

TERRA NOVA
ROYALTY CORPORATION

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February 2011

Cautionary Note on Forward-Looking Statement

Certain information included in this presentation contains statements that are forward-looking, such as statements relating to results of operations, financial conditions and business development activities. These statements represent Terra Nova Royalty Corporation's ("Terra Nova") beliefs regarding future events that, by their nature, are uncertain and outside of its control. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ materially from those expressed in any forward-looking statements made by or on behalf of Terra Nova. For more information regarding these risks and uncertainties, please refer to the description of "Risk Factors" in Terra Nova's Management's Discussion and Analysis for the nine months ended September 30, 2010 and in its Management Information Circular dated September 29, 2010, which have been filed with the United States Securities and Exchange Commission and Canadian securities regulators.

The statements in this presentation are currently only as of February 16, 2011. We undertake no obligation to update any statements.

Non-GAAP Financial Measures

Some of the information included in this presentation is derived from Terra Nova's financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain of these historical data are considered "non-GAAP financial measures". These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Reconciliations to the most directly comparable GAAP financial measures and management's rationale for the use of the non-GAAP financial measures can be found in the Appendix to this presentation.

In addition, Terra Nova adopted International Financial Reporting Standards ("IFRS") effective from January 1, 2010, which may not be comparable to the financial statements contained herein prepared pursuant to GAAP.

TERRA NOVA ROYALTY CORPORATION

Established 1984



**TERRA NOVA ROYALTY
CORPORATION**

TTT New York Stock Exchange

RESOURCES AND ROYALTY
BUSINESS



MASS FINANCIAL CORP.

MASS Vienna Stock Exchange

COMMODITIES AND RESOURCES,
MERCHANT BANKING,
PROPRIETY INVESTMENTS



**KHD HUMBOLDT WEDAG
INTERNATIONAL AG**

KWG.F Frankfurt Stock Exchange

ENGINEERING AND EQUIPMENT
SUPPLY COMPANY SPECIALIZING IN
CEMENT INDUSTRY

TERRA NOVA HISTORY

- 1984** The group was started by the takeover of a small non quoted public real estate company.
- 1996** MFC Bancorp Ltd. (our predecessor name) was created and spun off as a dividend to shareholders.
- 2005** MFC Bancorp Ltd. was renamed KHD Humboldt Wedag International Ltd.
- 2006** In January, the majority of our financial assets were transferred to a subsidiary, Mass Financial Corp. (Mass), and then distributed to our shareholders.
- 2010** Reorganization and focus on resources business, name changed to Terra Nova Royalty Corporation. Separation of our industrial services into KHD Humboldt International AG (KHD).
KHD shares distributed to shareholders.
KHD common shares listed on Frankfurt Stock Exchange.
Acquired Mass by way of a tender offer on the basis of one Terra Nova share for each Mass share.
- 2011** New financial platform created.

We operate in Two Primary Segments

COMMODITIES AND RESOURCES

Our operations are principally for our own account. To a much lesser extent, we also act as an agent for clients. We conduct our commodities trading activities primarily through our subsidiaries based in Vienna, Austria. These activities allow us to be in contact with wide geographic range of producers and consumers, thus potentially creating more opportunities than the simple merchandising of goods.

Our relative financial strength enables us to arrange credit. As a consequence, we are often able to facilitate purchases and sales of commodities with more efficient and effective execution. Commodity producers and end customers often work with us to better manage their internal supply, distribution risk and capital requirements.

MERCHANT BANKING

We commit our own capital to promising enterprises, and invest and otherwise trade to capture investment opportunities for our own account. We seek to invest in business or assets whose intrinsic value is not properly reflected in their share price valuation. Our investments are generally not passive. We seek investments where our management and financial expertise can be used actively to add or unlock value.

LIQUIDITY

We maintain adequate liquidity and satisfactory financial ratios. After giving pro forma effect to our acquisition of Mass and the completion of the rights offering in 2010 and the third and fourth distributions of KHD shares, as at June 30, 2010, we would have working capital of \$354 million, total assets of \$826 million and a long-term debt to shareholders' equity ratio of 0.09. Our cash and cash equivalents would have been \$363 million and we also would have lines of credit in the amount of \$397 million.

