

TERRA VENTURES INC.

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

The following information, prepared as of January 28, 2010, should be read in conjunction with the unaudited consolidated financial statements of Terra Ventures Inc. (the "Company") for the nine months ended November 30, 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, including, without limitation, statements about the mineral properties and financing activities. 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 28, 2010.
- 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. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in future prices of metals; possible variations in ore reserves, grade or recovery rates and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risks and Uncertainties." 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, except as required by law.

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 resource property inventory that is primarily focused on uranium prospects located in North America, with one recent exception being the REN gold prospect.

The Company currently is a reporting issuer in the provinces of Alberta and British Columbia and trades on the TSX Venture Exchange (the "TSXV") under the trading symbol "TAS" and is also listed on the Berlin and Frankfurt exchanges under the symbol "G7K".

Spin-off Transaction

On November 26, 2009, the Company announced a proposed spin-off transaction to reorganize the Company's resource property assets into two separate public companies in an effort to maximize shareholder value. The spin-off transaction is designed to improve the identification and valuation of specific resource property interests, to enhance the Company's ability to divest specific resource property interests through simpler corporate ownership and to enable the Company to separately finance and develop its various resource properties.

The proposed spin-off transaction is subject to shareholder approval by resolution approved by not less than two-thirds of the votes cast at a meeting of shareholders. The spin-off transaction is also subject to court approval and the approval of the Exchange.

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").

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.

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 completed a 2008 summer drill program consisting of 15 holes that 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.

During the winter of 2009, a drill program comprising 60 holes totaling about 22,000 metres was completed 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 and advised that the drilling campaign 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 September 24, 2009, Hathor advised that it had completed its summer 2009 exploration program. An aggregate of 56 drill holes were completed for a total of 20,106 metres of diamond drilling. The drilling was segregated as to: 20 holes for 6,724 metres from a barge-based drill; 20 holes for 8,056 metres from a land-based drill; and, 16 holes for 5,326 metres from a land-based reconnaissance drill.

The results of this program were disclosed in press releases dated August 5, 2009, September 9, 2009, September 24, 2009, November 9, 2009, and November 12, 2009. The highlights of the successes of the summer program include:

- Discovery of a very important new zone of mineralization (intersected in drill hole MWNE 09-170) located on land and approximately 200 m east of the Roughrider Zone. This mineralization could be an extension of the Roughrider Zone or a second mineralized system within a larger alteration zone.
- Identification of two new large zones of alteration, one of which hosts the new zone of mineralization.

- The second zone of alteration, located around 1.5 km from the Roughrider Zone, was discovered during the reconnaissance drill testing of a number of other targets on the property. This zone will be tested further in the upcoming winter exploration when drilling can be carried out on the ice.
- Completion of two drill holes for metallurgical samples of higher grade uranium within the envelope of the Roughrider zone.

On December 15, 2009, Hathor advised that it had received all of the permits required for an aggressive winter 2010 diamond drill program. The drill program is expected to comprise 80 holes for a total of approximately 26,000 metres.

The drill program will have three objectives:

- Infill and step out drilling on and around the partially outlined Roughrider Zone, with a focus on increasing the mineral resource estimate by targeting the very high-grade U_3O_8 zones.
- Extensive testing of the area around the newly identified high-grade mineralization in drill hole MWNE 09-170 (28 m of 12.71 wt% U_3O_8) which is located on land approximately 200 metres to the east of the Roughrider Zone and lies within a zone of strong alteration, similar to that of the Roughrider Zone.
- Reconnaissance drilling of other targets elsewhere on the property, including further testing of another zone of alteration, located about 1.2 km ENE from the Roughrider Zone.

On December 18, 2009, Hathor filed a 43-101 compliant report entitled “Technical Report on the Midwest NorthEast Project, Eastern Athabasca Basin, Northern Saskatchewan, Canada” (the “Technical Report”). The Technical Report’s Mineral Resource Estimate describes a NI 43-101 compliant Indicated Resource of 116,000 tonnes of 2.57% U_3O_8 and an Inferred Resource of 83,000 tonnes of 3.00% U_3O_8 . The Indicated Resource is thus 6,580,000 lbs U_3O_8 and the Inferred Resource, an additional 5,470,000 lbs of U_3O_8 . The uranium resource is identified as having low values for common toxic elements such as arsenic and selenium compared to most other deposits in the area. This makes the Roughrider Zone mineralization desirable for blending with such ores to reduce the bulk toxic element content before processing.

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's summer 2009 exploration program consisted of a sampling program on its newly acquired claims located contiguous with the Lac Kachiwiss property. No drilling program was completed during the 2009 exploration program and no further exploration is planned until completion of the proposed corporate spin-off transaction.

