

Highlights



Completed amalgamation of Rhodes Resources Corp., Terrapet Energy Corp. and Terra Energy Corp. to form Terra Energy Corp. in January 2004

- ☀ Initial production of approximately 1,000 boe/d

Initiated trading on the TSX Venture Exchange in February 2004

- ☀ Stock symbol "TTR"

Closed an asset acquisition of reserves and production in central Alberta in February, 2004

- ☀ 7 gross (1.7 net) producing natural gas wells producing approximately 50 boe/d
- ☀ Acquisition cost of \$1.0 million

Successfully completed \$4.4 million equity financing in August 2004

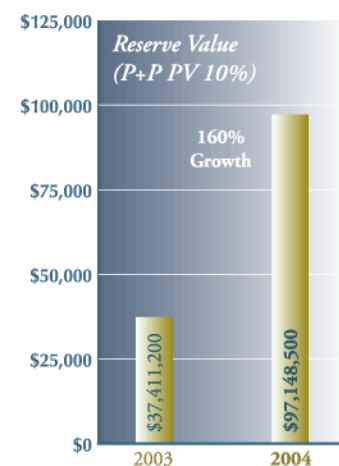
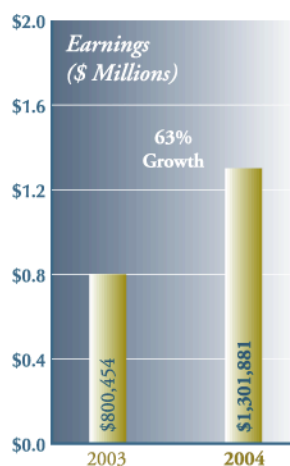
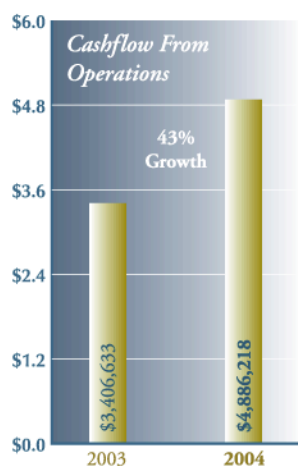
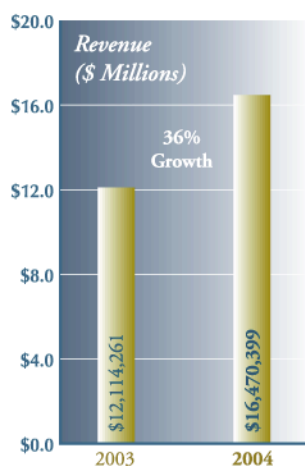
- ☀ Proceeds contributing to 2004-05 exploration and development program

Closed property acquisition in core area of Fort St. John in September 2004

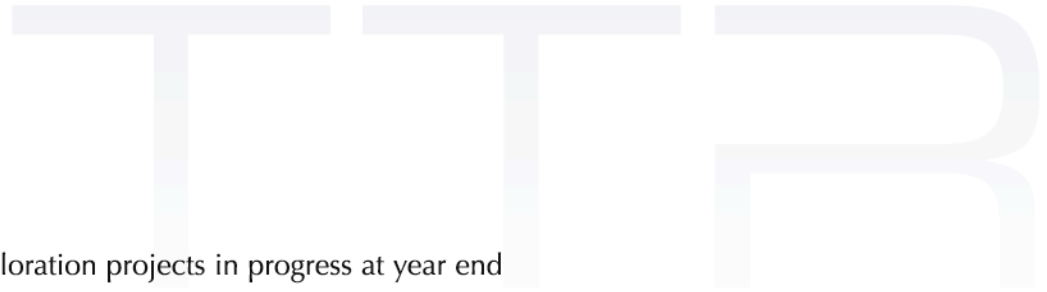
- ☀ 4,480 gross acres
- ☀ Acquired key pipeline and processing facilities in Fort St. John core area

Operational successes

- ☀ Drilled and completed a new discovery well in Grande Prairie, Alberta
- ☀ Drilled dual zone Bow Island well combining an oil and shallow gas opportunity
- ☀ Completed construction of new facilities in Boudreau, including a new gas gathering/processing facility with four stage gas compression, dehydration, and water handling and disposal capabilities
- ☀ Drilled and completed one oil well and two gas wells, re-entered two oil wells, recompleted one oil well and tied in another oil well, adding over 450 boe/d in Boudreau



Highlights



Several development/exploration projects in progress at year end

- ☀ Sextet, BC
 - Three natural gas wells awaiting tie-in
 - All three wells have been tied in at the end of Q1, 2005 with current restricted production of approximately 3.0 mmcf/d
- ☀ Bilawchuk, AB
 - Natural gas pipeline construction completed Q1, 2005
 - Brought on production in March 2005
 - Sustainable production has leveled out to approximately 1.0 mmcf/d (net)
- ☀ Parkland, AB
 - Drilled well in December, tied in early 2005 with current natural gas production of approximately 1.4 mmcf/d gross (19% WI)

Strategic acquisition of \$32.0 million asset package from an industry partner

- ☀ Significant overlap with existing northeast BC production/reserves
- ☀ Acquired approximately 800 boe/d of production
- ☀ Acquired over 2.8 million boe of proved plus probable reserves
- ☀ Increased land base by 75 sections
- ☀ Gained significant infrastructure including pipeline, compressors and gas plants
- ☀ Production/land characterized by high working interest/operatorship
- ☀ Strategic acquisition has led to the formation of the Company's core area called Fort St. John

