

TERRA VENTURES INC.

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

The following information, prepared as of January 27, 2009, should be read in conjunction with the unaudited consolidated financial statements of Terra Ventures Inc. (the "Company") for the nine months ended November 30, 2008, together with the Company's audited financial statements for the year ended February 29, 2008, 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 January 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 if new information arises which makes it prudent to change such plans or programs; and the accuracy of current interpretation of drill and other exploration results.

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

GENERAL

On December 21, 2006 the TSXV approved a mineral property transaction for certain mineral prospects located in northern Saskatchewan and a concurrent brokered private placement financing. The acquisition transaction was subsequently completed on December 28, 2006 and constituted a reverse takeover as such term is defined by the policies of the TSXV.

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

Terra currently is 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 began trading on the TSXV under the trading symbol "TAS". In March 2007 the Company announced that it had also been 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 is held by a subsidiary of Hathor Exploration Ltd. 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 claims (which interest together with the 8% carried working interest in the other claim 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.

On March 3, 2008, Hathor announced that it had received U₃O₈ assay results for uranium mineralization encountered in diamond drill hole MWNE-08-12 on the Roughrider Zone of its 90%-owned Midwest Northeast project. The drill hole intersected 11.9 metres grading 5.29% U₃O₈ beginning at 261.5 metres. In addition, individual assays include 20 cm grading 40.2 % U₃O₈ beginning at 251.9 metres.

On May 21, 2008, Hathor reported further assay results for uranium mineralization encountered in diamond drill holes completed on the Roughrider Zone at the Midwest NorthEast property. Highlights using a 0.05% U₃O₈ cut-off grade included:

- 15 metres grading 10.02% U₃O₈, including 2 metres at 43.85% U₃O₈, in drill hole MWNE-08-20.
- 9 metres grading 10.06% U₃O₈, including 3 metres at 22.72% U₃O₈, and 5 metres grading 3.58% U₃O₈, including 1.5 metres at 10.58% U₃O₈, in drill hole MWNE-08-21
- 9.5 metres grading 2.60% U₃O₈, including 2 metres at 10.39% U₃O₈, in drill hole MWNE-08-28.

(All intersections are downhole thickness as true thickness is yet to be determined.)

In total, Hathor completed 10,654 metres of diamond drilling in 29 NQ-sized, vertical and angled diamond drill holes on the Midwest NorthEast property during the 2008 winter drilling campaign.

A summer drill program consisting of 15 holes began in mid-June to further test the Roughrider Zone and other targets on the Midwest NorthEast property. On August 27, 2008, Hathor reported the first assay results from this program. Highlights using a 0.05% U₃O₈ cut-off grade included:

- 69 metres grading 2.33% U₃O₈ comprised of 49 metres at 2.81% U₃O₈; 6 metres at 0.018% U₃O₈; and 14 metres at 1.68% U₃O₈, in drill hole MWNE-08-30. Within this overall core-length interval is a 9-metre interval grading 10.54% U₃O₈ that includes 2.5 metres grading 31.20% U₃O₈.
- 2.5 metres grading 1.35% U₃O₈, in drill hole MWNE-08-31.
- 6.5 metres grading 20.41% U₃O₈ and 16 metres grading 0.74% U₃O₈, in drill hole MWNE-08-32.

(All intersections are downhole thickness as true thickness is yet to be determined.)

On October 2, 2008, Hathor released more assay results from the summer drilling program covering diamond drill holes MWNE-08-33, MWNE-08-34 and MWNE-08-35. Highlights using a 0.05% U₃O₈ cut-off grade included:

- 46 metres grading 3.25% U_3O_8 comprised of 7 metres at 11.99% U_3O_8 ; 4.5 metres grading less than 0.01% U_3O_8 ; and 34.5 metres at 1.89% U_3O_8 , in drill hole MWNE-08-33. Within this overall core-length interval is a 9-metre interval grading 10.54% U_3O_8 that includes 2.5 metres grading 31.20% U_3O_8 .
- 6.5 metres grading 8.93% U_3O_8 ; 3.0 metres at 1.74% U_3O_8 ; 12 metres at 0.69% U_3O_8 ; 1.5 metres at 0.15% U_3O_8 ; and 1.0 metre at 0.42% U_3O_8 , in drill hole MWNE-08-34.
- 1.5 metres grading 0.08% U_3O_8 and 1.5 metres grading 2.70% U_3O_8 , in drill hole MWNE-08-35.

