

Growth Stocks Weekly

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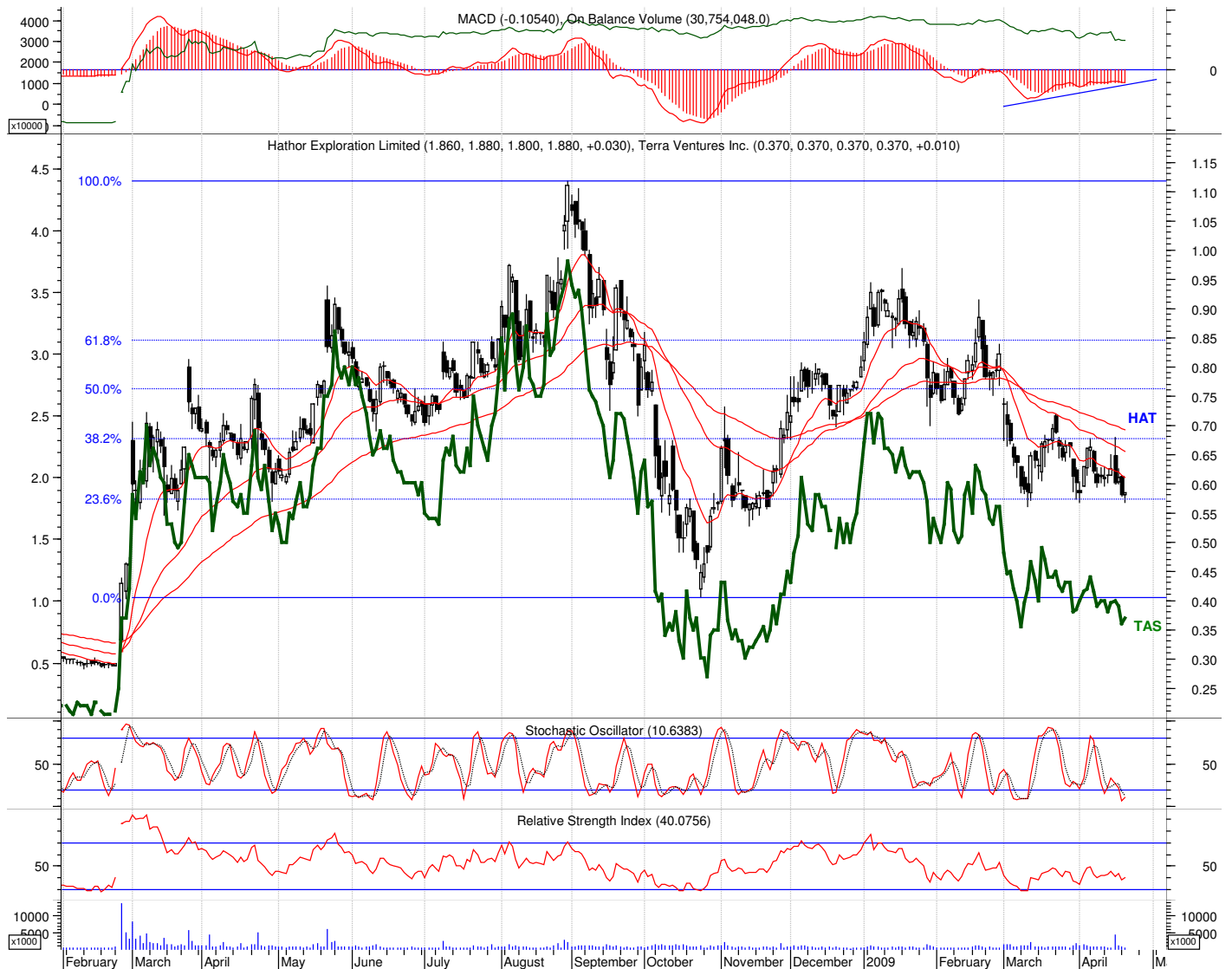
Performance: 1996 116.9%; 1997 28.1%; 1998 36.4%; 1999 39.4%; 2000 180.9%; 2001 -50.5%; 2002 18.7%; 2003 28.8%; 2004 166.7%; 2005 28.2%; 2006 153.3%; 2007 8.8%; 2008 -25.2%

