

# APPENDICES

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# APPENDIX A PEER COMPARISONS

Company	Symbol	Q1 Prod. (boepd)	Recent Share Price <sup>1</sup> (\$)	Shares Issued (3/31/10) (M)	Market Cap. (\$MM)	Net Debt (\$MM)	Market Cap. (\$/boepd)	+ Net Debt (\$/boepd)	= Enterprise Value (\$/boepd)	2009 F&D Cost (\$/boe)	Q1 Operating Expense (\$/boepd)
Prospex Resources Ltd	PSX-T	3,807	1.46	57,385	83.8	24.2	22,007	6,366	28,374	6.77	7.16
Orleans Energy Ltd	OEX-T	3,638	2.95	65,176	192.3	39.1	52,850	10,752	63,602	N/A	10.15
Black Pearl Resources	PXX-T	6,685	2.84	262,181	744.6	-	111,383	-	111,383	N/A	17.54
Bellatrix Exploration Ltd	BXE-T	7,248	3.00	92,474	277.4	73.6	38,276	10,156	48,432	6.97	13.36
Vero Energy Inc	VRO-T	8,404	6.27	43,391	272.1	112.3	32,373	13,362	45,735	6.98	8.50
Delphi Energy Corp	DEE-T	7,645	2.79	101,455	283.1	113.2	37,025	14,812	51,838	9.21	8.71
Anderson Energy Ltd	AXL-T	7,000	1.20	172,400	206.9	65.8	29,554	9,393	38,948	7.97	10.91
Freehold Royalty Trust	FRU.UN-T	7,331	16.60	57,926	961.6	80.1	131,165	10,927	142,092	N/A	4.03
Angle Energy Inc	NGL-T	8,003	8.31	54,780	455.2	60.7	56,881	7,586	64,468	12.11	5.75
Storm Exploration Inc	SEO-T	8,346	11.16	46,985	524.4	111.3	62,827	13,333	76,160	14.69	4.78
Equal Energy Ltd	EQU-T	9,507	7.33	65,165	477.7	153.7	50,243	16,162	66,405	15.81	10.08
Birchcliff Energy Ltd	BIR-T	10,407	9.94	124,359	1,236.1	232.3	118,779	22,320	141,099	5.37	9.03
Zargon Energy Trust	ZAR.UN-T	10,062	18.59	23,345	434.0	95.4	43,131	9,478	52,609	16.45	13.40
Paramount Resources	POU-T	11,875	18.56	72,225	1,340.5	117.2	112,884	9,869	122,753	29.27	13.22
Iteration Energy Ltd	ITX-T	14,624	1.63	211,112	344.1	189.2	23,531	12,938	36,469	16.20	11.77
Crew Energy Inc	CR-T	15,022	17.33	79,421	1,376.4	191.9	91,623	12,772	104,396	9.68	11.10
Celtic Exploration Ltd	CLT-T	17,302	11.29	44,778	505.5	126.8	29,219	7,328	36,547	9.84	9.25
<b>Average (incl. Terra)</b>		<b>9,116</b>	<b>7.93</b>	<b>92,978</b>	<b>548.1</b>	<b>108.1</b>	<b>59,150</b>	<b>11,450</b>	<b>69,964</b>	<b>11.90</b>	<b>9.92</b>
<b>Terra Energy Corp</b>	<b>TT-T</b>	<b>7,187</b>	<b>1.52</b>	<b>99,045</b>	<b>150.5</b>	<b>51.0</b>	<b>20,947</b>	<b>7,094</b>	<b>28,041</b>	<b>11.16</b>	<b>9.81</b>

(1) Price at June 4, 2010

F&D Costs are presented as calculated by peer companies, with no certainty that methodology is consistent.

