

Important Tax Notice to U.S. Shareholders of Quaterra Resources Inc.

This statement is provided for shareholders who are United States persons for purposes of the U.S. Internal Revenue Code ("**IRC**") of 1986, as amended and the regulations thereunder. It is not relevant to other shareholders.

Quaterra Resources Inc. ("**Quaterra**" or the "**Company**") expects to be classified as a Passive Foreign Investment Company ("**PFIC**") as defined in Section 1297 (a) of the IRC for the year ending December 31, 2019, expects that it was a PFIC for all prior years and expects that it may also be a PFIC in subsequent years.

Please find attached a PFIC Annual Information Statement ("**AIS**") for Quaterra under the requirements of Treasury Regulation §1.1295-1(g)(1). The PFIC AIS contains information to enable you, should you so choose based on the advice of your tax advisors in light of your personal tax circumstances, to elect to treat Quaterra shares as a Qualified Electing Fund ("**QEF**").

The QEF election is generally made on Form 8621 ("Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund") and is filed with your U.S. tax returns. A U.S. shareholder who makes a QEF election is required to annually include in his or her income his or her pro-rata share of the ordinary earnings and net capital gains, whether or not any amount has been distributed to shareholders.

Note that the information attached to this letter is intended to help you make one or more QEF elections, if you decide to do so, and neither such information nor this letter constitutes tax advice. The taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

We recommend that U.S. shareholders consult a tax adviser concerning the overall tax consequences of their ownership of Quaterra shares and their U.S. tax reporting requirements. You can also find information on U.S. tax rules applicable to investments in PFICs on the IRS website, www.irs.gov, by searching "Form 8621 Instruction".

PFIC Annual Information Statement

1. This Information Statement applies to the tax year of Quaterra beginning on January 1, 2019 and ending on December 31, 2019.
2. The amounts of ordinary earnings and net capital gain, as well as cash and fair market value of other properties distributed or deemed distributed by Quaterra to its shareholders during the period is listed in the table below.

Company	Parent's ownership percentage in subsidiary	Ordinary Income	Net Capital Gain	Distribution of cash	Distribution of fair market value of property
Quaterra Resources Inc.	Parent	Nil	Nil	Nil	Nil
Quaterra Alaska Inc.	100%	Nil	Nil	Nil	Nil
Singatse Peak Services LLC	100%	Nil	Nil	Nil	Nil
Six Mile Mining Company	100%	Nil	Nil	Nil	Nil

3. Quaterra will, upon receipt of a request, permit you to inspect and copy its permanent books of account, records, and other such documents as may be maintained by Quaterra that are necessary to establish its ordinary earnings and net capital gain computed in accordance with U.S. income tax principles under IRC Section 1293.

(signed) Lei Wang

Chief Financial Officer
Quaterra Resources Inc.
Date: July 20, 2020