

# **TERRA VENTURES INC.**

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

The following information, prepared as of July 27, 2009, should be read in conjunction with the unaudited consolidated financial statements of Terra Ventures Inc. (the "Company") for the three months ended May 31, 2009, together with the Company's audited financial statements for the year ended February 28, 2009, and the accompanying management's discussion and analysis for the fiscal period then ended ("the Annual MD&A"). All amounts are expressed in Canadian dollars unless otherwise indicated and have been prepared in accordance with Canadian generally accepted accounting principles.

### **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 July 27, 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**

The Company is an exploration stage company that is building a mineral property inventory that is focused on uranium prospects located in North America.

The Company currently is a reporting issuer in the provinces of Alberta and British Columbia and 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, June 4, 2009 and June 24, 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.

On July 7, 2009, Hathor advised that a summer drilling program had commenced. The planned program includes approximately 10,000 metres of drilling using three drill rigs, two of which are land-based rigs and one which is a barge-based rig. The program is designed 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](http://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 U<sub>3</sub>O<sub>8</sub>/ton (0.015% U<sub>3</sub>O<sub>8</sub>).

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 U<sub>3</sub>O<sub>8</sub> over 116.95 metres in hole LK08-01 and 100 ppm U<sub>3</sub>O<sub>8</sub> 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.

**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 May 31, 2009.

	Three Months Ended			
	May 31, 2009	Feb 28, 2009	Nov 30, 2008	August 31, 2008
Total Revenues	-	-	-	-
Net Loss	\$ (295,900)	\$(1,940,346)	\$ (237,534)	\$ (893,287)
Net (Loss) Income Per Share (basic and diluted)	\$ (0.01)	\$ (0.04)	\$ (0.00)	\$ (0.02)
Deferred Exploration Expenditures	\$ 104,642	\$ 772,935	\$ 1,750,393	\$ 229,666
Total Assets	\$ 23,886,829	\$24,474,899	\$24,630,483	\$24,706,129

	Three Months Ended			
	May 31, 2008	Feb 29, 2008	Nov 30, 2007	August 31, 2007
Total Revenues	-	-	-	-
Net (Loss) Income	\$ (709,731)	\$ 375,344	\$ (6,222,170)	\$ (395,190)
Net (Loss) Income Per Share (basic and diluted)	\$ (0.02)	\$ 0.01	\$ (0.16)	\$ (0.01)
Deferred Exploration Expenditures	\$ 4,006,609	\$ 20,598	\$ 1,151,295	\$ 321,817
Total Assets	\$ 19,464,106	\$ 18,121,707	\$ 19,478,789	\$ 24,614,690

The quarters ended February 28, 2009 and February 29, 2008 include a credit of \$619,000 \$678,000 respectively 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, and November 30, August 31 and May 31, 2008, include a charge of \$332,213, \$3,676, \$453,145, \$520,218, and \$11,274 for stock-based compensation expense respectively. The loss in the quarter ended May 31, 2009 includes a credit to stock-based compensation of \$2,230 with respect to adjustments made to the fair value of certain consultant options granted prior to March 1, 2009.

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 \$295,900 (\$0.01 loss per share) for the three months ended May 31, 2009 as compared to a loss of \$709,731 (\$0.02 loss per share) in fiscal 2009. In order to make a comparison of the results of operations for the periods more meaningful, the stock-based compensation credit/charge has been adjusted back to the reported net loss for the respective quarter as detailed in the following table.

	<b>2009</b>	<b>2008</b>
Net loss for the three months ended May 31	\$ (295,900)	\$ (709,731)
Adjustments:		
Stock-based compensation	(2,230)	520,218
<u>Adjusted net loss for the year</u>	<u>\$ (298,130)</u>	<u>\$ (189,513)</u>

The stock-based compensation credit/charge relates to the value attributed to options granted by the Company to officers, directors and consultants during the respective period and in some cases to options granted in a prior period but which are vesting over time.

Changes in selected expense items of the adjusted net loss for the quarter ended May 31, 2009 as compared to the one ended May 31, 2008 are discussed below.

Consulting fees (\$28,563 vs. \$42,384) in both periods include funds paid for general business services. The comparative period also includes fees paid pursuant to a consulting agreement with an investment banking firm.

Legal, audit and accounting expenses (\$23,920 vs. \$38,881) decreased in the current period because the level of activity with respect to regulatory filings and property acquisitions was less. Professional fees in the future will vary depending on the number and complexity of transactions the Company enters into.

Management fees (\$69,000 vs. \$45,000) increased due to an increase in senior staff. No significant changes in management fees are expected on a go forward basis.

Office and miscellaneous expense (\$32,499 vs. \$25,876) increased primarily because an admin support staff member was added to head office personnel.