(All intersections are downhole thickness as true thickness is yet to be determined.)

On November 4, 2008, Hathor released additional assay results from the summer drilling program covering diamond drill holes MWNE-08-36 through 42. Holes MWNE-08-38, 39 and 41 encountered narrow zones of low-grade U_3O_8 while hole MWNE-08-36 (a geological hole drilled outside the target area) contained no uranium mineralization. Highlights of holes MWNE-08-37, 40 and 42 (using a 0.05% U_3O_8 cut-off grade) included:

- 18.0 metres grading 4.15% U_3O_8 including a 9-metre interval grading 8.22% U_3O_8 in hole MWNE-08-37.
- 23 metres grading 11.23% U_3O_8 including a 12.5-metre interval grading 18.05% U_3O_8 in hole MWNE-08-40.
- 3.5 metres grading 5.92% U_3O_8 in drill hole MWNE-08-42.

(All intersections are downhole thickness as true thickness is yet to be determined.)

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

On January 20, 2009, Hathor reported that it was planning a winter drill program for the comprising 60 holes totaling about 22,000 metres with the objective of extending and further defining the Roughrider Zone.

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.

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. 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 100% interest in an additional 838 mineral claims contiguous with the Lac Kachiwiss property. Further, on January 21, 2009, the Company advised that it had acquired by staking an additional 101,600 hectares. In the aggregate the Company now holds 2,951 claims covering 150,500 hectares in the Lac Kachiwiss region.

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

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

The Company plans to carry out further diamond drilling 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.

American Uranium Properties and Interests

North Yellow Cat

In May 2007 the Company entered into a letter of agreement pursuant to which it has been granted the right to acquire a 100% interest in 208 unpatented Federal lode mining claims and one State lease, in four separate blocks, totalling 4,720 acres in Grand County, Utah. The property is located in the Thompson uranium/vanadium mining district, one of the oldest and most prolific mining regions for uranium, radium and vanadium in the United States.

One of the claim blocks has a historic resource estimate based on widely spaced drilling. This historic resource (non-43-101 compliant), consists of 12.68 million tons of sandstone grading 0.022% uranium and 0.14% vanadium. To date the Company has not conducted any exploration work on the property.

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, 2008.

	Three Months Ended			
	Nov 30, 2008	August 31, 2008	May 31, 2008	Feb 29, 2008
Total Revenues	-	-	-	-
Net (Loss) Income	\$ (237,534)	\$ (893,287)	\$ (709,731)	\$ 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

	Three Months Ended			
	Nov 30, 2007	August 31, 2007	May 31, 2007	Feb 28, 2007
Total Revenues	-	-	-	-
Net (Loss) Income	\$ (6,222,170)	\$ (395,190)	\$ (1,980,190)	\$ (713,813)
Net (Loss) Income Per Share (basic and diluted)	\$ (0.16)	\$ (0.01)	\$ (0.06)	\$ (0.10)
Deferred Exploration Expenditures	\$ 1,151,295	\$ 321,817	\$ 6,642,994	\$ 7,851,473
Total Assets	\$ 19,478,789	\$ 24,614,690	\$ 24,829,912	\$ 10,818,043

The net income reported in the quarter ended February 29, 2008, resulted from the Company recording a credit to its statement of operations with respect to income tax benefits not previously recognized and which arose from the renunciation of flow-through share expenditures in February 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.

The losses recorded in the quarters ended November 30, August 31 and May 31, 2008, and May 31 and February 28, 2007, include a charge of \$3,676, \$453,145, \$520,218, \$1,356,850 and \$1,012,000 for stock-based compensation expense respectively. The quarters ended May 31 and February 28, 2007, also include recoveries of \$157,000 and \$566,000 respectively of income tax benefits not previously recognized which were related to the renunciation of flow-through expenditures in February 2007.

