

Form 45-106F1
Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution.

Issuer information

1. State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Teras Resources Inc. (the "Corporation")
Suite #1600, 1800 - 4th Street SW.
Calgary, AB T2S 2S5
Tel: (403) 852-0644

2. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

The Corporation is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario and Newfoundland.

3. Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below:

- | | |
|---|---|
| <input type="checkbox"/> Bio-tech | Mining |
| <input type="checkbox"/> Financial Services | <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) |

Details of distribution

4. Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

5. State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

September 23, 2009

6. For each security distributed:

(a) describe the type of security;

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- (c) state the exemptions relied on.

The Corporation issued 4,290,830 units (“Units”) at a price of \$0.12 per Unit, with each Unit consisting of one common share (a “Common Share”) and one (1) Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one (1) Common Share (a “Warrant Share”) for a price of \$0.20 per Common Share 24 months from date of issuance of the Units.

The exemption relied on is Section 2.3 of National Instrument 45-106.

7. Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder’s fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of Purchasers	Price per Unit (Canadian \$)	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Alberta	16	\$0.12 per Unit	\$394,900
British Columbia	1	\$0.12 per Unit	\$7,999.92
Manitoba	1	\$0.12 per Unit	\$12,000
Nova Scotia	3	\$0.12 per Unit	\$100,000
Total number of Purchasers	21		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$514,899.92

Commissions and finder’s fees

8. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

	Compensation paid or to be paid (cash and/or securities)				
		Securities			
Full Name and Address of person being compensated	Cash (Canadian \$)	Number and type of securities issued	Exercise Price per security	Exemption relied on and date of distribution	Total dollar value of compensation (Canadian \$)
Herb Styles PO Box 35009 Sarcee Postal Outlet, Calgary, AB T3E 7C7	\$14,260	N/A	\$0.12	s. 2.3 of NI 45-106	\$14,260
Doug Sept PO Box 657 Three Hills, AB T0M 2A0	\$5,000	N/A	N/A	s. 2.3 of NI 45-106	\$5,000
Edward M. Bamlett & Associates 188 Springbank Heights Dr., Calgary, AB T3Z 1C6	\$19,430	N/A	N/A	s. 2.3 of NI 45-106	\$19,430
Strategic Capital International Suite 285, 100 - 5 th Ave. SW, Calgary, AB T2P 3Y6	\$4,400	36,667 Finder's Warrants exercisable into Units	\$0.12	s. 2.3 of NI 45-106	\$4,400
Michael Douglas 108 Stratton Hill Rise NW Calgary, AB T3H 1X8	\$6,000	N/A	N/A	s. 2.3 of NI 45-106	\$6,000
Spiffy Group Inc. Box 18 Site 13 RR7 Calgary, AB T2P 2G7	\$2,400	N/A	N/A	s. 2.3 of NI 45-106	\$2,400
TOTAL	\$51,490.00	36,667 Finder's Warrants exercisable into Units			\$51,490.00

9. If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report to this report are true.

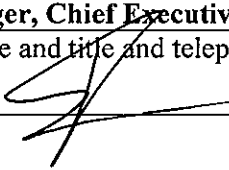
Date: September 23, 2009

Teras Resources Inc.

Name of issuer or vendor (please print)

Peter Leger, Chief Executive Officer and Director (403) 852-0644

Print name and title and telephone number of person signing

Signature 

10. State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities or, where applicable, the regulators under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or, where applicable, the regulator in the jurisdiction(s) where the form is filed, at the address(es) listed at the end of this report.

Authorization of Indirect Collection of Personal Information for Distributions in Ontario

The attached Schedule I contains personal information of purchasers and details of the distribution(s). The issuer hereby confirms that each purchaser listed in Schedule I of this report:

- (a) has been notified by the issuer:
 - (i) of the delivery to the Ontario Securities Commission of the information pertaining to the person as set out in Schedule I,
 - (ii) that this information is being collected indirectly by the Ontario Securities Commission under the authority granted to it in securities legislation,
 - (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and
 - (iv) of the title, business address and business telephone number of the public official in Ontario, as set out in this report, who can answer questions about the Ontario Securities Commission's indirect collection of the information, and
- (b) has authorized the indirect collection of the information by the Ontario Securities Commission.