REN Property

In September 2009 the Company entered into an agreement (the "Novus Agreement") with Novus Gold Corp. ("Novus"), a company with common directors, for an option to acquire a 51% interest in the REN gold property located approximately 90 kilometres southwest of the formerly producing Lupin gold mine in the Point Lake area, Northwest Territories. The REN property hosts banded iron-hosted gold showings and drilling was carried out on the property between 1974 and 1990 by Texasgulf, Cominco and Westview.

In order to exercise the option, the Company must incur \$1,500,000 of expenditures on the REN property prior to December 31, 2009. On January 25, 2010, the Company gave notice that it had incurred the minimum expenditures on the REN Property and exercised its option earning a 51% interest in the REN Property.

Terms of the Novus Agreement also provide Novus with the sole and exclusive option to repurchase the Company's 51% interest in consideration for 7,500,000 Novus common shares.

In a press release dated January 11, 2010, the company disclosed that a 9 hole diamond drilling program had been completed on the REN property. Eight of the drill holes intersected significant gold mineralization grading from 1.33 to 2.91 grams per ton gold over widths of 10.61 to 37.12 meters.

Solitaire Net Smelter Return

In August 2009 the Company entered into an agreement to acquire a 2% net smelter return in 10 mineral dispositions located in the Key Lake area of the Athabasca Basin, Saskatchewan in consideration for \$225,000. The transaction closed in September 2009. The property held by Solitaire Minerals Corp. ("Solitaire") and includes 3 mineral claims totaling 14,415 hectares, known as the "D" block of claims, and 7 mineral claims known as the "C" block of claims, totaling 3,913 hectares.

All of the claims are located within or proximal to the Key Lake/McArthur River and Cigar Lake geological trend. The claims are situated within the Athabasca basin, underlain by rocks of the Wollaston domain, which is the favourable geological setting hosting most of the major deposits in the eastern portion of the basin.

For additional information on the property, please visit Solitaire's website at: www.solitaireminerals.com.

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 November 30, 2009.

	Three Months Ended			
	Nov 30, 2009	August 31, 2009	May 31, 2009	Feb 28, 2009
Total Revenues	-	-	-	-
Net Loss	\$ (268,931)	\$ (667,504)	\$ (295,900)	\$(1,723,724)
Net (Loss) Income Per Share (basic and diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.04)
Deferred Exploration Expenditures	\$ 2,261,073	\$ 354,800	\$ 104,642	\$ 772,935
Total Assets	\$ 23,686,830	\$ 23,652,284	\$ 23,886,829	\$24,474,899

	Three Months Ended			
	Nov 30, 2008	August 31, 2008	May 31, 2008	Feb 29, 2008
Total Revenues	-	-	-	-
Net (Loss) Income	\$ (237,534)	\$ (893,287)	\$ (926,353)	\$ 375,344
Net (Loss) Income Per Share (basic and diluted)	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ 0.01
Deferred Exploration Expenditures	\$ 1,750,393	\$ 229,666	\$ 4,006,609	\$ 20,598
Total Assets	\$24,630,483	\$24,706,129	\$ 19,464,106	\$ 18,121,707

The quarters ended February 28, 2009 and February 29, 2008 include a credit of \$619,000 and \$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.

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 August 31 and February 28, 2009, and November 30, August 31, May 31, 2008 and February 29, 2008, include a charge of \$410,525, \$115,591, \$3,676, \$669,767, \$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.

RESULTS OF OPERATIONS

Nine Months Ended November 30, 2009

The Company recorded a net loss of \$1,232,335 (\$0.02 loss per share) for the nine months ended November 30, 2009 as compared to a net loss of \$2,057,174 (\$0.05 loss per share) for the nine months ended November 30, 2008. 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 periods as detailed in the following table.

	2009	2008
Net loss for the nine months ended November 30	\$ (1,232,335)	\$ (2,057,174)
Adjustments:		
Stock-based compensation	408,388	1,193,661
<u>Adjusted net loss for the periods</u>	<u>\$ (823,947)</u>	<u>\$ (863,513)</u>

The stock-based compensation charge relates to the value attributed to options re-priced and 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 nine-month period ended November 30, 2009 as compared to the nine-month period ended November 30, 2008 are discussed below.

Consulting fees (\$68,125 vs. \$141,266) 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 (\$133,688 vs. \$121,385) increased in the current period because the level of activity with respect to regulatory filings and property acquisitions increased. Professional fees in the future will vary depending on the number and complexity of transactions the Company enters into.

Management fees (\$207,000 vs. \$198,000) increased due to an increase in senior staff. The Company expects to reduce management fees after the proposed spin-off transaction is completed.

Office and miscellaneous expense (\$96,711 vs. \$56,029) increased primarily because an admin support staff member was added to head office personnel.