The large increase in total assets in the quarters ended May 31 and February 28, 2007, reflect an increase in working capital as the result of completing significant private placement financings during the respective quarters.

RESULTS OF OPERATIONS

Nine Months Ended November 30, 2008

The Company recorded a net loss of \$1,840,552 (\$0.04 loss per share) for the nine months ended November 30, 2008 as compared to a net loss of \$8,597,550 (\$0.22 loss per share) for the same period in 2007. In order make a comparison of the results of operations for the two periods more meaningful, certain non-cash charges and credits have been adjusted back to the reported net loss for the respective period as detailed in the following table.

	2008	2007
Net loss for the period	\$ (1,840,552)	\$ (8,597,550)
Adjustments:		
Stock-based compensation	977,039	1,430,660
Resource property written-off	-	6,091,195
Future income tax recovery	-	(157,000)
	<hr/>	<hr/>
Adjusted net loss for the period	<u>\$ (863,513)</u>	<u>\$ (1,232,694)</u>

The stock-based compensation 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. During the period three-month period ended November 30, 2008 the Company determined to return the Carswell Lake uranium claims to the vendor and consequently wrote-off the deferred exploration expenditures related to that property. The future income tax recovery was recorded in the respective period pursuant to the Company's accounting policy with respect to issuing flow-through shares.

Changes in selected expense items are discussed below.

Consulting fees (\$141,266 vs. \$158,292) in the current period include funds paid to financial consultants as well as a project oversight consultant whereas the fees for the comparative period relate largely to introducing the Company to European investors through various media channels.

Shareholder communications expense (\$163,274 vs. \$282,414), and tradeshow and marketing fees (\$128,146 vs. \$446,922) decreased significantly in the current period largely because the Company reduced its expenses with respect to introducing the Company to European investors as compared to the same period in 2007. For the foreseeable future it is expected that such expenditures will remain at current levels, pending developments within the Company.

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

Legal expenses decreased by approximately \$63,000 in the current period as compared to 2007 because the level of activity with respect to regulatory filings and property acquisitions was much lower. The decrease in legal expense was offset somewhat by an increase in accounting and audit fees. Legal fees will vary depending on the number and complexity of transactions the Company enters into while audit and accounting fees are expected to increase nominally as compared to 2007.

Management fees (\$198,000 vs. \$117,500) increased due to an increase in compensation paid to head office personnel as well as an increase in number of personnel.

Transfer agent and filing fees (\$55,612 vs \$69,953) decreased as the number of regulatory filings decreased and the fees associated with such filings were lower in the current period.

The Company recorded interest income of \$186,561 in the current period (2007 - \$229,487). 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 2007 fiscal period.

Three Months Ended November 30, 2008

The Company recorded a net loss of \$237,534 (\$0.00 loss per share) for the three months ended November 30, 2008 as compared to a net loss of \$6,222,170 (\$0.16 loss per share) for the same period in 2007.

Changes in selected expense items are discussed below.

Consulting fees (\$21,375 vs. \$23,378) in the current period include funds paid to financial consultants as well as a project oversight consultant whereas the fees for the comparative period relate mostly to financial consultants.

Legal, audit and accounting fees (\$25,213 vs. \$7,766) were greater in the current quarter because of an increased audit accrual in the current period in relation to the comparative period in 2007, and in addition, the comparative figure includes a one-time credit adjustment of \$10,000 for an adjustment of certain old accounts.

Management fees increased for the same reason as described for the nine-month period ended November 30, 2007.

Tradeshaw and marketing (\$44,390 vs \$15,697) increased in the current period as the Company had modestly increased its activities with respect to attending industry conferences or investor conferences.

Less interest income was realized in the current quarter than the comparative quarter again primarily as a result of lower interest rates realized in the current period as compared to the 2007 fiscal period.

