Growth Stocks Weekly

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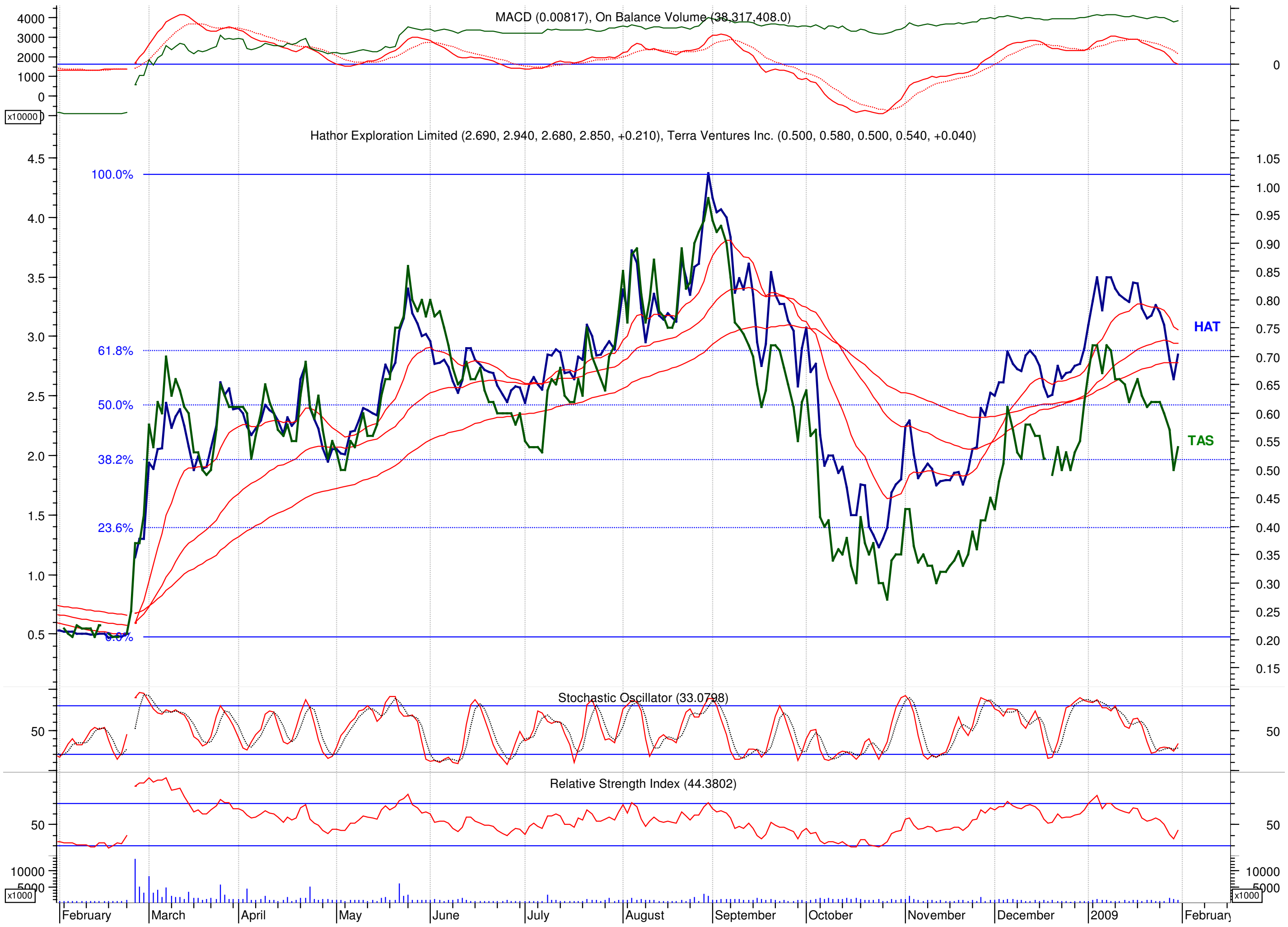
Performance: 1996 **116.9%**; 1997 **28.1%**; 1998 **36.4%**; 1999 **39.4%**; 2000 **180.9%**; 2001 **-50.5%**; 2002 **18.7%**; 2003 **28.8%**; 2004 **166.7%**; 2005 **28.2%**; 2006 **153.3%**; 2007 **8.8%**; 2008 **–25.2%**

Junior Gold and Natural Resource Sector Report

February 1, 2009

Update Report

Terra Ventures Inc. (TAS-TSX Venture)



Daily Chart: Terra Ventures ($0.54 - green line, right Scale) vs Hathor Expl. ($2.85 - blue line, left scale).

