

FORM 51 – 102F1

TERRA VENTURES INC.

REPORT

For the six months ended August 31, 2006

Date: October 30, 2006

Overall Performance

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 its AGM held on August 23, 2003 and received regulatory approval on September 23, 2003. The sale was completed shortly thereafter.

With the introduction of the NEX board of the TSX Venture Exchange, the Company's listing was transferred from the TSX to the NEX and the Company now has an inactive status and is subject to the restrictions placed on inactive issuers as outlined in the TSX Exchange Policy 2.6.

The Company has been pursuing a new direction by way of re-organization, refinancing and the acquisition of a suitable project. It received shareholder approval at its EGM of August 26, 2003 for an 18:1 consolidation of its outstanding shares and subsequently completed this on June 11, 2004. This reduced the number of common shares outstanding to 1,006,476 and the Company's name was changed to Terra Ventures Inc.

On June 22, 2004 the Company closed a private placement of 1,000,000 shares at \$0.10 for proceeds of \$100,000 less share issuance costs of \$5,000. This increased the number of common shares outstanding to 2,006,476.

On July 5, 2005 the Company closed a private placement of 2,000,000 shares at \$0.10 for proceeds of \$200,000. This increased the number of common shares outstanding to 4,006,476. On January 16, 2006 the Company closed a private placement of 6,100,000 shares at \$0.10 for proceeds of \$610,000 less share issuance costs of \$52,000 via the

issuance of a further 520,000 shares. This increased the number of common shares outstanding to 10,626,476.

The Company has been focusing on consolidating its existing business by disposing of its operating subsidiary Transmeridian Communications Inc. (TCI) to an arms length party. This has now been accomplished resulting in a non-recurring gain of \$186,451 from the disposal of its subsidiary TCI. It is also in the process of pursuing a new business direction with a view to acquiring a natural resource property of merit. On April 25, 2006, the Company entered into an agreement to acquire a mineral property in Saskatchewan to acquire a 100% interest in the Carswell Lake Uranium Property comprising 44 mineral dispositions and two exploration permits located in Saskatchewan in consideration for \$2,000,000 in common shares of the Company, \$1,000,000 cash, a royalty of 2% of net smelter returns and a 2% gross overriding royalty. The common shares to be issued to the Vendor are to be issued at the equal price in which the Company conducts a concurrent equity financing provided that the Vendor will not receive less than 2,000,000 common shares of the Company. This agreement is subject to TSX Venture Exchange (TSX) approval. If approval is not received by November 30, 2006, the Vendor has the right to terminate the agreement at any time until TSX approval is received. Upon this acquisition the Company will undergo a reverse takeover as such term is defined by the policies of the TSX Venture Exchange.

Selected Annual Information

The following information is derived from the consolidated financial statements of the Company for each of the three years ended February 28 2006, February 28, 2005, and February 29, 2004.

	Year Ended February 28, 2006	Year Ended February 28, 2005	Year Ended February 29, 2004
Total Revenues and Interest Income	NIL	NIL	183,600
Net income (Loss) per share, basic and fully diluted	0.02	(0.13)	(0.36)
Total Assets	33,485	9,295	1,983
Long Term Liabilities	NIL	NIL	NIL
Cash dividends declared	Nil	NIL	NIL
Number of securities outstanding	10,626,476	2,006,476	1,006,476

Results of Operations

The Company has been focusing on acquiring a resource property of merit.

Management fees were \$15,000 for the six months ended May 31, 2006, (2005: \$15,000), while consulting fees were \$7,500 for the same period. (2005: \$15,000).

Rent is now being incurred whilst previously none had been charged resulting in \$3,000 for 2006 (2005 \$1,000). Travel and entertainment was \$1,341 (2005: \$57).

Transfer agent and regulatory fees were relatively unchanged at \$7,028 (2005: \$8,686).

Summary of Quarterly Results

The following tables present our unaudited quarterly results of operations for each of the last nine quarters.

Net Loss by Quarter

2006 - 2007	Q-1 3 months to May 31	Q-2 3 months to August 31	Q-3 3 months to November 30	Q-4 3 months to February 28
Net income (loss) excluding write-down	\$(20,092)	\$(31,723)	-	-
Gain on disposal of assets	-	-	-	-
Net Income (Loss)	\$(20,092)	\$(31,723)	-	-
Gain (Loss) Per Share	\$(0.002)	\$(0.003)	-	-)
2005 - 2006	Q-1 3 months to May 31	Q-2 3 months to August 31	Q-3 3 months to November 30	Q-4 3 months to February 28
Net income (loss) excluding write-down	\$(16,990)	\$(49,390)	\$(24,224)	\$(18,570)
Gain on disposal of assets	-	\$186,451	-	-
Net Income (Loss)	\$(16,990)	\$137,061	\$(24,224)	\$(18,570)
Gain (Loss) Per Share	(0.01)	0.07	(0.01)	(0.01)
2004 - 2005	Q-1 3 months to May 31	Q-2 3 months to August 31	Q-3 3 months to November 30	Q-4 3 months to February 28
Net income (loss) excluding write-down	\$(73,013)	\$(65,949)	\$(19,388)	\$(78,138)
Write-down of assets	-	-	-	-
Net Income (Loss)	\$(73,013)	\$(65,949)	\$(19,388)	\$(78,138)
Loss Per Share	(0.04)	(0.03)	(0.01)	(0.04)

Liquidity and Solvency

At August 31, 2006 the Company had negative working capital of \$42,448. Upon approval of the agreement to acquire a mineral property in Saskatchewan to with a 100% interest in the Carswell Lake Uranium Property the Company will undertake a funding to meet its working capital needs.

Capital Resources

No Financing occurred during the period. At August 31, 2006, 10,626,476 shares were issued and outstanding and 6,100,000 (2005: Nil) share purchase warrants were outstanding. Each warrant entitles the holder to purchase one common share of the Company at \$0.125 until January 16, 2007.

Off – Balance Sheet Arrangements

There were no off balance sheet arrangements.

Transactions with Related Parties

The board of directors consisted of:

Mr. Gunther Roehlig, President

Mr. Mike Magrum

Mr. Rob McMorran

During the six months, the Company incurred management fees with directors and officers of the Company, (also see Note 5) of \$ 15,000 (2005: \$15,000). In addition there were consulting fees with directors and officers of the Company, (also see Note 6) of \$7,500 (2005: \$15,000).

Proposed Transactions

N/A

Critical Accounting Estimates

The Company was largely inactive during the quarter and it has no critical accounting estimates.

Changes in Accounting Policies Including Initial Adoption

The Company has not undergone any material changes in accounting policies. Readers are referred to the notes to the consolidated financial statements for the twelve months ended February 28, 2006 for further information.

Investor Relations Activities

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

Lawsuits

N/A

Subsequent Events

The agreement dated April 25, 2006, to acquire a 100% interest in 44 mineral dispositions and two exploration permits located in Saskatchewan has not yet received TSX Venture Exchange (TSX) approval. If approval is not received by November 30, 2006, the Vendor has the right to terminate the agreement at any time until TSX approval is received. Trading in the Company's shares was halted on April 26, 2006 pending submission of the National Instrument 43-101 report and resumed trading on September 20, 2006.