \$2,500,000 and issued 3,000,000 of its common shares (at an ascribed value of \$1,500,000) as consideration for acquiring an additional 2% carried working interest included in its Hathor Production Interest. In addition, primarily during the third and fourth quarters of fiscal 2009, the Company incurred \$2,246,032 of exploration expenditures on the Lac Kachiwiss property. On December 31, 2008, the Company entered into an agreement to acquire an additional 838 mineral claims located adjacent to its Lac Kachiwiss uranium property. Pursuant to the terms of the agreement the Company paid \$115,000 and issued 200,000 of its common shares (ascribed value \$124,000) to the vendor. In addition, in December 2008 the Company staked additional claims adjacent to the Lac Kachiwiss property at a cost of \$108,570.

By comparison, in fiscal 2008 the Company incurred exploration expenditures of \$1,239,732 on the Carwell Lake property and \$1,003,619 on the Lac Kachiwiss property. Mineral property option payments consisted of issuing 2,226,000 common shares at an ascribed value of \$3,376,300, primarily with respect to the Lac Kachiwiss property and making a cash payment of \$2,369,000 with respect to acquiring the Hathor Production Interest.

For the foreseeable future the Company expects that it will continue to incur exploration expenditures on mineral properties it owns or has option rights to and in addition will from time to time incur expenditures related to property payments on either existing option agreements or on new option agreements entered into.

FOURTH QUARTER

As noted earlier, the Company recorded a net loss of \$1,940,346 (2008 – net income of \$375,344) during the fourth quarter of fiscal 2009. The net income recorded in the fourth quarter of fiscal 2008 resulted from the Company recording a credit to its statement of operations in the amount of \$678,000 (2009 - \$619,000) with respect to income tax benefits not previously recognized.

In the current quarter the Company recorded a stock-based compensation charge of \$332,213 (2008 - \$11,274) and a write-down/write-off of mineral properties in the amount of \$1,736,454 (2008 - \$nil) with respect to the Grand Count property and Titan Production Interest. Excluding these adjustments, the loss for the fourth quarter of fiscal 2009 was \$490,679 as compared to \$291,382 in fiscal 2008. Changes in selected expense items are discussed below.

Consulting fees increased (\$62,993 vs. \$23,345) in the current quarter as a result of the Company paying for a project oversight consultant.

Management fees increased (\$84,000 vs. \$45,000) in the current quarter as a result of an increase in compensation paid to head office personnel as well as an increase in number of personnel.

Tradeshaw and marketing expense (\$110,034 vs \$20,781) increased in part from the Company engaging a Canadian based public relations firm for a one-time assignment (approximately \$50,000) and in part because the Company was more active in participating and exhibiting at trade show and investor conferences in the current quarter than in the same quarter last year.

The Company recorded interest income of \$16,852 (2008 - \$111,913) during the fourth quarter fiscal 2009. This income arose from interest earned on short-term investments made with surplus cash on hand. During the comparable period in 2008 the Company realized significantly better interest rates on its surplus cash on hand.

The Company incurred exploration expenditures of \$772,935 during the current quarter, all at its Lac Kachiwiss property whereas in the fourth quarter of fiscal 2008 exploration expenditures were nominal.

On December 30, 2008, the Company closed a brokered private placement of 2,749,830 flow through common shares at \$0.75 per share for gross proceeds of \$2,062,373, whereas in the fourth quarter of fiscal 2008 the Company did not engage in any financing activities.

FINANCING ACTIVITIES

In August 2008 the Company closed a private placement of 7,000,000 units at \$0.80 per unit for gross proceeds of \$5,600,000. Each unit consists of one common share and one common share purchase warrant entitling the holder thereof to acquire an additional common share at \$1.20 per share on or before August 21, 2010. A strategic advisor fee of 318,000 units was paid in connection with the offering. The terms and conditions of these units were identical to those issued in the private placement.