*The Right Assets*

*The Right People*

*The Right Time*

*The Right Investment*

# APPENDIX B RESERVES SUMMARY

## DECEMBER 31, 2009 RESERVE VOLUMES AND BEFORE TAX PRESENT VALUE

Reserves At December 31, 2009	Oil (bbls)	Gas (mmcf)	Liquids (bbls)	Total (BOE)
Proved Producing	1,587,000	51,535	1,614,000	11,790,167
Proved Non-Producing	525,000	18,789	509,000	4,165,500
Total Proved	2,112,000	70,324	2,123,000	15,955,667
Total Probable	649,000	38,652	957,000	8,048,000
<b>Total P+P</b>	<b>2,762,000</b>	<b>108,975</b>	<b>3,079,000</b>	<b>24,003,000</b>

### Before Tax Net Present Value of Net Production Income - 2009

Reserves At December 31, 2009	Undiscounted		Discounted		
	0%	5%	10%	15%	20%
Proved Producing	\$287,404,000	\$219,282,000	\$179,688,000	\$153,790,000	\$135,449,000
Proved Non-Producing	\$92,467,000	\$71,484,000	\$58,545,000	\$49,708,000	\$43,254,000
Total Proved	\$379,871,000	\$290,766,000	\$238,233,000	\$203,498,000	\$178,703,000
Total Probable	\$205,423,000	\$115,197,000	\$75,551,000	\$54,117,000	\$40,928,000
<b>Total P+P</b>	<b>\$585,294,000</b>	<b>\$405,963,000</b>	<b>\$313,784,000</b>	<b>\$257,615,000</b>	<b>\$219,631,000</b>

Pricing Assumptions: GLJ Petroleum Consultants Jan 1, 2010 Price Forecast

# APPENDIX C LAND SUMMARY

	GROSS ACREAGE		NET ACREAGE		ROYALTY ACREAGE	
	Developed	Undeveloped	Developed	Undeveloped	Developed	Undeveloped
Total Acres	240,347	662,190	99,918	538,578	4,045	9,915
<b>Totals</b>		<b>902,538</b>		<b>638,676</b>		<b>13,240</b>
Total Hectares	97,265	267,979	40,435	217,955	1,637	4,013
<b>Totals</b>		<b>365,244</b>		<b>258,463</b>		<b>5,358</b>
Total Sections <sup>(1)</sup>	376	1,035	156	842	6	16
<b>Totals</b>		<b>1,410</b>		<b>998</b>		<b>21</b>

(1) Calculations are made using standard 640 acre sizing.

# APPENDIX D

## NET ASSET VALUE

AS AT DECEMBER 31, 2009	(000)
Net Present Value P+P Reserves (BIT 10%) <sup>(1)</sup>	\$313,784
Undeveloped Land <sup>(2)</sup>	\$72,138
Seismic at book value	\$5,200
Net Debt	(\$56,831)
Net Asset Value <sup>(3)</sup>	\$334,921
Shares outstanding	87,989
<b>Basic NAV per share</b>	<b>\$3.80</b>
Option and Warrant Value	\$24,352
Option and Warrant Shares	15,062
Diluted Net Asset Value	\$358,823
Diluted shares Outstanding	103,051
<b>Fully diluted NAV per share</b>	<b>\$3.48</b>

(1) Based on GLJ December 31, 2009 report

(2) Based on December 31, 2009 Seaton-Jordan report

(3) Information based on unaudited financial results

# APPENDIX E

## BRIEF HISTORY OF TERRA

### 1996-2003 Predecessor company private

- \* Grew from 0 to 1,000 boe/d

### 2004 Terra Energy became publicly listed

- \* Acquisition of Dominion assets completed December 2004 (\$31 million)
- \* Combined with existing lands, formed nucleus of Ft. St. John core operating area

### 2005 Year of exploration success

- \* 100% exploration drilling success (11 gross/ 9.8 net)
- \* Over 10 new pools discovered

### 2006-2007 From “behind pipe gas” to increased production

- \* Advanced plans for South Peace gathering system
- \* Completed Tower-Septimus segment of South Peace River Gathering System (April 2007)
- \* Completed East Boudreau pipeline; production increased by approx 500 boed (September 2007)
- \* Completed and commissioned Tower compression and dehydration facility; incremental increase in production of approximately 500 boed (December 2007)

### 2008 Complete transition to Full-cycle E&P Company

- \* Sale of 110 secs of Montney P&NG mineral rights for net proceeds of ~\$70 million
- \* Doubled Tower compression facility and gathering system

### 2009 Year of transformation

- \* Terra targets improved balance oil to gas ratio
- \* Terra targets improved balance in conventional and non-conventional operations
- \* Acquisition Tecton Energy
- \* Acquisition Peace River Arch Assets