Tradeshaw and marketing expense (\$26,949 vs. \$64,170) decreased primarily because of decreased marketing initiatives during the period that involved third-party contractors/consultants, particularly within the European investment community.

Travel and accommodation (\$61,358 vs. \$27,144) increased in part due to travel by senior staff related to the Company's exploration projects, and in part due to an increase in the Company's participation in meetings and presentations to the domestic investment community.

The Company recorded interest income of \$23,922 in the current period (2008 - \$126,218). 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 exploration expenditures during the first quarter of fiscal 2010 amounting to \$104,642 (2008 - \$4,006,609). All of the current period's expenditures were on the Lac Kachiwiss property whereas in the first quarter of fiscal 2009, 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.

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.

## **FINANCING ACTIVITIES**

During the current quarter the Company did not engage in any financing activity. Similarly it did not complete record any financing activity in the first quarter of fiscal 2008.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's operations consumed approximately \$298,000 of cash (before working capital items) for the three months ended May 31, 2009 with an additional approximate \$327,000 utilized on mineral property deferred exploration expenditures and/or payment of vendor invoices related to such activity that were carried forward from February 28, 2009. This cash requirement was fulfilled from cash on hand at the beginning of the period.

The Company's aggregate operating, investing and financing activities during the period resulted in a net decrease in its cash balance (including cash equivalents) from \$9,356,615 at February 28, 2009 to \$8,637,199 at May 31, 2009. The Company's working capital decreased by \$402,576 correspondingly during the period.

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 three months ended May 31, 2009 and 2008:

	Three months ended May 31,	
	<u>2009</u>	<u>2008</u>
Consulting fees	\$ 10,000	\$ -
Legal, audit & accounting fees	11,845	9,377
Management fees	69,000	45,000
Rent	21,172	-
Website	7,000	5,400
Resource property expenditures – Geological consulting	20,000	-
	<u>\$ 139,017</u>	<u>\$ 59,777</u>

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

At May 31, 2009 accounts payable included \$29,547 (February 28, 2009: \$35,310) 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 accompanying interim financial statements and in the audited consolidated financial statements for the year ended February 28, 2009. 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. The Company did not write-off any mineral properties during the first quarter of fiscal 2010 or during the same quarter in fiscal 2009, but during the year ended February 28, 2009, the Company wrote-off/wrote-down \$1,736,454 of mineral property and deferred exploration expenditures related to the Grand County property and Titan Production Interest. Capitalized costs in respect of the Company's mining claims amounted to \$15,024,773 as at May 31, 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 the current period the Company recorded a stock-based compensation credit of \$2,230 with respect to adjustments made to the fair value of certain consultant options granted prior to March 1, 2009. During the first quarter of fiscal 2009 a stock-based compensation expense of \$520,218 was recorded..

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.

The Company did not make any such estimates during the first quarter of fiscal 2010 or 2009, but during the year ended February 28, 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**

### **Initial Adoption**

On March 1, 2009, the Company adopted a new accounting standard with respect to CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces 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 Company believes this standard 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 May 31, 2009 and February 28, 2009, 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 July 27, 2009 for a net consideration of \$33,037,619.

c) Outstanding warrants and options as at July 27, 2009:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	6,300,000	\$0.80 <sup>(2)</sup>	Aug 21, 2013 <sup>(2)</sup>
Share purchase warrants	1,018,000	\$1.20	Aug 21, 2010
Share purchase warrants	164,989	\$0.75	Dec 30, 2010
Stock options	1,000,000	\$0.45 <sup>(1)</sup>	Dec 14, 2011
Stock options	1,000,000	\$0.45 <sup>(1)</sup>	Jan 05, 2012
Stock options	235,000	\$0.45 <sup>(1)</sup>	Mar 05, 2012
Stock options	750,000	\$0.45 <sup>(1)</sup>	Apr 12, 2012
Stock options	565,000	\$0.45 <sup>(1)</sup>	Mar 07, 2013
Stock options	750,000	\$0.45 <sup>(1)</sup>	Apr 18, 2013
Stock options	735,000	\$0.45 <sup>(1)</sup>	Aug 11, 2013
Stock options	280,000	\$0.45 <sup>(1)</sup>	Dec 30, 2013
Stock options	20,000	\$0.45 <sup>(1)</sup>	Dec 31, 2013

<sup>(1)</sup> 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. The previous exercise prices varied from \$0.65 to \$0.80 per share.

<sup>(2)</sup> On June 30, 2009, the Company amended the exercise price of these warrants and extended the expiry date to August 21, 2013, subject to regulatory 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 unaudited interim consolidated financial statements for the three months ended May 31, 2009 and this accompanying MD&A.

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](http://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 in a strong financial position with working capital of \$8.7 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](http://www.sedar.com) and at the Company's website at [www.terraventures.com](http://www.terraventures.com).