

TERRA VENTURES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following information, prepared as of January 24, 2007, should be read in conjunction with the unaudited financial statements of Terra Ventures Inc. ("Terra" or "the Company") for the nine months ended November 30, 2006, together with the audited consolidated financial statements of the Company for the year ended February 28, 2006 and the accompanying Management's Discussion and Analysis ("the Annual MD&A") for that fiscal period. All amounts are expressed in Canadian dollars unless otherwise indicated.

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 January 24, 2007.
- 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.

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

In May 2001, the Company completed the acquisition of the issued and outstanding shares of Transmeridian Communications Inc., doing business as RealEstateTours.com. The acquisition constituted the Company's qualifying transaction pursuant to Policy 2.4 of the TSX Venture Exchange.

On May 24, 2001 the Company's name was changed to RET Internet Services Inc. from New Xavier Capital Corp.

On September 16, 2003 the Company announced the sale of all assets of its wholly owned subsidiary Transmeridian Communications Inc. MRP Ventures (the purchaser), an arms length company located in Winnipeg, purchased all the assets for \$51,689. These assets included all source codes, files, intellectual property, the Company's subscriber base, office furniture, computers, miscellaneous equipment and the domain name www.realestatetours.com. 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.

The Company also received shareholder approval at the AGM held on August 26, 2003 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 an agreement to acquire a 100% interest in the Carswell Lake Uranium Property comprising 44 mineral dispositions and two exploration permits located in Saskatchewan. On December 21, 2006 the TSXV approved the transaction and a concurrent brokered private placement financing. Consideration for the property acquisition consists of 2,500,000 in common shares of the Company, \$1,000,000 cash, a royalty of 2% of net smelter returns and a 2% gross overriding royalty. Upon completion of this acquisition the Company will undergo a reverse takeover as such term is defined by the policies of the TSXV.

Terra currently is a development stage company engaged in the exploration of mineral resource properties and is a reporting issuer in the provinces of Alberta and British Columbia. As of December 22, 2006 the Company trades on the TSXV under the trading symbol "TAS".

At the Annual General Meeting of the Company held August 15, 2006, Messrs. Gunther Roehlig, Robert McMorran, CA and Mike Magrum, P.Eng were elected to the board of directors.

Results of Operations

During fiscal 2006 the Company focused on acquiring a resource property of merit and incurred minimal operating expenses.

In April 2006, as described above, the Company reached agreement to acquire the Carswell Lake Uranium Property (“the Acquisition Transaction”) and a corresponding increase in operating expenses was realized during the nine-month period ended November 30, 2006 in order to bring the transaction to a successful conclusion.

The Company recorded a net loss of \$136,114 (\$0.01 per share) for the nine months ended November 30, 2006, compared to a net loss of \$1,656,211 (\$0.54 per share) reported in the same period of the previous year. Included in the loss reported for the period ended November 30, 2005 is a write-off on disposal of subsidiary company in the amount of \$1,573,107. (This amount was adjusted to a gain on disposal of \$186,451 in the audited consolidated financial statements for the year ended February 28, 2006.) Excluding this item, the net loss for the comparable fiscal period ended November 30, 2005 was \$83,104.

As noted earlier, the increase in operating expenses during the current fiscal year is largely due to costs associated with completing the Acquisition Transaction. In particular legal and regulatory filing fees increased substantially as a direct result of activities related to this matter.

Website design and development expenses are not directly related to completing the Acquisition Transaction, but were incurred as a means of better informing shareholders and investors of Company developments prior to completing the transaction as well as afterwards.

Given the limited capital available to the Company prior to completion of the Acquisition Transaction management did not charge the Company any fees for services rendered during the third quarter of fiscal 2007.

Summary of Quarterly Results

	Nov 30, 2006	Aug 31, 2006	May 31, 2006	Feb 28, 2006
	\$	\$	\$	\$
Revenues	Nil	Nil	Nil	Nil
G & A Expenses	84,298	31,723	20,092	18,570
Other Expenses	-	-	-	-
Net (Loss)	(84,298)	(31,723)	(20,092)	(18,570)
Net (Loss) Per Share ⁽¹⁾	(0.01)	(0.00)	(0.00)	(0.01)

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

	Nov 30, 2005	August 31, 2005	May 31, 2005	Feb 28, 2005
	\$	\$	\$	\$
Revenues	Nil	Nil	Nil	Nil
G & A Expenses	24,224	49,390	73,013	78,138
Write-off of on disposal of subsidiary	-	1,573,107	-	-
Net (Loss)	(24,224)	(1,622,497)	(73,013)	(78,138)
Net (Loss) Per Share ⁽¹⁾	(0.01)	(0.39)	(0.04)	(0.05)

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

Financing and Capital Expenditures

The only financing activity completed during the nine months ended November 30, 2006 has been the exercise of 700,000 warrants at \$0.125 per share for gross proceeds of \$87,500. All of the warrants were exercised during the quarter ended November 30, 2006.