HISTORY

We have 25 years of experience that enables us to find and acquire undervalued companies and has created and continues to create opportunities for our shareholders. Our commodities and resources and other businesses provide us with a good basis from which to operate.

INCOME TAX

Some of our operating subsidiaries are organized under the laws of Barbados and are licensed "international business company" status under the Barbados International Business Act, 1991 (as amended). Their income tax is at regressive rates ranging from 2.5% to 1%.

(all amounts within this presentation are in US dollars)

MFC BANCORP LTD

Financial History

MFC Bancorp Ltd.	Start Year									
Thousands US\$ except per share data	1984	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues	354	55,324	62,155	83,121	84,490	104,133	134,526	180,006	316,863	579,731
Net Income	-115	10,258	17,058	20,381	24,452	26,105	28,437	32,129	38,004	30,701
Total Assets	4,409	117,090	158,765	163,203	187,145	221,346	247,796	282,712	313,043	501,579
Shareholders' Equity	1,560	66,819	84,078	100,878	118,348	142,070	154,462	180,608	169,024	223,849
Weighted Average # of Shares	1,410	9,131	12,246	13,706	13,422	13,438	14,002	14,170	14,129	13,818
Earning Per Share	-0.08	1.12	1.44	1.55	1.90	2.02	2.10	2.35	2.78	2.24
Return on Equity (ROE)	n/a	27.3%	25.5%	24.2%	24.2%	22.1%	20.0%	20.8%	21.0%	18.2%
Net Book Value per Share	1.49	6.41	6.82	8.37	9.83	11.75	11.72	14.07	13.30	16.49
Tax Paid Retained Earnings	-237	18,424	33,832	51,104	75,940	99,165	103,524	124,264	134,381	174,444

- Name changed from MFC Bancorp Ltd. to KHD Humboldt Wedag International Ltd. in November 2005.
- MFC Bancorp's average annual ROE 22.6% for 1996 – 2004.
- MFC Bancorp was spun off by Mercer as a dividend in June 1996.
- MFC Bancorp's 2001, 2002 and 2003 Net Book Value and Retained Earnings reflect dividends of \$18.3 million, \$12.3 million and \$55.5 million respectively.
- 1984 amounts reflect those of Asiamerica Equities (Mercer's predecessor).
- See Appendix A hereto for a reconciliation.

MASS FINANCIAL CORP.

