

Today's Notes:

1. Quaterra Silver at Nieves

1. QUATERRA SILVER AT NIEVES

I am a long time fan of Quaterra Resources and the CEO Dr. Tom Patton. You may remember that Western Silver drilled the Peñasquito deposit in Mexico for several years. All that anyone saw at Peñasquito was a solitary outcrop in the high Mexican Desert. Well the deposit is now owned by Goldcorp after two takeouts and there is now more than 20 million ounces of gold and over 1 billion ounces of silver there. With gold headed for the millennium mark and silver headed for the \$20 mark this year Peñasquito (developed by Patton and field boss Tom Turner) is a world class deposit and qualifies as a discovery “game changer.”

Quaterra has continued to acquire 100% positions in near term mineral plays. Most recently it announced a NI 43-101 resource of oxide copper at Yerington Nevada (called the MacArthur) of almost 800 million pounds. Yesterday the company announced its first resource at Nieves – a silver property in the western Zacatecas state, Mexico.

The results are impressive. Using a 30 gram cutoff the company reports 25.1 million ounces of silver in both the indicated and inferred category. Using a 60 gram cutoff the resource is 17 million ounces. Quaterra owns half the resource and a private group owns the remaining 50%. I have visited the property three times in the past few years. Each time I saw more progress. I counted up to 7 veins on the property with some very high grade silver mined historically. There are several dumps and 24 shafts on the property to a maximum depth of 180 meters. The property was never mined below the water table. The Spanish first mined the property in 1540 and, as we now know, the Spanish did not waste time or energy. There are only 82 drill holes here (Kennecott, Western Silver and Quaterra) and in the most recent drill program on the Concordia vein the spacing was 100 meters in some cases. That meant that the observed grades were penalized (cut from much higher grade to 375 grams) by Caracle Creek (the company doing the 43-101 analysis). More infill drilling should show continuity and increase the resource to well over 31 million ounces.

Experts have told me that Nieves has a geochemical footprint very similar to Fresnillo 90 kilometers to the south. It is in the same mineral belt. Fresnillo is one of the largest silver mines in the world.

The key fact is that Quaterra has drilled only 1/3 of the Concordia vein's 1,200 meters to build their 25.1 million ounce resource. Average grades range up to 570 grams but the promise is that the vein is open along strike and a depth. In other words there is likely to be a lot more silver at Nieves – at least in my opinion. There is also about 30,000 ounces of gold in this resource. The independent analysis only allowed 350 grams per tonne based on the wider drill spacing.

Table 1-1
 Estimated mineral resources(1)
 Concordia vein system, Nieves Property

Ag range (g/t)	Classification	Tonnes	Ag (g/t)	Au (g/t)	Ag (oz) (2)	Au (oz) (2)
0.0 - greater than 15.0	Indicated	133,189	8.348	0.046	35,749	198
	Inferred	1,477,235	8.074	0.050	383,484	2,365
15.0 - greater than 30.0	Indicated	326,164	22.400	0.071	234,901	748
	Inferred	2,988,093	22.790	0.049	2,189,450	4,714
30.0 - greater than 60.0	Indicated	863,267	46.909	0.082	1,301,973	2,270
	Inferred	4,587,616	44.857	0.063	6,616,366	9,240
60.0 - greater than 90.0	Indicated	1,258,964	74.543	0.101	3,017,304	4,084
	Inferred	1,275,489	72.304	0.100	2,965,086	4,102
90.0 - greater than 120.0	Indicated	754,187	103.125	0.123	2,500,575	2,990
	Inferred	507,865	103.329	0.122	1,687,208	1,998
120.0 - greater than 150.0	Indicated	388,788	134.132	0.144	1,676,647	1,799
	Inferred	250,484	134.991	0.136	1,087,134	1,092
150.0 - greater than 300.0	Indicated	480,704	188.975	0.175	2,920,646	2,709
	Inferred	221,639	176.033	0.164	1,254,409	1,171
300.0 - greater than 500.0	Indicated	14,927	320.946	0.258	154,029	124
	Inferred	1,117	332.728	0.280	11,949	10

1) Prepared by Michelle Stone, P.Geo., Caracle Creek International Consulting Inc., an independent Qualified Person within the meaning of NI 43-101, showing tonnes in various Ag ranges.

2) 1 troy ounce equals 31.103 grams.

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.

