

Today's Notes:

1. Talison: Value Realization in Discovery (Chris Berry)

Tomorrow we leave Amsterdam. We are told that the weather we have experienced here is the best at this time of year in 30 years. It has been a wonderful three days and we are thankful to Willem Middlekoop and his team at The Gold Discovery Fund. It was one of the best organized meetings I have ever presented to. I include here a question from a reader that I received yesterday. I decided to answer this in some detail because it is probably on the mind of quite a few readers for quite a few stocks. Restating the question another way is, "why do not all stocks price the same way?"

Here's the question from an interested Discovery reader:

Hi Mike,

May I ask a question in regards to Lithium companies? I looked into Talison and loved the potential there. They are one of (if not the) worldwide producer of lithium and just came out with a beautiful first quarter results. I am sure you saw them and know about this company.

So my question is, how can a company like Talison's stock price drop and stand still when a jr. exploration company like Lithium Exploration Group stock goes from \$1.50 to \$5.20 in less than 1 month without generating one dollar of revenue??? Can you help me understand this? . Thanks a lot

The Discovery Investor is right on. I have just finished an extensive due diligence program on Talison at its Greenbushes mine near Perth, Australia. I am convinced that this company is not a traditional junior exploration company but a rapidly developing Legacy resource company comparable to a major resource producer such as Freeport, RTZ and Goldcorp. It is clear that Talison is rapidly developing into a significant cash flow machine. With the world's highest grade lithium deposit in production and the world's largest lithium concentrate production the company is a veritable cash flow machine. Here are a few facts from recent releases:

1. Sales increased by 33% and production (96 million tonnes) increased by 74% last quarter (Q3)

2. Drilling and tests are underway in Chile at the Salares 7 project acquired by the firm last year. The company is hopeful that the chemistry will prove valuable as it has for other lithium salar deposits in Chile. This would diversify supply for the company significantly.
3. Phase 1 of the company's planned expansion is complete and Phase II is underway. I was able to see space being made for the new buildings.
4. Their tailings are estimated to be at a 1.5% grade. This grade is higher than most junior lithium companies today.
5. I believe that Talison supplies 75% of China's lithium concentrate needs.

The market cap of Talison is \$444 million today (share price \$4.75, 92 million shares outstanding) while that of Lithium Exploration Group is ~\$350 million (share price \$7.65, 46.5 million shares outstanding). Talison is in production and generating profits and cash flows while LEG is not. Evidently the market understands the LEG story. Yet even today the market value of Talison is higher than that of LEG though the share prices have diverged significantly in the recent past.

So what's up? Let us never confuse value with price. Never assume that the market is so efficient that it will adjust prices to value instantaneously. That is a falsehood foisted on most MBA's by academics. Sometimes prices remain at significant discounts to value for a very long time. It is one of the several situations that can take a Discovery Investor out of a valuable position.

That, I think, is the case with Talison. With no disrespect to LEG, we think TLH is worth a significantly higher valuation than its trading range today. We think the market in the future will sort out these value - price disparities. Talison has the potential for significant double digit pricing based on lithium's growing demand and end use evolution, and battery technology.

Last week we were much impressed with Molycorp's presentation that we attended at their Mountain Pass rare earth mine near Las Vegas. Not only were all questions answered but the CEO and his management team explained the uses for their rare earth production. They illustrated the importance of rare earth elements in a clean economy with electric cars and windmills among other applications. We then toured the ongoing development (blasting and hauling) of the open pit mine.

Talison has this potential but few investors, particularly in the United States, understand the global lithium story and the dominant position of the company. Talison is a real value opportunity which is not so much out of favor as it is unknown. This partly results from

the fact that the company is newly public after being in production (tantalum and lithium) for 25 years as a private company.

Think about this. How many people really understand the world's ongoing journey to electrification, battery development and the role that lithium, graphite and metals like manganese and vanadium will play in the crucial journey? Very few; and that certainly is a large part of Talison's current value proposition. Please remember that this company is now in production and I believe it can likely increase its production at 20% of the cost of any newcomer to the lithium space. Based on our meeting with Molycorp I can attest to the fact that they have educated their investing public extremely well. Once Talison implements this process the share price will react.

We think the market's recognition of three of the ten of our discovery investing factors will ultimately play in the increased share price of Talison. First, Talison has high grade, world class lithium assets (Factor 1), a very good and experienced management team with a long track record of success (Factor 4), and finally, perhaps most important, the **immediacy and potential of the lithium story** and Talison's current increasing production schedule (Factor 5). Factor 5 is one factor in particular that the market does not understand and discount - yet.

