

**Today's Notes:**

**1. Terraco Gold: An Important Update**

**1. TERRACO GOLD**

A great many people have called or emailed to inquire about the progress of Terraco Gold. This is a small Vancouver gold explorer. Terraco shares have been hit hard during the past year. We think this is an ideal time to acquire a larger position – here's why.



The Terraco team boasts, in addition to CEO Todd Hilditch, Ken Snyder and Charlie Sulfrian - an impressive exploration crew with even more impressive discovery track records.

Last month CEO Todd Hilditch completed an exploration and option deal with Landen Capital Corp, as announced by Terraco August 7, 2009. This essentially farmed out a property (Bonanza) that had not received much attention by Terraco since the acquisition of the higher profile Moonlight Property beside the Barrick/Midway joint venture of Spring Valley.

Landen can earn Terraco's interest in the Bonanza property for 500,000 common shares (already paid to Terraco), a work commitment of US\$1,200,000 on the Bonanza property within 5 years and cash payments to Terraco of US\$77,500 over five years.

Why was this deal important? It is important because it removed lease and maintenance payments from Terraco and it gives the company upside on a lower priority property compared to Moonlight.

This AM Landen announced the acquisition of a major nickel opportunity in Cote d'Ivoire, West Africa. This will involve industry stalwarts such as Jens Hansen, Bill Lupien, Ron Netolitzky and a former Falconbridge Director of Nickel Laterite to be CEO. What will Terraco's 500,000 shares of Landen ultimately be worth? Right now no one knows but the Cote d'Ivoire property could be a world class nickel deposit. Here are a few grades reported in the Landen news release this AM.<sup>1</sup>

And what about Terraco's other properties? This is where the Terraco story gets even more interesting. As you may know, Terraco owns several prospective gold properties. One, the Moonlight, adjoins to the north and shares a common boundary with the Midway Gold / Barrick Gold discovery in Spring Valley. Barrick and Midway have a 43-101 resource of 1.84 million ounces of gold. Barrack must spend \$30 million to earn a 60% share of Midway. Terraco started to test the Moonlight property in 2008 before the credit crisis did its damage to the shares. It recorded minimal gold results - through in blind alluvium covered drilling. However it recorded ore-grade silver up to 2 ounces per ton in the north of the Moonlight. The drill results from Barrick / Midway seem to creep towards the Moonlight property to the north with some consistency. The Barrick / Midway resource is also going deeper. They recently released high-grade intercepts adding sweetener to the already growing deposit. Drill intercepts included ~52.5 feet of 0.889 opt gold including ~5 or 6 feet of 9.101 opt gold ~15 feet of 1.731 opt gold.

Initial tests of recoveries by Barrick have been exceptional, up to 90% from bulk sampling and bottle roll tests. This provides comfort that the metallurgy of their deposit implies gold recovery is good. If all continues as well as it has, a new gold mine may be in the works that could be bigger than just Spring Valley.

Midway Gold CEO Alan Branham said,

***“All of Midway’s exploration permits have been assigned to Barrick so they may test to the north and south of the resource where there are untested areas with unmistakable potential for growth. We anticipate an aggressive expansion drill program in 2010.”***

In Terraco Gold we have a stock truly an incubator selling for 8 cents. If the Barrick / Midway deposit continues to expand to the north they will likely run into Terraco's

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<sup>1</sup> *According to historical data, the results were from trace amounts of nickel (“Ni”) and copper (“Cu”) to a high value in core borehole S2 where 136 metres (“m”) of highly disseminated to massive sulphides returned 0.65% Ni and 0.60% Cu at a cut-off of 0.25% Ni (including 3.98% Ni and 3.54% Cu over 7.00m). ... There is a deformation corridor of regional magnitude which includes the nearby world-class ‘Sipilou’ nickel/copper laterite deposit, located 15 km north of the Project, and has a total of \*258.1 million tonnes (“Mt”) of Ni rich laterite material with indicated resource of 123.9 Mt of 1.57% Ni and 0.10% cobalt plus an inferred resource of 134.2 Mt of 1.39% Ni and 0.12% cobalt. (\* source: Falconbridge website).*

Moonlight Project. Terraco CEO Todd Hilditch has closely kept his treasury intact. He still has \$700,000 in cash. There are 47.5 million Terraco shares outstanding (53 fully diluted). Terraco management has moved along with acquisitions and deals to create shareholder value. In my opinion they are learning and benefiting from the Barrick/Midway drilling programs. I think the shares should do well as we move through 2010 /2011.

Finally, Terraco's exploration team led by Snyder and Sulfrian developed good drill results on its Middlegate property in Nevada<sup>2</sup>.

Please stay tuned to Terraco Gold in 2010.



The Barrick / Midway discovery may be headed toward Terraco's Moonlight property.

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<sup>2</sup> Middlegate results: MD-01 encountered a large altered zone from surface to 75 meters (“m”) or 245 feet (“ft”) containing anomalous gold. Within this large altered zone, intercepts greater than Terraco’s tabulation cut-off grades of 0.250 gpt (0.007 opt) gold include:  
 7.6 m of 0.426 gpt gold, including 3 m of 0.698 gpt gold (25 ft of 0.012 opt gold including 10 ft of 0.020 opt gold); and,  
 13.7 m averaging 0.251 gpt gold including 4.6 m of 0.349 gpt and  
 1.5 m at 0.436 gpt gold (45 ft averaging 0.007 opt including 15 ft at 0.010 opt and 5 ft of 0.013 opt gold).  
 MD-05 intersected 3 m of 0.606 gpt including 1.5 m of 0.952 gpt (10 ft of 0.018 opt including 5 ft of 0.028 opt)

*Technologies, Horseshoe Gold, Derek Oil and Gas, Terraco Gold, Neuralstem, Piedmont Mining, MegaWest Energy, CGX Energy, and Quaterra Resources. Dr. Berry is an advisor to Terraco Gold. We cannot attest to nor certify the correctness of any information in this note. Please consult your financial advisor and perform your own due diligence before considering any companies mentioned in this informational bulletin.*