Junior Gold and Natural Resource Sector Report

April 21, 2009

Update Report

Terra Ventures Inc. (TAS-TSX Venture)



Terra Ventures (\$0.36 - solid **GREEN** line chart - Right Price Scale)
Hathor Exploration (\$1.85 - Candlesticks chart - Left Price Scale)
Current Price Relationship (Ratio): 5.14:1

Terra Ventures has "production carried interests" in exploration programs conducted by **Hathor Exploration (HAT-TSXv)** and **Titan Uranium (TUE-TSXv)**. This update continues our focus on Terra Ventures' production carried 10% interest in the high-grade Roughrider uranium zone, located in Hathor's Midwest Northeast project, Athabasca Basin, Saskatchewan. The discovery is being delineated by Hathor at their sole expense. Both Terra and Hathor are significant holdings within the **GSW Model Portfolio**.

Ignored for the purposes of this report, Terra is also advancing their 100%-owned Lac Kachiwiss property, a bulk tonnage low-grade uranium deposit, and one Utah property, with combined historical resources of 11.46 million lbs of uranium.

Recent Developments

In March Hathor released drill results from the first 16 holes of their winter drilling program that some felt significantly lowered expectations for the growth potential of their Midwest Northeast project. Although Hathor management expressed their disagreement with certain analysts' negative conclusions and continued to express their confidence as to the potential of the discovery, the market was clearly spooked and has been under some selling pressure ever since.

On April 15th Hathor released chemical assays and radiometric results (scintillometer or CPS counts) for another 24 holes. Hathor has now completed a total winter program of 89 holes representing 30,000m of drilling, well beyond the 22,000m originally planned. Assays have been released for 40 of these holes, with the remaining 49 holes to be reported on as assays are received, expected over the next two months.

We consider these latest results to be highly positive, but they fall short of what the market needed to see to move share values higher. Still, Hathor is methodically increasing the size and value of the Roughrider zone, and we think the share price has been unfairly sold down. All mineralized structures appear continuous and remain open for expansion. Most importantly, mineralization has now been demonstrated at and above the unconformity.

Reasons for the price weakness include several conflicting opinions around what is proving to be a more complex discovery, general market skittishness after a good advance in the resource sector, and hard-to-meet shorter-term investor expectations on what is a high-profile well-publicized play. There is a general desire for traumatized investors to trade news rather than follow a buy and hold strategy, and the sliding spot uranium price has also helped cool investor enthusiasm.

Hathor has stated that it intends to continue drilling throughout this summer using two drills, with one located onshore and one on a drill barge, once spring break-up completes and permits are in hand. This is good news, and avoids a lengthy period of no news flow, which would likely have been another investor concern. We expect the summer program to get underway in June.

Hathor management has posted a significant amount of supporting data onto their website immediately following their news release, and we attended their same-day conference call discussing the results and answering questions. A large number of maps, pictures of some of the core and a full listing of the CPS data are posted: <http://www.hathor.ca/i/misc/winterdrill09.html>

Technicals

There continues to be a large discount in the valuation between Hathor and Terra Ventures, with Hathor trading at about 5 times Terra's share price. The average post-discovery price ratio to October 2008, using 10 closing price data points, was 3.98 times, with a low of 3.5 and a high of 4.5. During the late 2008 equity meltdown this ratio expanded to the 5.8-times area, likely reflecting investor's reluctance to "get caught" in a somewhat less-than-liquid situation during the market volatility.

More recently, Terra has made the radar screens of a greater number of investors and analysts, enhanced its liquidity, lowered the bid-offer spread, and narrowed its trading ratio with Hathor

back to the 5-times area, so some narrowing of their relative valuation has been achieved. Hathor foots the entire drilling costs and costs for future feasibility studies, and has burned through about \$10 million this season, leaving maybe \$25 million in cash. Terra maintains a very low burn rate and has over \$9 million in cash. As and when Hathor undergoes more dilution, Terra's trading ratio should narrow further. We believe the market does not adequately appreciate the advantage of having a "production carried interest" is to Terra, as Hathor's time and money is spent to create additional value for all shareholders.

