

FORM 51-102F3 - MATERIAL CHANGE REPORT

NAME AND ADDRESS OF COMPANY

Quaterra Resources Inc.
#1100 – 1199 West Hastings Street
Vancouver, BC V6E 3T5

DATE OF MATERIAL CHANGE

September 17, 2018

NEWS RELEASE

News release dated September 17, 2018 was issued and filed on SEDAR.

SUMMARY OF MATERIAL CHANGE

Quaterra Resources Inc. announced that it has entered into an agreement to sell certain Yerington water rights for US\$6.26 million.

FULL DESCRIPTION OF MATERIAL CHANGE

Quaterra Resources Inc. (TSX-V: QTA; OTCQB: QTRRF) (the “**Company**” or “**Quaterra**”) announced its wholly-owned subsidiary Singatse Peak Services LLC (“SPS”) has entered into a purchase and sale agreement to sell certain primary ground water rights associated with its copper property in Yerington, Nevada, to Desert Pearl Farms LLC (“Desert Pearl”), a Yerington-based company involved in agriculture in the district, for US\$6,259,200.

Desert Pearl will deposit an initial \$625,920 “earnest money” into escrow, half of which will be available to Quaterra for corporate use once certain conditions are met. The remaining escrow funds will be released and the balance of funds owing will be paid when the deal closes. The deal will close when the State of Nevada Division of Water Resources (NDWR) approves an application to change the manner of use of the water rights from mining to agriculture, their place of use and when title is transferred to Desert Pearl.

Once the sale has closed, SPS will retain about 6,700 acre-feet per year of primary ground water permitted for mining on its 51-square-mile Yerington property. The 2012 Preliminary Economic Assessment at MacArthur estimated water consumption of about 2,590 acre-feet per year for a 41,000 ton a day oxide project at the property’s MacArthur deposit. Also, Quaterra estimates that 3,100 acre-feet of water is required to mine and operate a 50,000 ton a day sulfide mill on the property. In addition to SPS’s primary ground water rights, Quaterra also has decree, supplemental and storage water rights associated with options it holds on private land over the property’s Bear deposit.

Funds from the sale will be used to progress the Company’s MacArthur copper project, assess exploration opportunities and for general corporate purposes.

The sale of water rights is non-dilutive to shareholders. On September 13, 2018, 29.8 million share purchase warrants issued by the company in 2013 expired.

RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

OMITTED INFORMATION

Not applicable.

EXECUTIVE OFFICER

Thomas Patton, Chairman & CEO
Telephone: 604-641-2758

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September 17, 2018