FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

March 4, 2010

Item 3 News Release

A press release was disseminated on March 4, 2010 via Marketwire.

Item 4 Summary of Material Change

Terra Energy announced that it entered into a "bought-deal" financing agreement (the "**Offering**") with a syndicate led by GMP Securities L.P. for an offering of 5,000,000 common shares ("**Common Shares**") of Terra Energy at a price of $1.80 per Common Share and 6,250,000 "flow-through" common shares of the Company ("**Flow-Through Common Shares**") at a price of $2.16 per Flow-Through Common Share. The Offering is for aggregate gross proceeds of $22,500,000. The Common Shares and Flow-Through Common Shares will be distributed in Canada pursuant to a short-form prospectus and the Common Shares will be distributed in the United States on a private placement basis pursuant to exemptions from registration requirements.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Terra Energy announced that it has entered into a "bought-deal" financing agreement with a syndicate of underwriters led by GMP Securities L.P., and including Scotia Capital Inc., Dundee Securities Corporation, Acumen Capital Finance Partners Limited, Mackie Research Capital Corporation and Jennings Capital Inc. for an offering of 5,000,000 Common Shares at a price of $1.80 per Common Share for gross proceeds of $9,000,000 and 6,250,000 million Flow-Through Common Shares to be issued on a "flow-through" basis under the *Income Tax Act* (Canada), at a price of $2.16 per Flow-Through Common Share for gross proceeds of $13,500,000. The Offering is for aggregate gross proceeds of $22,500,000.

The Common Shares and Flow-Through Common Shares will be distributed in Canada pursuant to a short form prospectus to be filed by the Company in those provinces of Canada (excluding Québec) where such Common Shares and Flow-Through Common Shares are sold. Common Shares distributed in the United States will be on a private placement basis pursuant to exemptions from registration requirements. The closing of the Offering is expected to occur on or about March 24, 2010 and is subject to customary conditions and regulatory approvals, including the approval of the Toronto Stock Exchange.

The net proceeds of the Offering will be used by Terra Energy for qualifying exploration expenditures and for general corporate purposes, including to partially fund the Company's Montney development program in Groundbirch, British Columbia. Such proceeds will enable Terra Energy to further the implementation of its previously announced Capital Expenditure Plan and Budget for 2010 which includes: (i) a strategic push into the Montney Fairway in northeast British Columbia; and (ii) drilling projects designed to maintain or increase Terra Energy's production or increase it beyond the current base level of 7,100 boe/d.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Section 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 & Chief Financial Officer
Telephone: (403) 699-7777
Fax: (403) 264-7189

Item 9 Date of Report

March 8, 2010

READER ADVISORY

All amounts in Canadian dollars unless otherwise specified.

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 material change report contains certain statements which constitute forward-looking statements or information ("forward-looking statements"), including the closing in full of the Offering, the receipt of applicable regulatory approvals, and the anticipated use of the net proceeds of the Offering. The closing of the Offering could be delayed if the Company is not able to obtain the requisite regulatory and Toronto Stock Exchange approvals on the timelines it has planned. The Offering will not be completed at all if these approvals are not obtained or some other condition to closing the Offering is not satisfied. Accordingly, there is a risk that the Offering will not be completed within the expected timeframe or at all. The intended use of the net proceeds of the Offering by the Company might change if the board of directors of the Company determines that it would be in the best interests of the Company to deploy the proceeds for some other purpose. 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 statements. As such, readers are cautioned not to place undue reliance on the forward-looking statements, 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.