CAPITAL EXPENDITURES

In the first quarter of the current fiscal year, the Company made a cash payment of \$2,500,000 and issued 3,000,000 (at an ascribed value of \$1,500,000) of its common shares as consideration for acquiring an additional 2% carried working interest included in its Hathor Production Interest, and incurred nominal exploration expenditures. During the quarter ended August 31, 2008, capital expenditures were limited to exploration expenditures (\$164,666) on the Company's Lac Kachiwiss property.

During the quarter ended November 30, 2008, capital expenditures were primarily related to exploration expenditures on the Lac Kachiwiss property and amounted to \$1,638,002.

During the nine months ended November 30, 2007, the Company incurred mineral property option payments and exploration expenditures on such properties amounting to \$8,116,106 (\$1,151,295 during the third quarter). Included in the current period expenditures is an amount of \$3,376,300 relating to the issuance of 2,226,000 common shares at various prices as option payments or finder's fees on mineral properties.

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

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

By comparison, in April 2007 the Company completed a brokered private placement of 1,600,000 flow-through shares at \$1.25 per share plus 9,500,000 units at \$1.10 per unit for aggregate gross proceeds of \$12,450,000. Each unit consisted of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitled the holder to purchase one additional common share of the Company on or before October 3, 2008 at an exercise price of \$1.40 per share. In September 2008 the Company received regulatory approval to extend the expiry date of the warrants to April 3, 2009. With respect to the offering the agents were paid a cash commission of \$809,250, and were granted agent warrants exercisable for 666,000 shares of the Company at a price of \$1.10 per share on or before October 3, 2008. The agent warrants expired unexercised. In addition, a finder's fee of \$60,000 and 100,000 common shares was paid, and legal and other issue costs of \$27,149 were incurred.

On December 30, 2008, the Company completed a brokered private placement of 2,749,830 flow-through shares at \$0.75 per share for gross proceeds of \$2,062,373. The Company will renounce Canadian Exploration Expenses in this amount to the subscribers of the flow-through shares effective December 31, 2008. All such expenditures must be incurred by the Company no later than December 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately \$863,000 of cash (before working capital items) for the nine months ended November 30, 2008 (2007 - \$1,233,000) with an additional approximate \$4,210,000 (2007 - \$3,923,000) utilized on mineral property acquisitions and deferred exploration expenditures. This cash requirement was fulfilled from cash on hand at the beginning of the current period.

The Company's aggregate operating, investing and financing activities during the period resulted in a net increase in its cash balance (including cash equivalents) from \$7,978,014 at February 29, 2008 to \$8,556,364 at November 30, 2008. The Company's working capital increased by \$254,354 correspondingly during the period.

The Company has a commitment with respect to the agreement on the North Yellow Cat property pursuant to which it must make aggregate vendor payments of US\$450,000 (US\$75,000 paid) and issue 200,000 (100,000 issued) common shares of the Company. 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 the management of exploration programs on its various mineral prospects.

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:

	Nine months ended November 30,	
	2008	2007
Consulting fees	\$ 12,000	\$ 9,250
Legal, audit and accounting fees	30,447	27,734
Management fees	198,000	117,500
Rent	63,202	16,000
Investor relations	-	94,720
Website	14,200	22,040
Mineral property expenditures – Geological consulting	<u>144,000</u>	<u>-</u>
	<u>\$ 461,849</u>	<u>\$ 287,244</u>

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

At November 30, 2008 accounts payable included \$29,507 (February 29, 2008: \$26,561) due to current or former directors and officers of the Company or companies controlled by such individuals for consulting and management fees payable, and for reimbursement of expenses incurred on the Company's behalf.

OFF BALANCE SHEET ARRANGEMENTS:

The Company has not entered into any off balance sheet arrangements.

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 unaudited financial statements for the nine months ended November 30, 2008, as well as the audited financial statements for the year ended February 29, 2008. 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 of warrants included as part of security offerings as well as agent's warrants issued in connection with security offerings.