### 2010 Significant Commitment to Montney

- \* Completion of Asset Exchange Agreement with acquisition of ~60 sections of Montney Rights
- \* Commercial development of Groundbirch property
- \* Advance Montney play in each of the Company’s properties

# APPENDIX F-1 BOARD OF DIRECTORS

## **Ted S. Anderson** <sup>(1)(3)</sup>

- ★ Founder, Pioneer Land & Environmental Services

## **Ralph G. Evans** <sup>(1)(3)(4)</sup>

- ★ Petroleum Engineer
- ★ Former board member of ERCB (AEUB)

## **Colin P MacDonald** <sup>(2)(4)</sup>

- ★ Partner, Borden Ladner Gervais, LLP

## **Cas H. Morel** <sup>(2)(3)(4)</sup>

- ★ President and CEO, Terra Energy Corp.
- ★ Chairman

## **Robert D. Penner** <sup>(1)(2)</sup>

- ★ Former Senior Tax Partner, KPMG
- ★ Lead Director

## **James (Jim) F. Wong** <sup>(2)</sup>

- ★ Petroleum Engineer
- ★ Businessman
- ★ Director of several international based companies

## **Brian Yaworski**

- ★ Broad base of business experience
- ★ Counsel at Davis LLP

(1) Member of Audit Committee

(2) Member of Corporate Governance,  
Compensation and Nominating Committee

(3) Member of Engineering Reserves Committee

(4) Member of Environmental and Safety Committee

# APPENDIX F-2

## EXECUTIVE TEAM

### **Cas H. Morel**, President & CEO

- \* Businessman, founder of predecessor of Terra Energy in 1996
- \* BSc ,LL.B., MBA
- \* 25+ years experience in oil and gas industry and resource sector

### **Bud K. Love**, VP, Finance & CFO

- \* CFO and VP Finance of Rhodes Resources Corp.
- \* Former principle of BKL and Associates Inc., specializing in tax matters
- \* Former Controller Startech Energy Corp.
- \* 25+ years oil and gas accounting and tax experience

### **Tim A. Beatty**, Executive VP, B.C. Operations

- \* Professional engineer with 25+ years of professional experience in Western Canada and international
- \* PanCanadian, Apache Canada, Santos
- \* Member of APEGGA and SPE

### **Tony Sabelli**, Executive VP, Alta./Sask. Operations

- \* Over 30 years experience in oil and gas industry in Western Canada
- \* Graduate of SAIT with diploma in Petroleum Engineering
- \* Experience in drilling operations for all types of wells ranging in depth from 3000ft in Southern Alberta to 9000ft (horizontals heavy oil) multistage completions in NE Alberta

# APPENDIX F-3 GEOSCIENCE TEAM

## **John M. Behr**, VP, Exploration

- ★ Professional Geophysicist with 24 years of industry experience, VP of Exploration at Terra since 2005
- ★ Successful oil and gas explorer at Shell, Renata Resources, Rio Alto, CNRL, El Paso and Dominion Canada
- ★ Originator of effective exploration strategies and methods

## **John Andersen**, Chief Geologist

- ★ Professional geologist with over 30 years experience in Western Canada, successful oil finder, multi-dimensional explorer and team leader
- ★ Finder at Poco Petroleum, Petro-Canada, Relentless Energy and Encor
- ★ Founder of Redcliffe Energy, Exploration Manager at Progress Energy

## **Steve Aitken**, Montney Co-lead

- ★ PhD. in Geology with 15 years of exploration and development experience, Co-lead on Terra's Montney play
- ★ Both clastic and carbonate expertise, successful explorer at Amoco, Petro-Canada, EBOC, El Paso and Relentless

## **Michael Doty**, Senior Geophysicist

- ★ Professional geophysicist with 25 years of industry experience, expert at seismic interpretation and acquisition
- ★ Explored at UNOCAL, Petrostar, Canadian Conquest and Canext as well as independent consultant

## **Craig Smith**, Geologist

- ★ Professional geologist with 8 years of industry experience, involved and integral to all of Terra Energy's success
- ★ Proven finder with over 65 wells of experience

## **Michael Oforsagd**, Senior Exploration

- ★ Over 35 years of experience, adds valuable experience, history as well as new ideas
- ★ Atlantic Richfield Canada, Petro-Canada, Dome Petroleum, Amoco Canada