In December 2008 the Company closed a brokered private placement of 2,749,830 flow through common shares at \$0.75 per share for gross proceeds of \$2,062,373. The agents were paid a cash commission of \$123,742 and a corporate finance fee of \$37,500, and were granted agent warrants exercisable for 164,989 shares of the Company at a price of \$0.75 per share on or before December 30, 2010. Legal and other issue costs of \$51,006 were incurred.

By comparison, 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 consisted of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitled 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. In September 2008 the Company received regulatory approval to extend the expiry date of the warrants to April 3, 2009. With respect to the offering 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. The agent warrants expired unexercised. 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately \$1,353,000 of cash (before working capital items) for the year ended February 28, 2009 (2008 - \$1,523,000) with an additional approximate \$4,833,000 (2008 - \$4,779,000) utilized on mineral property acquisitions and deferred exploration expenditures. This cash requirement was fulfilled from cash on hand at the beginning of each respective fiscal year and from the private placement financings completed during respective fiscal years as described elsewhere.

The Company's aggregate operating, investing and financing activities during fiscal 2009 resulted in a net increase in its cash balance (including cash equivalents) from \$7,978,014 at February 29, 2008 to \$9,356,615 at February 28, 2009. The Company's working capital increased by \$990,110 correspondingly during the year.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. While there are presently no known specific trends, events or uncertainties that are likely to result in the Company's liquidity decreasing in any material way over the next twelve month period, it is unlikely that cash will be generated from operations over this period. Since the Company is unlikely to have cash flow, it will have to continue to rely upon equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following charges with directors, officers and former directors of the Company for the years ended February 28, 2009 and February 29, 2008:

	<u>2009</u>	<u>2008</u>
Consulting fees	\$ 56,000	\$ 9,250
Legal, audit & accounting fees	46,000	36,236
Management fees	282,000	162,500
Rent	84,344	19,250
Website	21,200	19,000
Mineral property expenditures – Geological consulting	<u>174,000</u>	<u>-</u>
	<u>\$ 663,544</u>	<u>\$ 246,236</u>

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

At February 28, 2009 accounts payable included \$35,310 (February 29, 2008: \$26,561) 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.

CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Company's accounting policies are described in Note 2 to the financial statements. The accounting estimates considered to be significant to the Company include the carrying values of mineral properties and deferred exploration; the computation of stock-based compensation expense; and the computation of the value warrants and of agent's warrants contained in security offerings.

Management reviews the carrying values of its mineral properties and deferred exploration on at least an annual basis to determine whether an impairment should be recognized. In addition, capitalized costs related to abandoned properties are written off in the period of abandonment. During the year ended February 28, 2009, the Company wrote-off/wrote-down \$1,736,454 (2008 - \$6,091,195) of mineral property and deferred exploration expenditures related to the Grand County property and Titan Production Interest (2008 – Carswell Lake property). Capitalized costs in respect of the Company’s mining claims amounted to \$14,920,131 as at February 28, 2009. These costs may not be recoverable and there is a risk that they may be written down in future periods.

The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded. During fiscal 2009 the Company recorded stock-based compensation expense of \$1,309,252 (2008 - \$1,441,934).

Similarly, the Company accounts for the value of warrants contained in unit security offerings and issued to agent’s in connection with security offerings by measuring their fair value at the issue date. In the case of warrants contained in unit offerings, relative fair value method is applied and the value ascribed to the warrants is charged to contributed surplus with the residual balance recorded to share capital. With respect to agent’s warrants issued, the estimated fair value of these securities is recorded as a cost of issuing the securities with a corresponding increase to contributed surplus. In determining the fair value of all warrants, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the agent’s warrants being less than or greater than the amount recorded. During fiscal 2009 the Company attributed a value of \$1,680,000 to warrants contained in units offered through a private placement and in addition recorded an aggregate share issue cost of \$125,320 with respect to agent’s warrants issued in connection with security offerings.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On March 1, 2008, the Company adopted three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments - Disclosures, and Handbook Section 3863, Financial Instruments - Presentation. The requirements of these new standards are for disclosure purposes only and have not impacted the financial results of the Company.