Management reviews the carrying values of its mineral properties and deferred exploration on at least an annual basis to determine whether an impairment should be recognized. In addition, capitalized costs related to abandoned properties are written off in the period of abandonment.

During the nine months ended November 30, 2008, the Company did not write-off any of its mineral properties or deferred exploration expenditures. Capitalized costs in respect of the Company's mineral property interests amounted to \$15,833,650 as at November 30, 2008. 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 reporting period the Company recorded stock-based compensation expense of \$977,039.

Similarly, the Company accounts for the value of warrants issued as part of security offerings and to agent's in connection with security offerings by measuring their fair value at the issue date and recording this value. With respect to warrants issued as part of a security offering, the value of the securities being issued is parsed with the value attributable to the warrants being recorded to contributed surplus while the residual value is recorded to share capital. With respect to agent's warrants issued in connection with a security offering, the value of such warrants is recorded as a cost of issuing the securities 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 all the above referenced warrants being less than or greater than the amount recorded. The Company did not issue any agent's warrants during the current period. It did complete a unit offering of 7,000,000 units at \$0.80 per unit that included warrants. The fair value of these warrants was estimated to be \$0.24 per warrant (\$1,680,000) which was recorded to contributed surplus while \$3,920,000 was recorded to share capital in connection with the offering.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company is not aware of any recent accounting pronouncements that will impact its financial reporting aside from those matters already identified.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On March 1, 2008, the Company adopted four new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, Handbook Section 3863, Financial Instruments – Presentation, and Handbook Section 1400 (amended), General Standards of Financial Statement Presentation. The requirements of these new standards are for disclosure purposes only and have not impacted the financial results of the Company.

a) Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

b) Financial Instruments

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

c) General Standards of Financial Statement Presentation

The CICA amended Section 1400 “General Standards of Financial Statement Presentation”, to include requirements to assess and disclose an entity's ability to continue as a going concern. The Company adopted this standard beginning March 1, 2008.

Future Accounting Changes

The CICA issued new Handbook Section 3064, Goodwill and Intangible Assets, which will replace Section 3062, Goodwill and Intangible Assets. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA Accounting Standards Board (“AcSB”) adopted a strategic plan on the direction of accounting standards in Canada. Accounting standards for public companies in Canada are expected to converge with the International Financial Reporting Standards (IFRS) as at January 1, 2011.

FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash and cash equivalents, GST and other receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value.

Note 8 to the interim unaudited financial statements for the nine months ended November 30, 2008, describes the impact of various risk factors on the Company’s financial instruments.

OUTSTANDING SHARE DATA

a) Authorized:

Unlimited common shares without par value.

b) Issued and outstanding:

53,354,056 common shares as at January 27, 2009 for a net consideration of \$34,101,159.

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

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	4,750,000	\$1.40	Apr 03, 2009 ⁽¹⁾
Share purchase warrants	7,318,000	\$1.20	Aug 21, 2010
Stock options	1,000,000	\$1.00 ⁽¹⁾	Dec 14, 2011
Stock options	1,000,000	\$1.25 ⁽¹⁾	Jan 05, 2012
Stock options	235,000	\$1.35 ⁽¹⁾	Mar 05, 2012
Stock options	750,000	\$1.40 ⁽¹⁾	Apr 12, 2012
Stock options	565,000	\$0.75	Mar 07, 2013
Stock options	750,000	\$0.65	Apr 18, 2013
Stock options	735,000	\$0.80	Aug 11, 2013
Stock options	280,000	\$0.75	Dec 30, 2014
Stock options	20,000	\$0.75	Dec 31, 2014

⁽¹⁾ In September 2008 the Company received regulatory approval to extend the expiry date of these warrants to April 3, 2009 from October 3, 2008.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As at the date of this report, management is not aware of any change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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 currently in a strong financial position with working capital of \$8.4 million.

The Company's primary focus for the foreseeable future will be to advance the exploration and development of the mineral properties it owns or has under option, and in addition to add to its mineral property holdings if and as warranted by the merits of any new prospective uranium properties it identifies.

OTHER INFORMATION

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