Technical Update

Terra Ventures' has a "production carried" 10% interest in the best discovery by a junior company in the Athabasca Basin in nearly 20 years. Since our Initial Report of November 11, 2008, the share price of ***Terra Ventures*** more than doubled from $0.33 to $0.76. Last week's pullback to technical support at the $0.50 area offers a timely lower-risk entry/re-entry area.

Hathor Exploration's Midwest Northeast Project's Roughrider zone discovery continues to drive Terra's market action. Hathor restarted drilling early January with a 60-hole, 22,000-metre winter drill program, testing what are probably the most important drill targets outlined by their geophysical surveys. The start of drilling perversely triggered a round of profit-taking that took share prices back down to technical support – around the $2.50 area for Hathor, and $0.50 for Terra.

Our prior report focused on the observation that a large and growing discount in the valuation between Hathor and Terra had developed. The average closing-price ratio during the period March-October 2008, using 10 closing price data points, was 3.98x, with a low of 3.5x and a high of 4.5x. Hathor is now trading at about 5.28x Terra's share price, although during the recent rally we saw a narrowing of the discount to about 4.5x.

The ratio increase started building late last October during the panic days of the market swoon, probably reflecting Terra's somewhat lower liquidity and wider bid-ask spreads. Investors' memory of this "penalty" spread, and the implied cost for not betting on the higher-profile Hathor "horse", should eventually ease. Once Terra's existence and relative value becomes better known, more drilling success is realized, and take-over speculation once again builds around the Roughrider zone discovery, Terra may once again out-perform Hathor.

Lac Kachiwiss Property Update

A bonus to the Terra story, albeit currently ignored by investors, is the prospects for Terra's 100% owned Lac Kachiwass property.

Back in 1978 Getty Minerals established an historic resource estimate of 16.1 million metric tonnes grading 0.015% U3O8 representing some 5.67 million pounds of uranium. The average depth of Getty's holes was 87 metres, and the deepest hole was only 181 metres.

On January 8th Terra announced final assays for their 12-hole drilling program at Lac Kachiwiss. The program was designed to confirm historic data and allow for calculation of a NI 43-101 compliant resource estimate.

The 2008 drilling program significantly expanded the dimensions of the mineralized system. Average assay values over wide zones of low-grade mineralization include 0.0103% U3O8 over 116.95 metres and 0.010% U3O8 over 66 metres, as well as somewhat higher grades such as 0.0352% U3O8 over 11.67 metres and 0.0419% U3O8 over 9.0 metres. The mineralized system remains open to the north, east and west, and also at depth.

If Terra can expand the resource to at least 20-35 million lbs a viable open-pit mining operation may be established.

The mineralization at Lac Kachiwiss is of similar character to the Rossing uranium mine (Rio Tinto), which produced 7 per cent of the world's uranium in 2007, and the Valencia uranium deposit (Forsys Metals), which is subject to a $540-million takeover offer. As a comparison, Forsys has a compliant Measured and Indicated Resource of 61 million lbs U3O8 with another 21 million lbs Inferred, at an average grade of about 0.0127%. Forsys' take-out price works out to over C$9 per lb in situ. Both these projects are in Namibia.

Terra also conducted very limited ground reconnaissance in December further to the southwest, to check radiometric anomalies from an airborne survey. This work located uranium-bearing pegmatitic granite of the same type encountered in their drilling. The airborne radiometric survey defined an anomalous area 3,600 metres long, from southwest to northeast, and 800 metres wide. The total area tested by the 2008 program and the earlier 1976 to 1978 drilling measures only 1,200 metres long by a maximum of 700 metres wide, suggesting significant potential to expand the mineralization.

On January 21st Terra announced completion of an airborne radiometric and magnetic survey by Novatem utilizing a gamma-ray spectrometer and a magnetometer. The 10,827-line-kilometre survey covered the Lac Kachiwiss uranium property, where the 12-hole diamond drilling program was recently completed, the 838 additional claims acquired by the company in late December 2008, along with a large area of the surrounding ground. This work has prompted the acquisition of an additional 101,600 hectares by staking.