The equilibration of value and price is really simple and ultimately it does come to fruition. But it does take time and patience (Factor 10 on our Ten Factor Discovery model). How many times have I seen Discovery Investors throw in the towel too soon? Many, many times - to the detriment of the overanxious and under informed Discovery Investor. Value creation is always and everywhere an educational process which must be repeated till the catalyst (such as a discovery or a higher production or profit announcement) kicks in. Talison is a relatively new public company. This more than any other factor has caught the market unaware of its potential value.

In the case of Talison we have no doubt this company is worth more than its shares are trading for today. We own the shares and plan on establishing a larger position.

2. Quaterra Makes a Strategic Move Toward Monetization

I have visited the Yerington mine and the MacArthur open pit development south of Reno, Nevada several times. Quaterra Resources (QMM NYSE AMEX, QTA, TSXV) has been drilling out and expanding its MacArthur copper oxide deposit while searching for the intrusive ore body. There has been much success at resource development at MacArthur.

Yesterday, Quaterra's CEO Tom Patton culminated years of work by announcing that the company had exercised its option it acquired several years ago on the Yerington mine and the surrounding Bear Deposit formerly mined and drilled out by Anaconda in the 1970s and 1980s. Anaconda produced 1.7 billion pounds of oxide and sulphide copper from the Yerington pit during its mining life. This is a burgeoning copper district and a very important value catalyst for Quaterra shareholders.

First, it culminates several years of effort in the monetization process for Quaterra's most advanced property. Second, we have seen recent deals in the copper arena including Barrack's acquisition of Australian copper miner Equinox this past week. Third, Quaterra now controls the key properties in a copper district in the U.S. which has the overall potential for perhaps 60 billion pounds of copper plus gold and other minerals.

Finally, we know that CEO Patton has carefully and painstakingly pushed his negotiations through Federal, State and local government channels to insure that not only will Quaterra own the most important piece of this re-emerging copper district, but eventually it will also be able to clean up the residuals from previous copper mining in the district. It will also provide jobs to the local population and the State of Nevada.

We also believe that several very large copper producers (major mining companies) now must circle Quaterra's position here if they hope to be involved in the consolidation of the district.

We have heard a great deal of promotion from Nevada Copper and Entre Gold (two companies with land positions around Yerington) but their land positions, while significant, are not strategic to the consolidation of the next major copper district in the United States.

My impression is that the resources at the Bear Deposit will have to be re-drilled by Quaterra because they are historic resources and not 43-101 compliant. But we believe that the Bear deposit, discovered by Anaconda years ago, could be the real prize of the district.

Quaterra plans to explore the Bear deposit and has acquired surrounding land. But don't be too surprised if there is a great deal of interest in the newly formed land position by

suitors. This catalyst is an excellent value creator for QMM shareholders. I am travelling back to the U.S. this AM from Europe and I will write further on this announcement tomorrow. Congratulations to all involved and especially to Dr. Thomas Patton. There are more exciting catalysts to come from this company. I have included yesterday's announcement for your examination. Please read this and send any questions you may have by email. I will try to answer all inquiries.

I own shares in Quaterra Resources.

April 27, 2011

Quaterra Subsidiary Singatse Peak Services Purchases Arimetco Assets at Yerington, Nevada

VANCOUVER, BRITISH COLUMBIA--(Marketwire - April 27, 2011) - Quaterra Resources Inc. (TSX VENTURE:QTA) (NYSE Amex:QMM) today announced that its indirectly wholly-owned subsidiary Singatse Peak Services, LLC (SPS) has closed the transaction under which SPS purchased all the assets of Arimetco, Inc., a Nevada corporation, in the Yerington Mining District, Lyon County, Nevada.

Assets include 4.2 square miles of patented claims and fee mineral properties centered on the former Anaconda open pit copper mine containing an historic resource estimate in excess of four billion pounds of copper, and 8,600 acre feet per year of water rights. (Please see important note on historic copper resource estimates below). This property, together with 9.3 and 13.2 square miles of unpatented claims at Yerington and nearby MacArthur respectively, provides the Company with a dominant land position in the center of a prolific and expanding copper camp.

"The acquisition by SPS of historic copper resources and valuable water rights in a mining friendly state with excellent infrastructure presents an opportunity to fast track the project," says Thomas Patton, Quaterra's President and CEO. "Our first priority will be to convert and expand historic resource estimates into NI43-101 eligible resources."

SPS's Yerington property is located just west of the town of Yerington and about 50 miles southeast of Reno. The Anaconda Copper Company conducted open pit mining over a period of 25 years at Yerington, producing 1.7 billion pounds of copper from 104.8 million tons of oxide ore and 58.6 million tons of sulfide ore; and discovered and partially delineating the large Bear copper deposit north of the open pit. Anaconda closed the mine in 1978 due to low copper prices, not because of declining mineralization.

