



WHISTLEBLOWER POLICY

Quaterra Resources Inc. is committed to achieving compliance with all applicable Canadian and United States laws and regulations, including accounting standards, internal controls, and audit practices. The Board of Directors of Quaterra therefore has established these standards for:

- (i) the confidential receipt, retention, and treatment of complaints received by Quaterra regarding accounting, internal accounting controls, or auditing matters; and
- (ii) the confidential receipt, retention, and treatment of complaints received by Quaterra regarding the alleged violation of any Corporate Governance policies of Quaterra (including its subsidiaries).

It is the policy of Quaterra that no person who in good faith files a complaint, submits a concern or reports any matter consistent with this Whistleblower Policy shall suffer harassment, retaliation or adverse employment consequence by Quaterra. Any employee (including directors, officers, consultants) of Quaterra who retaliates against a person who has made such filing, submission or report in good faith is subject to discipline up to and including termination of employment.

Reporting Procedure

Reports made under this Whistleblower Policy are encouraged to be made in writing so as to assure a clear understanding of the issues raised. Reports should be factual in nature and contain as much specific information as possible to allow for proper assessment of the complaint or concern.

Whistleblower Security Inc., a third party service provider, has been contracted by Quaterra to receive confidential and anonymous submissions related to this Whistleblower Policy. Employee concerns relating to questionable accounting or auditing matters, or violations of any Corporate Governance policies of Quaterra (including its subsidiaries) may be reported in the following ways:

- Through the Hotline: 866-921-6714
- If you are not in North America, call collect to 604-922-6563 during business hours and say you have a whistleblower report related to Quaterra
- Through the web form at www.whistleblowersecurity.com
- Fax report to: 604-926-5668
- Mailing address alternative for written documents: 303-1455 Bellevue Avenue, West Vancouver, BC Canada V7Y 1C3

Anyone with a complaint or concern covered by this Whistleblower Policy may also contact their supervisor or manager responsible for the group which provides the relevant service, recognizing however, that this depends on the seriousness and sensitivity of the issues involved and who is suspected of wrong doing.

As an alternative, complaints or reports under this Whistleblower Policy may be submitted to the Chair of the Audit Committee or Chairman of the Board at Suite 1100, 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Telephone 604-681-9059, Fax 604-688-4670, or by sealing the report in an envelope marked "Confidential" and addressed to the Chair Quaterra Resources Inc. Audit Committee or to the Chair of the Board, Quaterra Resources Inc. and then forwarding the sealed envelope in a further sealed envelope marked "Private and Confidential", 1100 – 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

Confidentiality requested under this Whistleblower Policy will be respected. Use of non-identifiable third party e-mail address may be used to maintain anonymity.

Audit Committee Review

All complaints or concerns related to this Whistleblower Policy will be reviewed by the Audit Committee.

If the Audit Committee determines that further review or investigation is warranted, the Audit Committee shall decide whether it will be the responsibility of Quaterra management, the Audit Committee or another committee of the Board to investigate the Report.

- If the Audit Committee determines that management will investigate the Report, the Audit Committee will notify the Chief Executive Officer of Quaterra in writing of that determination. Management shall thereafter promptly investigate the complaint or concern and shall report the results of its investigation, in writing, to the

Audit Committee. Management shall be able, in its discretion, to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results.

- If the Audit Committee determines that it or another committee of the Board will investigate the complaint or concern, the Audit Committee shall promptly determine what professional assistance, if any, it needs in order to conduct the investigation. The Audit Committee shall be able in its discretion to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results.

In determining whether Quaterra management, the Audit Committee or another committee of the Board should conduct a further review or investigation, the Audit Committee shall consider, among any other factors that in its judgment are appropriate under the circumstances, the following: (a) the identity of the alleged wrongdoer, (b) the seriousness of the alleged wrongdoing, and (c) the credibility of the alleged wrongdoing.

Prompt and appropriate corrective action will be taken when warranted in the judgment of the Audit Committee.

In the discretion of the Audit Committee, responsibilities of the Audit Committee created by these procedures may be delegated to the Chair of the Audit Committee. Where the Chair of the Audit Committee is delegated the obligation to receive, review, or investigate complaints and concerns under this Whistleblower Policy, he or she shall provide a report to the full Audit Committee at each Audit Committee meeting. Such report shall consist of a summary of complaints and concerns received, reviewed, or investigated since the last Audit Committee meeting including the disposition of any complaints and concerns received, reviewed, or investigated.

Recordkeeping

The Audit Committee shall retain, or oversee the retention of, records relating to complaints and concerns received or submitted under this Whistleblower Policy. The types of records to be retained by the Audit Committee shall include all steps taken to track the receipt, investigation, and resolution of the complaint or concern. The records shall be maintained for a period of no less than seven years.