Contacts: Quaterra Resources Inc. Nicole Rizgalla Corporate Communications (604) 641-2746 Email: nrizgalla@quaterra.com Website: w

Most of this resource is near the surface and more drilling is warranted. In my view the Concordia vein which runs for 1,200 meters could yield significantly more silver resource

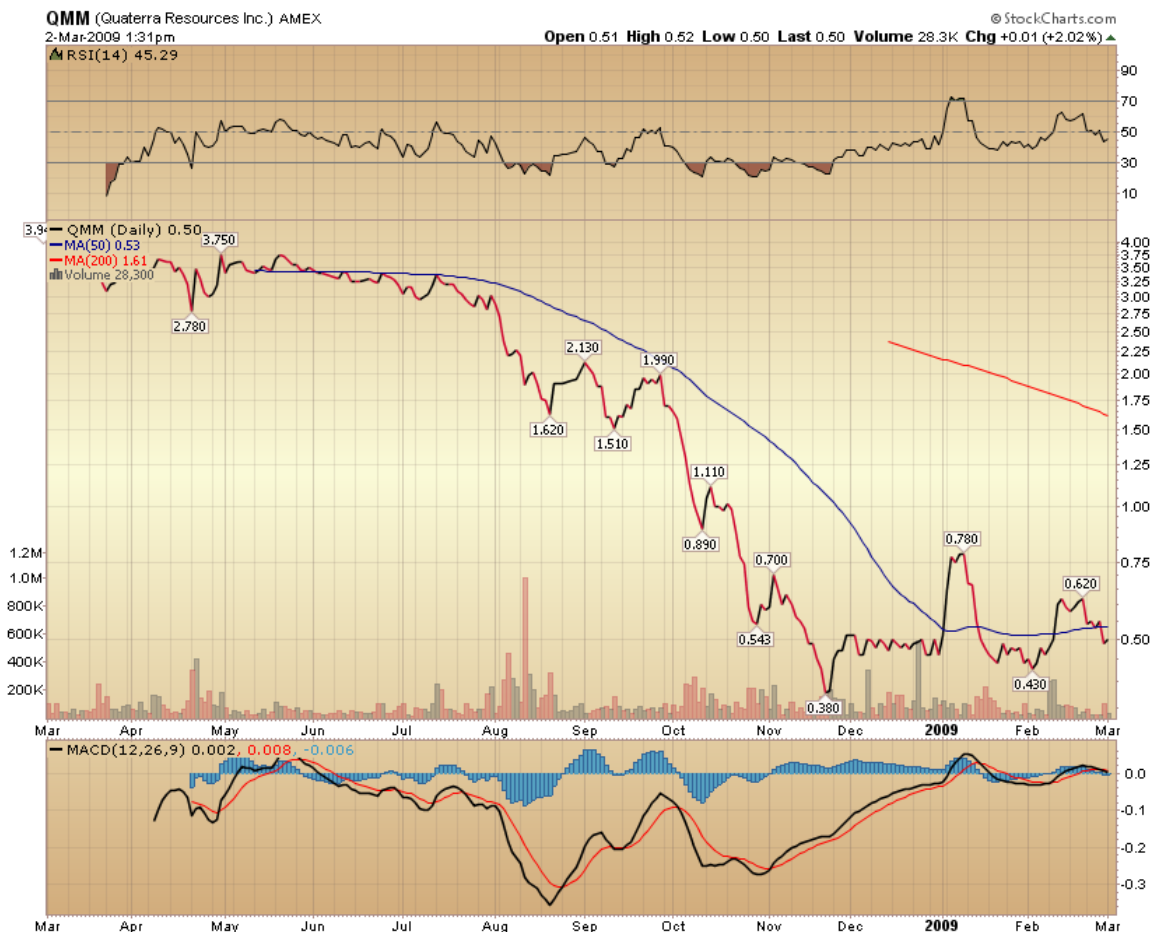
with more drilling. **The current plan only drilled about 1/3 (400 meters) of that vein – and there are additional veins and targets.** Geophysicist Joe Inman will be recalibrating his geophysical analysis based on these drill results.

There is an opportunity for an open pit and / or a high grade mining operation depending upon economics. Most important there is the potential that this ore will leach or process easily. I think the company should now perform a small scoping study to test the economics of the project as it stands while recalibrating and planning the next drill program.

We think the wind is at the backs of investors in Quaterra as silver should be able to climb to \$18 to \$20 per ounce later this year and as infill drilling and further exploration of the Concordia proceeds to completion. One of the world's best known mineral consultancies, GFMS, thinks \$18 per ounce is in the cards. Concordia and other veins will add to the size of this resource.

This makes three for three for the Patton team. They discovered significant uranium pipes on the Arizona strip, developed a low cost oxide copper resource at MacArthur (Nevada) and now they have the beginnings of a much larger silver resource at Nieves.

This stock, like others has not been treated kindly in spite of the discovery successes of the Quaterra team. I own shares in Quaterra Resources.



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. Dr. Berry has been awarded 10,000 stock options exercisable at \$7.50 from Senesco Technologies. He has been awarded 100,000 options of Derek Oil and Gas exercisable at C\$.47, Valcent Products (300,000 options), Global Green Solutions (400,000 options) and War Eagle Mining. He owns shares and in Goldcorp, Senesco Technologies, DataMeg, Immtech International, Horseshoe Gold, Derek Oil and Gas, Terraco Gold, US Silver, Neuralstem, Piedmont Mining, MegaWest Energy, Valcent Products, CGX Energy, MacMillan Gold and Quaterra Resources. He has been awarded 250,000 options on Terraco Gold exercisable at C\$.50 for 5 years, for services as a financial advisor. In his role as advisor he has been awarded 75,000 options from Polymet which strike at C\$2.76. 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.