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

August 31, 2010

Item 3 News Release

A press release was disseminated on September 1, 2010 via Marketwire.

Item 4 Summary of Material Change

Terra Energy announced that it completed the acquisition of certain oil and gas properties of Fortress Energy Inc., including 100 percent of the Square Creek gas field. The acquisition was completed for a final purchase price after adjustments of approximately $32.2 million comprised of $25.6 million cash and 3,664,444 common shares of the Company priced at $1.80 per share. The final purchase price is subject to standard industry adjustments.

Item 5 Full Description of Material Change

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The assets acquired will add approximately 1,450 net boe/d to Terra Energy's average daily production. Also included in the acquisition are more than 80,000 net acres of undeveloped land. In combination with its existing land position, the acquisition increases Terra Energy's undeveloped land base to over 600,000 net acres.

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

September 9, 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.