The estimated remaining copper in and around the Yerington pit after the shut down (K. L. Howard, Jr., Anaconda Internal Memo, 1979) at a cut-off of 0.20% Cu includes:

- 97.8 million tons with an average grade of .356% Cu containing approximately 696 million pounds of copper within the original pit design.
- 22.8 million tons of material adjacent to the pit with an average grade of 0.20% Cu containing 126.8 million pounds copper

-- Historic resources in the Bear deposit, located in the northeast corner of the property, reportedly containing more than 500 million tons of material averaging 0.4% copper (Dilles and Proffett, 1995). The Bear deposit was discovered in 1961 by Anaconda during condemnation drilling in the sulfide tailings disposal area.

Note: All copper estimates are historic in nature and are not NI43-101 compliant and should not be relied upon. A qualified person has not done sufficient work to classify these historic estimates as a current mineral resource and Quaterra does not treat them as such. In order to do so, they will have to be confirmed by additional drilling.

SPS is planning an aggressive, two-year, exploration program to validate historic drilling data in order to complete a NI43-101-compliant resource estimate and technical report on the project. The program will include both core and reverse circulation drilling, geophysical surveys, and preliminary metallurgical studies to evaluate the historic copper mineralization at the mine site and to investigate the surrounding areas for new deposits.

The purchase of the properties required a US\$500,000 cash payment, 250,000 shares of Quaterra common stock and a 2% net smelter return royalty capped at US\$7.5 million dollars on production from any claims owned by Quaterra in the Yerington and MacArthur mine areas.

The acquisition by SPS of the Arimetco properties required a series of rigorous environmental, legal and technical due diligence studies. The Chambers Group Inc. and Golder Associates Inc. completed a Phase 1 Environmental Site Assessment Report to allow SPS to establish liability protection as a bona fide prospective purchaser. SRK Consulting (U.S.), Inc. completed the most recent update of the report on March 3, 2011.

Legal due diligence included a legal description of the property, a chain of title report and an assignment of water rights. Agreements have been completed with the EPA, Nevada state agencies and the Atlantic Richfield Company to define, limit and protect the Company from existing liabilities on the property and allow access to explore.

Technical due diligence involved the review and compilation of a wealth of historical data in the Anaconda Library in Laramie, Wyoming. Numerous reports, maps and historical drilling data have been scanned and entered into an internal data base. An initial review has been completed of both past production and remaining mineralization in and around the Yerington pit. The Company's digitized Anaconda data base now includes collar locations, rock types, and geochemical assays of 760 historic drill holes, including most of the historic drilling data for the Bear deposit

Eugene D. Spiering is the Qualified Person with Quaterra Resources responsible for this news release.

Quaterra Resources Inc. (NYSE Amex: QMM; TSX-V: QTA) is a junior exploration company focused on making significant mineral discoveries in North America. The Company uses in-house expertise and its network of consultants, prospectors and industry contacts to identify, acquire and evaluate prospects in mining-friendly jurisdictions with the potential to host large and/or high-grade base and precious metal deposits.

On behalf of the Board of Directors,

Dr. Thomas Patton, President and CEO, Quaterra Resources Inc.

Some statements contained in this news release are forward-looking statements within the safe harbor of the Private Securities Litigation Reform Act of 1995 and as defined in Canadian securities National Instrument 51-102. These statements generally are identified by words such as the Company "believes", "expects", and similar language, or convey estimates and statements that describe the Company's future plans, objectives or goals. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Further information regarding risks and uncertainties which may cause results to differ materially from those projected in forward-looking statements, are included in filings by the Company with securities regulatory authorities. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date thereof. The Company does not undertake to update any forward-looking statement that may be made from time to time except in accordance with applicable securities laws. References may be made in this press release to historic mineral resource estimates. None of these are NI 43-101 compliant and a qualified person has not done sufficient work to classify these historic estimates as a current mineral resource. They should not be relied upon and Quaterra does not treat them as current mineral resources.

Expanded information on the Company's projects is described on our website at www.quaterra.com.

The TSX Venture Exchange and the American Stock Exchange have not reviewed and do not accept responsibility for the adequacy or accuracy of the contents of this news release, which has been prepared by management.

The material herein is for informational purposes only and is not intended to and does not constitute the rendering of investment advice or the solicitation of an offer to buy securities. The foregoing discussion contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (The Act). In particular when used in the preceding discussion the words "plan," "confident that," "believe," "scheduled," "expect," or "intend to," and similar conditional expressions are intended to identify forward-looking statements subject to the safe harbor created by the ACT. Such statements are subject to certain risks and uncertainties and actual results could differ materially from those expressed in any of the forward looking statements. Such risks and uncertainties include, but are not limited to future events and financial performance of the company which are inherently uncertain and actual events and / or results may differ materially. In addition Dr. Berry may review investments that are not registered in the U.S. 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. We own shares in Talison and Quaterra resources.