# APPENDIX F-4A

## SENIOR ENGINEERING TEAM

**Tim Beatty**, Executive V.P., B.C. Operations

**Tony Sabelli**, Executive V.P., Alta./Sask. Operations

**Gord Oliver**, V.P. Exploitation B.C.

- ★ Professional Engineer with 25 years of engineering experience in the oil and gas industry
- ★ Specific strengths in exploitation and reservoir engineering
- ★ Previous industry companies include Tom Brown Resources, Stellarton Energy, Jordan Petroleum
- ★ Member of APEGGA and SPE

**Alan Bertram**, V.P. Exploitation Alberta and Saskatchewan

- ★ Professional Engineer with over 15 years of experience
- ★ Experience in horizontal drilling and waterflood techniques
- ★ Member of APEGGA and SPE

**Graham Collins**, V.P. Production

- ★ Professional Engineer with almost 33 years of experience in the energy industry
- ★ Responsible for Terra Energy's Production, Field Operations, Joint Venture, Environment Health and Safety, Marketing and Emergency Response Plan
- ★ Previous industry companies include Rigel Oil and Gas, Bowview Petroleum, TransCanada Pipelines, Pioneer Energy, Hunt Oil and Murphy Oil

# APPENDIX F-4B

## SENIOR ENGINEERING TEAM

### **John Hrycyk**, Manager of Facilities

- ★ Professional engineer with over 17 years experience in the energy industry
- ★ Experience in joint interest, process design, mechanical design, research and development and project engineering
- ★ Member of APEGGA, Professional Engineers and Geoscientists of British Columbia and American Society of Mechanical Engineers

### **Darcy Spratt**, Senior Exploitation Technologist

- ★ Over 29 years oil and gas experience with specific experience in exploitation, reserve and economic evaluations
- ★ Previous industry companies include Advantage Energy, Great Plains Exploration and Zapata Energy
- ★ Member with the Association of Science and Engineering Technology Professionals (ASET) and is a Registered Engineering Technologist (RET)

### **Terry Mah**, Engineering Consultant

- ★ Professional Engineer with 25 years of engineering experience in the oil and gas industry
- ★ Specific strengths in exploitation and reservoir engineering, acquisition and divestitures and horizontal drilling
- ★ Previous industry companies include Rising Sky Energy, Redsky Energy, Compton Petroleum, CNRL
- ★ Member of APEGGA

# APPENDIX F-5 SENIOR LAND TEAM

## **Mike Haug**, Area Land Manager, B.C

- ★ Chief Negotiator for British Columbia
- ★ Over 30 years' experience in virtually all aspects of the oil and gas and mining industries. Before coming to Terra, Mike was CEO of Fernz Sulfer Works Inc. and has occupied senior executive and management positions at Canterra Energy Ltd., Husky Oil and CDC Oil & Gas Ltd.
- ★ Mike has studied Business Administration at the University of Saskatchewan

## **Paul Lyzaniwski**, Manager, Alberta Lands

- ★ Chief Negotiator for Alberta
- ★ Senior Mineral Landman with over 18 years' of wide-ranging industry experience including senior and supervisory positions in administration, contracts and negotiations at Compton Petroleum Corporation, Canadian Natural Resources and Fletcher Challenge Petroleums Inc.
- ★ Paul has studied Advanced Economics and Finance at the Universities of Regina and Calgary

## **Kevin Wolters**, Manager, Land Contracts and A&D

- ★ Contracts Landman/ Lawyer with over 14 years' of oil and gas industry experience including permanent and consulting land contracts and A&D positions at companies including ExxonMobil, Paramount Resources, Suncor Energy, BP Energy Canada, Canadian 88 Energy Corp.
- ★ B.Comm. (Corporate Finance) University of Calgary, 1988, LL.B. University of British Columbia, 1991
- ★ Particular expertise in A&D, contract drafting and freehold mineral rights

## **Jeff Pike**, Manager of Land Administration and Records

- ★ Petroleum Landman with over 30 years' experience in the oil and gas industry including senior management and negotiating positions at Chevron Canada Resources, and has consulted to various major industry players including EnCana Oil & Gas and Gulf Canada Resources
- ★ B.Comm., Dalhousie University, 1972, B. Ed. Dalhousie University, 1974; LL.B., Dalhousie Law School, 1978