Tradeshaw and marketing expense (\$89,170 vs. \$128,146) 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 (\$91,533 vs. \$120,618) decreased due to an overall reduction in marketing initiatives in the European investment community. This was partially offset by travel by senior staff related to the Company's exploration projects.

The Company recorded interest income of \$67,871 in the current period (2008 - \$186,561). 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.

Three Months Ended November, 2009

The Company recorded a net loss of \$268,931 (\$0.01 loss per share) for the three months ended November 30, 2009 as compared to a net loss of \$237,534 (\$0.00 loss per share) for the same period in 2008.

The discussion for the variance in expense elements for the nine months ended November 30, 2009 is equally applicable to the variance in expense elements between the three months ended November 30, 2009 and 2008.

CAPITAL EXPENDITURES

The Company incurred resource property exploration expenditures during the nine months ended November 30, 2009 amounting to \$2,720,515 (2008 - \$6,011,668). The current period's expenditures were on the Lac Kachiwiss property and the REN property whereas in the nine months ended November, 2008, 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 September 2009, the Company acquired the Solitaire Net Smelter Return cash consideration of \$225,000. Also during the month, the Company entered into an option agreement to acquire a 51% interest in the REN Property, subject to certain terms including the commitment to expend \$1,500,000 on the property prior to December 31, 2009. On January 25, 2010, the Company gave notice to Novus that it had met the exploration commitment and earned a 51% interest in the REN Property.

For the foreseeable future the Company expects that it will continue to incur exploration expenditures on resource 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 nine months ended November 30, 2009 the Company did not engage in any financing activity.

During the nine months ended November 30, 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 consisted 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 advisory 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. During the nine months ended November 30, 2009, the Company reduced the exercise price of 6,300,000 of these warrants to \$0.80 per share and extended the original two year life by an additional three years for 7,000,000 of these warrants.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately \$823,000 of cash (before working capital items) for the nine months ended November 30, 2009 with an additional approximate \$2,613,000 utilized on resource 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 \$5,854,211 at November 30, 2009. The Company's working capital decreased by \$3,543,874 correspondingly during the period.

The Company has no other significant commitments over the near term or long term and none are presently contemplated in excess of normal operating requirements including office rent and the management of exploration programs on its various resource prospects.

The Company has not as yet put into commercial production any of its resource 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 and nine months ended November 30, 2009 and 2008:

	Three months ended November 30,		Nine months ended November 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Consulting fees	\$ -	\$ 3,000	\$ 13,000	\$ 12,000
Legal, audit & accounting fees	13,951	8,480	40,238	30,447
Management fees	69,000	69,000	207,000	198,000
Rent	21,172	21,082	63,516	63,202
Website	7,550	3,400	19,300	14,200
Resource property expenditures				
Geological consulting	15,000	63,000	47,000	144,000
	<u>\$ 126,673</u>	<u>\$ 167,962</u>	<u>\$ 390,054</u>	<u>\$ 461,849</u>

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

At November 30, 2009 accounts payable and accrued liabilities included \$25,283 (February 28, 2009: \$35,310) due to current 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.

At November 30, 2009, the Company had advanced \$399,172 (February 28, 2009: \$nil) to Novus, a company with common directors. The advance is being expended by Novus on the REN Property in order for the Company to earn a 51% interest in the REN Property under the Novus Option.

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 consolidated 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 resource 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 resource 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 resource properties during the first three quarters of fiscal 2010 or during the same three quarters in fiscal 2009, but during the year ended February 28, 2009, the Company wrote-off/wrote-down \$1,736,454 of resource 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 \$17,640,646 as at November 30, 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, vested, or modified 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 nine months ended November 30, 2009 the Company recorded a stock-based compensation expense of \$408,388. During the nine months ended November 30, 2008 a stock-based compensation expense of \$1,193,661 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, the residual value method is applied and the value ascribed to the shares is charged to share capital with the residual balance charged to contributed surplus. 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 warrants issued to agent's, 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 nine months ended November 30, 2009. During the nine months ended November 30, 2008, 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 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 new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. Adoption of this new accounting standard did not have a significant impact on the Company's 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 evaluating the impact of the adoption of these sections.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption may be permitted, however it will require exemptive relief on a case by case basis from the Canadian Securities Administrators. The Company expects its first consolidated financial statements presented in accordance with IFRS to be for the three-month period ended May 31, 2011, which includes presentation of its comparative results for fiscal 2011 under IFRS. In order to prepare for the changeover to IFRS, the Company has developed an IFRS conversion plan comprised of three phases:

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PHASE	DESCRIPTION AND STATUS
<p><i>PRELIMINARY PLANNING AND SCOPING</i></p>	<p>This phase involved development of the IFRS conversion plan and has been completed. The IFRS conversion plan includes consideration of the impacts of IFRS on the Company’s financial statements, internal control over financial reporting, information systems and business activities such as foreign operations, compensation metrics, and personnel and training requirements.</p> <p>Based on Management’s review of IFRS and current Company processes, minimal impact is expected on information systems and compensation metrics.</p> <p>The IFRS conversion plan includes a high level impact assessment of IFRS effective in 2009, as relevant to the Company. This initial assessment identified 5 to 6 standards of high or medium priority to the Company, based on a number of factors. The International Accounting Standards Board has activities currently underway which may, or will, change the standards effective upon the Company’s adoption of IFRS, and therefore may impact this initial high level assessment. The Company will assess any such change as a component of its Detailed Impact Assessment phase and update its IFRS conversion plan as appropriate. No significant changes were made to the IFRS conversion plan during the third quarter of fiscal 2010.</p>
<p><i>DETAILED IMPACT ASSESSMENT</i></p>	<p>This phase involves detailed review of IFRS relevant to the Company and identification of all differences between existing Canadian GAAP and IFRS that may or will result in accounting and/or disclosure differences in the Company’s financial statements, along with quantification of impact on key line items and disclosures. The phase includes identification, evaluation and selection of accounting policies necessary for the Company’s conversion to IFRS and evaluation of the impact on outstanding operational elements such as debt covenants and budgeting. The Company is in the process of its detailed review of IFRS relevant to the Company and identification of key differences. The Company expects to complete this phase by the end of the second quarter of fiscal 2011.</p>

<i>IMPLEMENTATION</i>	This phase will embed the required changes for conversion to IFRS into the underlying financial close and reporting process and business processes. This will include finalization and approval of accounting policy changes, collection of financial information necessary to prepare IFRS compliant financial statements, implementation of additional internal controls, and preparation and approval of completed IFRS financial statements. The IFRS changeover is expected to impact the presentation and/or valuations of balances and transactions in the Company's quarterly and annual consolidated financial statements and related notes effective March 1, 2011, however continued progress on the IFRS conversion plan is necessary before the Company is able to describe or quantify those effects.
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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 November 30, 2009 and February 28, 2009, the Company had neither available-for-sale nor held-to maturity financial instruments.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to their short term nature.

Foreign Exchange Risk

The Company conducts nominal transactions in non-Canadian dollars and as such has virtually no foreign exchange risk.

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with a large Canadian bank.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss is limited because at present the only interest bearing financial assets the Company holds are Guaranteed Investment Certificates with a major Canadian bank with fixed interest rates that permit penalty-free redemption after they have been held for 30 days.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current.

OUTSTANDING SHARE DATA

a) Authorized:

Unlimited common shares without par value

b) Issued and outstanding:

52,984,048 common shares as at January 28, 2010.

c) Outstanding warrants and options as at January 28, 2010:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	164,989	\$0.75	Dec 30, 2010
Share purchase warrants	318,000	\$1.20	Aug 21, 2010
Share purchase warrants	6,300,000	\$0.80 ⁽¹⁾	Aug 21, 2013 ⁽¹⁾
Share purchase warrants	700,000	\$1.20	Aug 21, 2013 ⁽¹⁾
Stock options	1,000,000	\$0.45 ⁽¹⁾	Dec 14, 2016
Stock options	1,000,000	\$0.45 ⁽¹⁾	Jan 05, 2017
Stock options	235,000	\$0.45 ⁽¹⁾	Mar 05, 2017
Stock options	750,000	\$0.45 ⁽¹⁾	Apr 12, 2017
Stock options	565,000	\$0.45 ⁽¹⁾	Mar 07, 2018
Stock options	750,000	\$0.45 ⁽¹⁾	Apr 18, 2018
Stock options	735,000	\$0.45 ⁽¹⁾	Aug 11, 2018
Stock options	280,000	\$0.45 ⁽¹⁾	Dec 30, 2018
Stock options	20,000	\$0.45 ⁽¹⁾	Dec 31, 2018

- ⁽¹⁾ In June 2009 the Company reduced the exercise price to \$0.80 per share for 6,300,000 of the warrants and extended the original two year life by an additional three years for 7,000,000 of the warrants.

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 and six months ended August 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.

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 \$5.6 million.

The Company's immediate focus for the fourth quarter of 2009 will be the completion of the proposed spin-off transaction. There is ongoing exploration work being conducted by Hathor and Titan on the Hathor Production Interest and Titan Production Interest respectively. The Company does not plan on resuming exploration on any properties until completion of the proposed spin-off transaction. The Company will continue to review new prospects and will add to its resource 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.