Capital disclosures

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. This new disclosure is summarized in Note 7.

Financial instruments

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. Note 8 provides the required disclosure under this new accounting standard.

The Company has identified two future accounting changes that it will have to consider when preparing financial statements, as follows:

Goodwill and intangible assets

The CICA issued new Handbook Section 3064, "Goodwill and Intangible Assets", which will replace Section 3062, "Goodwill and Other Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of these new accounting standards. The Company believes they will not have any significant impact on its consolidated financial statements.

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date.

It provides the Canadian equivalent to International Financial Reporting Standard (“IFRS”) 3, “Business Combinations” (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, “Consolidated and Separate Financial Statements” (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently valuating the impact of the adoption of these sections.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In 2006, the Canadian 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 transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended February 28, 2011. The Company has begun an internal diagnostic review to understand, identify and assess the overall effort required to produce financial information under IFRS, however, at this time, the financial reporting impact of the transition to IFRS cannot be reasonably estimated.

FINANCIAL INSTRUMENTS

Under Section 3855, all financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for trading financial assets are measured at fair value, with changes in fair value recognized in net earnings (loss). Available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in OCI until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including

embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

The Company has made the following designations of its financial instruments: cash and cash equivalents as held-for trading; other receivables as loans and receivables; accounts payable and accrued liabilities as other financial liabilities. At February 28, 2009 and February 29, 2008, the Company had neither available-for-sale nor held-to maturity financial instruments.

OUTSTANDING SHARE DATA

a) Authorized:

Unlimited common shares without par value

b) Issued and outstanding:

52,984,048 common shares as at June 26, 2009 for a net consideration of \$33,037,619.

c) Outstanding warrants and options as at June 26, 2009:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	7,318,000	\$1.20 ⁽²⁾	Aug 21, 2010
Share purchase warrants	164,989	\$0.75 ⁽²⁾	Dec 30, 2010
Stock options	1,000,000	\$0.65 ^{(1) (2)}	Dec 14, 2011
Stock options	1,000,000	\$0.65 ^{(1) (2)}	Jan 05, 2012
Stock options	235,000	\$0.65 ^{(1) (2)}	Mar 05, 2012
Stock options	750,000	\$0.65 ^{(1) (2)}	Apr 12, 2012
Stock options	565,000	\$0.75 ⁽²⁾	Mar 07, 2013
Stock options	750,000	\$0.65 ⁽²⁾	Apr 18, 2013
Stock options	735,000	\$0.80 ⁽²⁾	Aug 11, 2013
Stock options	280,000	\$0.75 ⁽²⁾	Dec 30, 2013
Stock options	20,000	\$0.75 ⁽²⁾	Dec 31, 2013

(1) On July 7, 2008, all regulatory approvals were received such that the options were re-priced to \$0.65 per share. The original grant prices ranged from \$1.00 to \$1.40 per share.

(2) On June 16, 2009, the Company reduced the exercise price to \$0.45 per share and extended the original five year life by an additional five years for all outstanding options, subject to regulatory approval. For options granted to insiders, these amendments are also subject to shareholder approval.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the annual audited financial statements and this accompanying Annual MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

Exploration for mineral resources involves a high degree of risk. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several different exploration prospects in a number of favorable geologic environments. Beyond exploration risk, management is faced with a number of other risk factors. The more significant ones include:

Uranium Price Risk: The Company's portfolio of properties has exposure to predominantly uranium. The price of this mineral greatly affects the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different uranium prices.

Financial Markets: The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Environmental Risk: The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

OUTLOOK

The Company is entering fiscal 2010 in a strong financial position with working capital of \$9.1 million.

The Company's primary focus for the foreseeable future continues to be, in concert with exploration being conducted by Hathor and Titan on the Hathor Production Interest and Titan Production Interest respectively, to explore and development the Lac Kachiwiss property. In addition, the Company will continue to review new prospects and will add to its mineral property holdings if and as warranted by the merits of any new prospective uranium properties it identifies.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.terraventures.com.