Of particular technical note is the chart of Hathor, clearly showing a triple test of support now in progress at the \$1.80 price area. Generally, the greater the number of tests, the stronger the confirmation is that the area has a well-defined support base. Hathor's support area corresponds to the \$0.36 area for Terra, similarly proven to be a strong support area.

MACD is showing positive divergence to the recent price decline, often a leading indicator that price will reverse to the upside soon. With the Stochastic Oscillator in extreme buy territory and the RSI coming off a higher low than when price was here last, timing risk is currently very good for adding to current share positions.

Fundamentals

We favour Terra over Hathor as the less risky play, primarily for their cash position, the fact that Hathor will eventually have to issue more shares while Terra rides for free, and because the other resources held are totally unrecognized by the market. Terra's cash position currently represents one-half of their C\$18 million market capitalization.

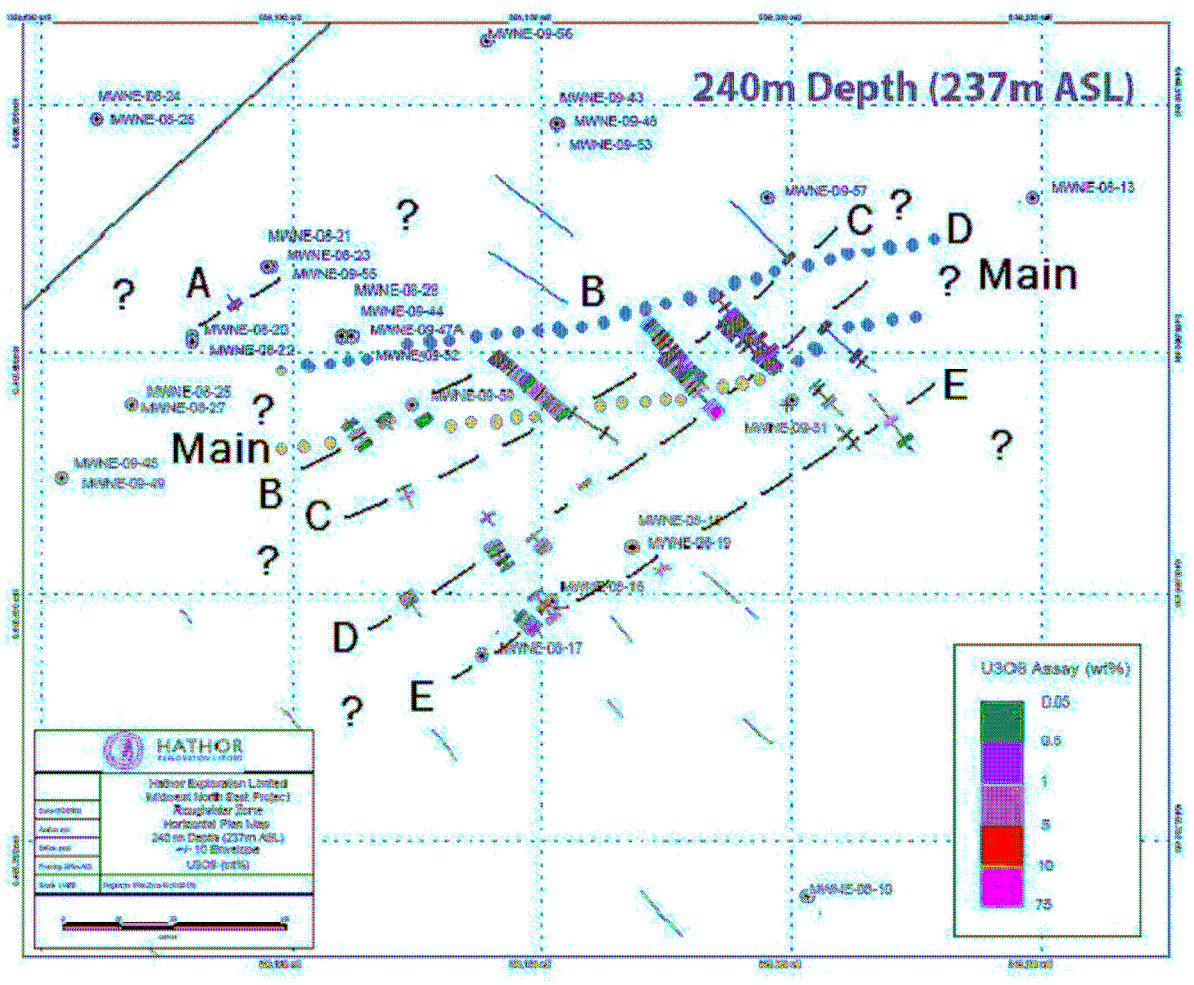
There is tremendous value being created at the Midwest NE Project, with significant potential for further expansion now confirmed. There are few undeveloped, sizable or high-grade deposits in the world today, especially in a mining friendly and politically safe jurisdiction. Athabasca deposits currently represent 23% of the world's uranium production primarily because of their exceptional high grade.

