

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Terra Energy Corp. ("Terra")
Suite 970, 333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

Item 2 Date of Material Change

June 14, 2009

Item 3 News Release

A press release was disseminated on June 15, 2009 via Marketwire.

Item 4 Summary of Material Change

Terra (TSX: TT) announced it had entered into an agreement to acquire oil and gas assets located in northeast British Columbia and northwest Alberta for total consideration of approximately \$76.6 million, prior to closing adjustments. Terra also announced a bought-deal equity financing for gross proceeds of approximately \$10.15 million with an option granted to the underwriters to increase the financing to approximately \$20.3 million.

Item 5 Full Description of Material Change

See the press release of Terra attached hereto as Schedule "A".

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact:

Bud K. Love
Vice President, Finance and Chief Financial Officer
Telephone: (403) 699-7777
Fax: (403) 264-7189

Item 9 Date of Report

June 24, 2009

SCHEDULE "A"



MEDIA RELEASE

For Immediate Circulation

June 15, 2009

TSX: TT

**TERRA ENERGY CORP. ANNOUNCES STRATEGIC ASSET ACQUISITION AND
\$10.15 MILLION BOUGHT DEAL**

Terra Energy Corp. ("Terra Energy" or the "Company") is pleased to announce that it has entered into a definitive agreement (the "Agreement") to acquire certain high quality, long life, assets located in northeast British Columbia and northwest Alberta (the "Acquisition"), for total consideration of approximately \$76.6 million, prior to closing adjustments.

Pursuant to the terms of the Agreement, Terra Energy has agreed to purchase properties primarily located in the Peace River Arch regions of northeast British Columbia and northwest Alberta, including approximately 46,000 acres of net undeveloped land (the "Assets"). Fields include Stoddart, Eagle Boundary, Bonanza, Cecil and Worsley. Current production is estimated at between 2,200 and 2,300 barrels of oil equivalent ("boe") per day, is 70 percent operated, and represents an average working interest of 77 percent on operated properties.

The Acquisition will increase overall production to over 8,000 boe per day and introduce meaningful oil production into Terra Energy's existing production mix. The Assets both complement Terra Energy's existing asset portfolio, including the pending acquisition of the Tecton assets, extend the Company's footprint into more "oily" regions, and create a strong platform for continued growth and development. The Acquisition significantly increases the Company's drilling inventory, including several potential oil-weighted development opportunities

that have already been identified. As a result of the Acquisition, the Company will also be able to further pursue qualified developments opportunities and avail itself of the current incentives offered under Alberta's New Well Royalty Reduction Program announced March 3, 2009.

"This Acquisition is accretive to Terra Energy across all relevant metrics and marks a significant step in our continued transformation." said Cas H. Morel, President and CEO of the Terra Energy. **"With over 2,200 boe per day of production, more than 8.5 million of proved plus probable reserves (both weighted approximately 40 percent to oil), a Reserve Life Index of 9.8 years, and in excess of 46,000 net acres of undeveloped land, these Assets significantly expand the Company's production, reserves and development opportunity base in strong alignment with the Company's previously stated strategic objective to become a balanced intermediate oil and gas producer."**

The Acquisition is expected to close on or about July 15, 2009, subject to customary regulatory approvals and other typical conditions for this type of transaction.

Bought Deal

The Acquisition will be financed using a combination of proceeds from a concurrent bought-deal equity financing for gross proceeds of approximately \$10.15 million, with an option granted to the underwriters to increase the financing to approximately \$20.3 million, together with Terra Energy's existing credit facility, which is anticipated to be increased upon closing of the Acquisition.

Terra Energy has entered into an agreement, on a bought deal private placement basis, with a syndicate of underwriters led by Acumen Capital Finance Partners Limited, and including GMP Securities L.P. and Scotia Capital Inc. (the "Syndicate") for an offering of 7 million subscription receipts ("Subscription Receipts") at \$1.45 per Subscription Receipt for total gross proceeds of approximately \$10.15 million (the "Offering"). In addition, Terra Energy has granted the Syndicate an option to purchase from treasury an additional 7 million Subscription Receipts exercisable at the Offering price up to 48 hours prior to the closing of the Offering for additional gross proceeds of approximately \$10.15 million. Each Subscription Receipt is exchangeable for one unit ("Unit") of the Company upon closing of the Offering. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant shall be exercisable into one common share of the Company at a price of \$1.90 per common share for a period of 24 months from the closing date of the Offering.

Closing of the Offering is expected to occur on or about July 7, 2009 and is subject to customary conditions and regulatory approvals, including the approval of the Toronto Stock Exchange.

READER ADVISORY

A BOE conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency for the individual products at the wellhead. Such disclosure of BOE's may be misleading, particularly if used in isolation.

This media release contains certain statements which constitute forward-looking statements or information, including completion of the Acquisition, completion of the pending Tecton acquisition, closing of the Offering, expansion of the Company's credit facilities, becoming an intermediate producer, development potential and the positioning of the Corporation for future growth, development and value creation. Although Terra Energy believes that the expectations reflected in our forward-looking statements are reasonable, our forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward looking information. As such, readers are cautioned not to place undue reliance on the forward looking information, as no assurance can be provided as to future results, levels of activity or achievements. Risks include, but are not limited to: the risks associated with the oil and gas industry (eg., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in more detail in our Annual Information Form and other documents available at www.sedar.com. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Terra Energy does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Terra Energy is a junior oil and gas company engaged in the exploration for, and development and production of, natural gas and oil in Western Canada. Terra Energy's common shares trade on the Toronto Stock Exchange under the symbol 'TT'.

For further information, please contact:

Cas H. Morel
President & CEO

or

Bud K. Love
Vice President, Finance & CFO

or

Dean N. Morrison, CFA
Manager, Corporate Affairs

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