

To the Shareholders of Tera Resource Co., Ltd.,

Happy New Year to all of our loyal shareholders! It's been a challenging 3 plus years of wrestling, tackling and fighting, but we are finally seeing the light at the end of the tunnel. Literally every way we turn, from our own former accounting firm to former management/employees to third party vendors and partners, Tera was being attacked. Having raised over \$85mm since Mr. Byun's takeover of Sego, many of the people involved were used to taking advantage of Tera and sucking it dry, using it as an ATM. Tera had over 20 separate lawsuits in Korea and Russia when we first took control over the business.

By the grace of God, we were blessed to have a unique management team that was able to fend off these lawsuits and diligently uncovered the truth that allowed us to take offensive actions against all the cases. Again, having both Mr. Parks, especially Mr. HS Park as part of our management team allowed us to pursue these lawsuits at fraction of the cost. The result, over 90% of these cases prevailed in our favor. Likewise, in Russia, we managed to win over 90% of the lawsuits.

Of particular importance was the lawsuit against Reitman group regarding our 70% ownership of Vinka. I am happy to report that Tera won in both the 2nd Court and the Supreme Court of Russia on the case involving Tera's 70% ownership. Further, Reitman's group appeal was officially denied by the Supreme Court as of December 2017. In anticipation of taking full and legal control of Vinka, we hired experienced executives from Lukoil, Bashneft and etc. to develop our oil fields during the fall of 2017.

Here are some highlights of milestones to date:

- We held a shareholder meeting in 2017 to change the charter and issue additional shares in Vinka which would finally allow us to formalize our "new money" investment in Vinka in the form of equity. Previously, all "new money" investment in Vinka were being treated as a loan because Reitman group blocked our ability to issue new equity. The approval of this shareholder meeting allowed us to issue new shares in Vinka.
- Reitman group filed a lawsuit in court against Vinka for this shareholder meeting, calling the shareholder meeting illegal. However, we won the first court as the judge ruled in our favor in January 2018. Further validating our right to issue new shares in Vinka.
- Takeover of operations and legal control of Vinka from Reitman group beginning this past summer. We currently have 100% operating control over Vinka.
- Conditional approval of our requirements as per our oil license
- Successfully passed inspection by governmental agencies with respect to Vinka's safety standards.
- Won several other legal cases against Reitman group.
- Potential prosecution of certain members of Reitman group. Potential for conviction and jail time.
- Shutdown of opaque oil trading business.
- Build up of strong management team.
- Established partnership with the largest and leading investment company in Russia.
- Established strategic relationship with a London listed mid-sized E&P company.
- Finally won the Devonian auction together with our strategic partner.

We have to give credit to our new Russian partners for the accomplishments made with Vinka. Their smarts, experience, dedication and deployment of their key resources were the core factors that allowed us to be in our current position. They are available 7 days a week, and its really like watching an Olympic Gold medalist at work. Their works are evidence as to why they are the largest and most successful

investment company in Russia and why they were behind the most successful investments in Russia such as Yandex, Mail.ru, Burren Energy, Borjomi Water, and etc.

Given that many of our legal issues were finally behind us, we developed a 12-18 month plan of action for Vinka to be rolled out this spring. Unfortunately, Reitman group in January 2018 filed another frivolous lawsuit challenging Vinka's shareholding but in a different method than the last lawsuit they lost. What's worse is that the judge who first rendered a favorable judgment for Reitman group last time was appointed the judge of record and put a Temporarily restraining order on all of our activities so that we are not able to move forward with our plans for new equity issuance until this is resolved.

We believe that we will eventually prevail but this will delay our original plans 3 to 6 months. Meanwhile, we are vigorously pursuing criminal prosecution of certain members of Reitman group and preparing for our development of the oil field. We are also excited about the possibility of working with our strategic partner on number of fronts including the exploration of the Devonian field.

I will end with a brief update on Cuzco, the Keeaumoku property in Hawaii ("Cuzco"). Although the Keeaumoku property is separate and distinct from Vinka, many of the malfeasance and outright fraudulent behaviors of the stakeholders are shockingly similar. For instance, Tera invested over \$50mm for Vinka and Reitman paid almost nothing in comparison. In Cuzco, Mr. Byun invested approximately \$5.5mm of Tera's funds for a 14.7% interest, but the judge recently ruled in the favor of our opponents which dilutes our ownership to 2% giving the broker Lee Dong Woo 80% interest. Lee Dong Woo first bought his bogus 75% shares for only \$30,000. Another similarity is the rogue nature of our legal counsel, we have evidence to suggest that one of the ways Reitman group won the first court is that our own attorney may have been involved in some way to assist them. Well, that attorney recently was indicted by Russian authorities for bribery, and will likely lose his law license. Our attorneys at Chun Kerr who was suppose to represent us in Cuzco did many questionable things and we are currently in litigation with them in Hawaii and will likely go to court.

I believe that cream rises to the top, and in our case, the truth will rise to the top. I am encouraged and optimistic by the prospects for Tera herein as majority of the bad have now been flushed out or fallen away. At a macro level, oil prices are trending up, almost double from their lows, oil technology continues to advance, and Tera is finalizing its partnership with strong and capable partners in Russia. With our sizable reserves (approximately 400mm barrels) and strong operating and financial partners, Tera will be well positioned to pursue its goal of being one of the leading foreign independent E&P oil producer in the region.

Thank you for your continued support and many Blessings to you all!

February 22, 2018

Rick Cho
Chairman of the Board