Last week (April 15th) saw the release of chemical assays and radiometric results (scintillometer or CPS "counts") for the balance of holes drilled during the winter drill program. The data released provided assays for 40 holes, with another 49 holes pending. From the results to date, we can develop several key observations and preliminary conclusions:

- The scintillometer results released include significant high-count intercepts outside of the main Roughrider zone, to both the southwest and northeast. Given the past accuracy and strong correlation to subsequent assay results, we can conclude that the limits of the mineralized zone have not been reached and that it therefore remains open in both trend directions.
- Several assays and scintillometer (CPS) counts come from holes that expand the zone up and down dip. The zone has now been intercepted over about 165m of trend and 60-100m of dip. This doubles the predicted size from the pre-winter program data.
- Several holes intercepted what appears to be a deeper parallel high-grade zone that does not correlate with the Roughrider zone trace.
- There are several additional untested targets in the immediate vicinity of the Roughrider zone that contain large areas of alteration often found in proximity to high grade zones.
- There are several step-out holes with a number of off-scale counts in both directions, which includes hole 116 in the southwest direction, where a 3.5m off-scale section has rock densities of 7.65, more than three times normal. This demonstrates that the mineralized trend will grow with further assays, and that there's a lot of very valuable rock that will only be found with considerable drilling.

- There is some evidence that crosscutting faults (northwest/southeast) may have shifted the zone in a couple of places which could explain some of the earlier apparent “misses” that caused some analysts to downgrade the deposit.
- Scintillometer readings indicate “initial zones of high radioactivity at and above the unconformity,” particularly in Holes 94, 97 and 101. This validates the company’s working model and opens up the deposit to potentially significant upside growth if an extensive and mineralized unconformity “mushroom cap” can be delineated.

Mineralized structure interpretation on the 240 metre level



Source: Hathor Exploration Limited data, Canaccord Adams interpretation

Canaccord’s Eric Zaunserb, one of the better industry analysts, interprets the uranium mineralization in the above plotting as hosted predominantly in vertical northeast-trending structures (A through E in the above chart) intersected by an east-west structure dipping approximately 67 degrees to the north (Main zone). He states “Importantly, we now have sandstone-hosted uranium mineralization (Holes 18, 30, 68, 72 and 87), which opens up the potential to accrete pounds above the unconformity and, ultimately, reduce the strip ratio. Holes 18, 30, 72 and 87 form an interesting cluster of sandstone-hosted mineralization that must be followed up. It is too early to know the orientation of the sandstone-hosted mineralization but the alteration package suggests a large system.”

Zaunserb values Hathor on a cash flow basis discounted at 10%. He models a 200 t/d operation based on the advanced technical studies for the nearby Midwest deposit. The hypothetical project would produce approximately 2.9 Mlb U3O8 per annum beginning 2017. He generates a project NAV of C\$514 million or C\$5.98 per share. He applies a 0.6x target project P/NAV multiple to generate their C\$3.75 per share target.