By comparison, during the same nine-month period in 2005 the Company closed a private placement of 2,000,000 shares at \$0.10 for proceeds of \$200,000 in July.

There were virtually no capital expenditures during the nine month-month periods ended November 30, 2006 and 2005 and none are contemplated until the Acquisition Transaction closes. Thereafter significant capital expenditures are expected as the Company commences exploration programs on the mineral prospects acquired.

Liquidity and Capital Resources

At November 30, 2006 the Company had negative working capital of \$46,590. As described elsewhere in this report, in December 2006 the Company completed the Acquisition Transaction and a concurrent brokered private placement that raised gross proceeds of \$4,163,000. In addition, 5,400,000 warrants were exercised at \$0.125 per share for gross proceeds of \$675,000.

The Company has not as yet put into commercial production any 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.

Off – Balance Sheet Arrangements

There were no off balance sheet arrangements.

Transactions with Related Parties

The Company incurred the following charges with directors, officers and former directors of the Company for the nine-month period ended November 30:

	<u>2006</u>	<u>2005</u>
Accounting fees	4,000	-
Consulting fees	7,500	15,000
Management fees	<u>15,000</u>	<u>15,000</u>
	<u>\$ 22,500</u>	<u>\$ 30,000</u>

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

Proposed Transactions

The Acquisition Transaction is described elsewhere in this report.

Changes In Accounting Policies

The Company has not changed any of its accounting policies as compared to those disclosed in its audited consolidated financial statements for the year ended February 28, 2006 except that it no longer prepares consolidated financial statements because it disposed of its subsidiary company June 2005 which was inactive at that time.

Critical Accounting Estimates

The Company's critical accounting estimates are as described in the Annual MD&A.

Financial Instruments

As disclosed in its audited financial statements, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Outstanding Share Data

a) Authorized:

100,000,000 common shares without par value.

b) Issued and outstanding:

24,620,226 common shares as at January 24, 2007.

c) Outstanding warrants and options as at January 24, 2007:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	1,281,250	\$1.20	December 29, 2008
Stock options	1,000,000	\$1.00	December 14, 2011
Stock options	1,000,000	\$1.20	January 5, 2012

Investor Relations Activities

The Company did not incur investor relation costs during the year.

Lawsuits

N/A

Subsequent Events

A number of events occurred after November 30, 2006 as described below:

a) *Warrant Exercise*

5,400,000 warrants were exercised at \$0.125 per share for gross proceeds of \$675,000.

b) *Property Acquisition*

On December 21, 2006 the TSX Venture Exchange accepted for filing the Company's acquisition of the Carswell Lake Uranium Property. Pursuant to the terms of the Carswell Lake Agreement (Note 3), the Company subsequently issued 2,500,000 of its common shares to the property vendor and paid the vendor \$1,000,000 cash.

In addition, the Company issued 190,000 of its common shares to an arms-length party as a finder's fee with respect to this transaction.

The property vendor retained a royalty of 2% of net smelter returns and a 2% gross overriding royalty.

c) *Private Placement Financing*

On December 28, 2006, and in connection with the Carswell Lake Agreement (Note 3), the Company closed a brokered private placement financing for gross proceeds of \$4,163,000. The financing consisted of 2,641,250 flow-through shares issued at \$0.80 per share and 2,562,500 units issued at \$0.80 per unit. Each non-flow-through unit consists of one common share and one-half of one non-transferable share purchase warrant, each full warrant entitling the holder thereof to purchase one additional common share of the company for a two-year period at \$1.20.

The Agent received a cash commission of \$333,040 plus reimbursement of related expenses.

d) *Stock Option Grant*

On December 14, 2006, the Company granted 1,000,000 stock options at \$1.00 per share to directors, officers and consultants. The options expire December 14, 2011.

On January 5, 2007, the Company granted 1,000,000 stock options at \$1.25 per share to directors, officers and consultants. The options expire January 5, 2012.

e) *Board Appointment*

On January 5, 2007, James Hutton was appointed to the board of directors.

Risks And Uncertainties

Certain risks are faced by the Company which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things.

These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under its resource property acquisition agreements to the extent such agreements exist. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations (to the extent that such exist) and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All of the Company's resource properties are in the exploration stage and without known reserves. Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its mineral properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

Outlook

The Company's activity level is expected to increase substantially for the foreseeable future as it conducts exploration on the mineral property acquired pursuant to the Acquisition Transaction. The ability of the Company to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance the project.

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.terra uranium.com.