The radiometric anomaly corresponding to the Lac Kachiwiss uranium zone measures approximately 3,600 metres by 800 metres. The drilling performed recently by Terra, in addition to drilling done from 1976 to 1978 by Getty Mines tested an overall combined area of 1,320 metres by 800 metres. The airborne survey data give reason to believe that the mineralized zone may be much larger than previously recognized.

Terra now holds an aggregate area of approximately 150,500 hectares in the region. Additional diamond drilling is planned at Lac Kachiwiss with a view to determining the full extent of the mineralized system, as well as infill drilling aimed at defining a resource.

10% Production-Carried Interest in Hathor's Discovery

We concentrated on accumulating Terra shares in anticipation that the widened discount to Hathor's valuation eventually reverts back to the historical norm, to a price comparison ratio of about 4x. Of course our premise is that Hathor itself will trade higher in any case, as further drilling and exploration defines its discovery.

One of the many advantages of the Roughrider Zone is its proximity to exploration and development activity. The local infrastructure for uranium mining is improving with the development of the Midwest project directly adjacent. Hathor hit very high-grade uranium near surface, over a substantial width, in favorable geology, and in a region of uranium development. It is located on trend and adjacent to the Mae Zone on Areva, Denison Mines Inc. and OURD Canada Co. Ltd.'s Midwest Property, making Hathor a likely potential takeover target. Terra will likely become part of any such bid, or will certainly trade on the basis of Hathor's valuation.

Terra is not required to make any payments or exploration expenditures until the properties reach feasibility, at which point Terra would be required to finance 10% of expenditures moving forward. Terra will not be required to reimburse any exploration costs through a clawback option. This likely represents $7 or $8 million of "savings" that Hathor covers for them to take the project through to bankable feasibility (assuming $70-80 million to do so).

In this region of the Athabasca Basin, the depth to basement is shallower, which makes low cost open pit mining more attractive. At Midwest NE, the depth to the Athabasca unconformity is approximately 200 meters. The initial Roughrider Zone discovery was made at a depth of 261 meters, which is very favorable for mining. Results from the step-out summer drilling program place the vertical depth of the uranium hosting unconformity at 215 metres. Hathor used 3D seismic technology to identify the Roughrider Zone, as it is not visible using traditional geophysics.

Uranium discoveries in the Athabasca Basin are rare but extremely valuable. Athabasca deposits represent 23% of the world's production. Hathor's grades range in the 2.33% to almost 44% range – the richest grades of any region in the world by far.

Current Price: C$0.54
52 Week Range: C$0.26 - C$1.03
Shares O/S: 53.3 million basic
Shares O/S: 71.8 million fully diluted
Market Cap: C$28.76 million
Cash on hand: C$9.8 million (estimated)

Conclusion

Hathor now has four drill rigs turning on its 90%-owned Roughrider zone in Saskatchewan. Terra's in for the ride, without having to spend any cash to maintain their 10% interest during the risky exploration and discovery phase. The first of sixty holes totaling 22,000 metres of drilling are now underway, designed to extend the known high grade, basement-hosted mineralization.

Canaccord Adams Senior Mining Analyst Eric Zaunscherb follows Hathor closely and believes some retail investors may be taking profits after the recent strong run, and/or the initial holes may be visually disappointing. Keep in mind that of the initial drill holes, none are in the heart of where Hathor management believes the main deposit lays. They are systematically working toward that area (when drilling on ice, you have to drill in a linear fashion because once you work over an area, it is not safe to go back). In other words, some holes are assured to be outside the mineralized area as they strategically and methodically try to determine the boundaries of the discovery.

This time around there will be no scintillometer readings released while awaiting assays, as management prefers the market focus on batch results. What we want to see in news releases are core results with grades over 5% mineralization over ten metres, and the mention of mineralization at or above the unconformity (i.e. above the sandstone). Canaccord's Senior Mining Analyst currently estimates over 40 million pounds of U308 at 5.1% and a projected NAV of $551 million, which values Terra's 10% interest at about $1.00 per share. Add in the value of cash on hand, the present value of the avoided cost of having to pay for the drilling program, and the Lac Kachiwass property, and a double from current price levels is a reasonable expectation.

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