This implies that Terra's 10% carried interest share would have a NAV of C\$51.4 million, plus the value of cash, or C\$1.20 per share. Using the same 0.6x target project P/NAV multiple we get a C\$0.72 per share target price.

Certainly the data released to date supports management's strong expectations and continued faith in the project and the Roughrider zone in particular. Roughrider is still growing, still open, and there is now strong evidence that the zone extends into the sandstone above the unconformity. These results expand the zone to about twice its earlier extent, and based on the CPS counts released, many of the step outs should assay well. The company also noted that it has started to get preliminary metallurgical results which have all been very positive.

Several other analysts are also covering this play. Bart Jaworski of Raymond James writes, "Scintillometer data saves the day ... upside and positive outlook intact." Jaworski maintains a target over the next six to 12 months of \$6.10. Jaworski writes, "Impact is slightly negative. However, we recommend long-term investors buy shares of HAT on any weakness given continued exploration upside." Wayne Hewgill at Research Capital headlines, "Scintillometer results adds substantial upside to assay results." He writes, "Impact—Unconformity model passes the test. Intersecting the mineralization at the unconformity is 'proof of concept' that the chemical mix of the mineralizing fluids and the sandstones at the unconformity is conducive for the uranium mineralization to dump at the unconformity. This is key to realizing the upside potential for the project." Hewgill maintains his target of \$4.80.

Certainly it is significant that Hathor included scintillometer readings for all the holes this time around, contrary to the prior release. Clearly this data was deemed important to help investors more readily determine the deposit's potential, especially given the complex nature of the recent results and some contrarian opinion. Yet after an initial reaction with a solid 15% move to the upside, the share price subsequently sold off to close at the lows of day, and has since continued right down to retest technical support at \$1.80.

Meanwhile, the uranium spot price's first up-tick in six months may help turn sentiment more positive. The spot uranium market is showing signs of renewed activity with total volume for the first three weeks of April of over 4.3 million pounds U3O8 equivalent, which is almost double the 2.2 million pounds reported for the entire first quarter of 2009. As a result, available spot supply has reportedly been reduced significantly, and buyers are finding sellers increasingly reluctant to cut prices in order to conclude sales. Many have been calling for the bottom of the spot uranium price and a closing of the gap between the spot and long-term prices – with the spot price doing the closing in. Also adding fuel to the uranium bandwagon is the need by India and China to step into the market and start stockpiling enough resources to feed their aggressive nuclear power programs. Neither country has made any significant moves into the spot or long-term market for some time.

Conclusion

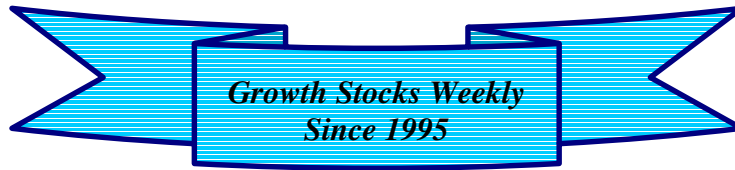
Trading will likely continue to be volatile. These latest results prove that the steady increase in size and apparent value of the Roughrider zone continues. Investors expecting a long period of quiet until the summer may be misreading the facts. Summer drilling from two rigs should commence in June after spring breakup, and we expect a steady stream of batch chemical assays between now and then. An initial NI 43-101 compliant resource estimate will likely be completed after the summer program results can be incorporated, likely in Q409.

One-half of Terra's market cap is currently the value of its cash, a situation unlikely to continue for long. We have determined that Terra's 10% carried interest share has a NAV of C\$51.4 million, plus the value of cash, or C\$1.20 per share. Using a 0.6x target project P/NAV multiple we get a C\$0.72 per share target price, representing a 100% gain from current levels.

Current Price: C\$0.36

52 Week Range: C\$0.26 - C\$1.03

Shares O/S: 50.4 million basic
Shares O/S: 69.4 million fully diluted
Market Cap: C\$18.14 million
Cash on hand: C\$9 million (estimated)



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