Financial History

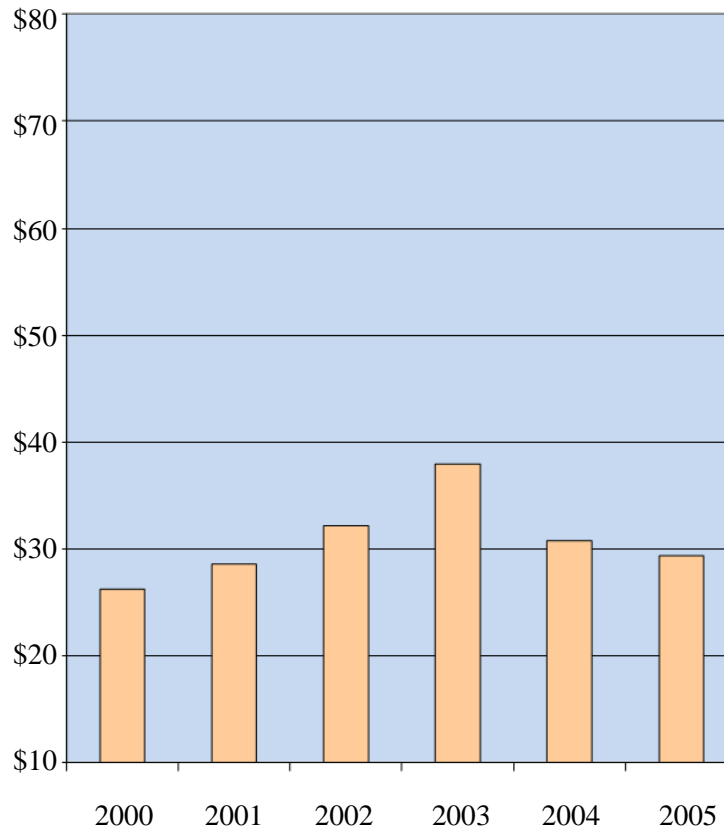
Mass Financial Corp

Thousands US\$ except per share data	2005	2006	2007	2008	2009
Cash	26,185	99,078	183,903	201,622	329,554
Securities	2,880	36,787	45,984	4,493	17,196
Current Assets	82,599	195,462	315,256	296,461	437,267
Total Assets	109,255	230,437	355,576	369,915	512,331
Current Liabilities	39,421	91,280	143,324	117,763	204,693
Working Capital	43,178	104,182	171,932	178,698	232,574
Long-Term Debt	869	4,710	28,068	52,634	58,097
Debt-Preferred Shares (2)	67,058	77,976	91,956	71,506	-
Total Liabilities	107,348	183,491	272,859	252,381	301,015
Shareholders' Equity	1 (3)	45,131	81,583	116,010	210,320
Equity Per Common Share	- (4)	2.43	4.39	5.71	9.72

1. Mass was acquired in forth quarter of 2010. Reflects Mass' stand-alone audited consolidated results for the years prior to acquisition
2. Preferred shares were denominated in Canadian dollars and their change was attributable to the appreciation/depreciation of the Canadian dollar versus the US dollar until they were settled in 2009.
3. An independent valuation of the common shares at the time of the spin-off was in the range of \$0.50 to \$0.76 per common share; approximately \$9 million. The valuation looked at the common shares as a warrant value on the capital that may be made on the preferred shares in the future in excess of the stated dividend
4. Not applicable

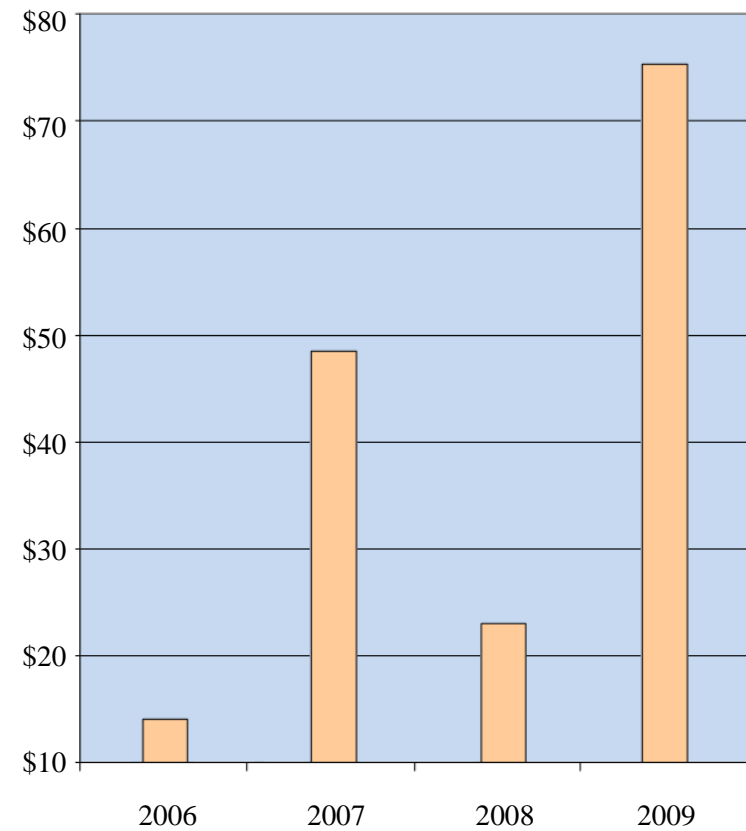
Net Income 2000 - 2009

MFC Bancorp Ltd.



2000 – 2005 results are for MFC Bancorp Ltd.

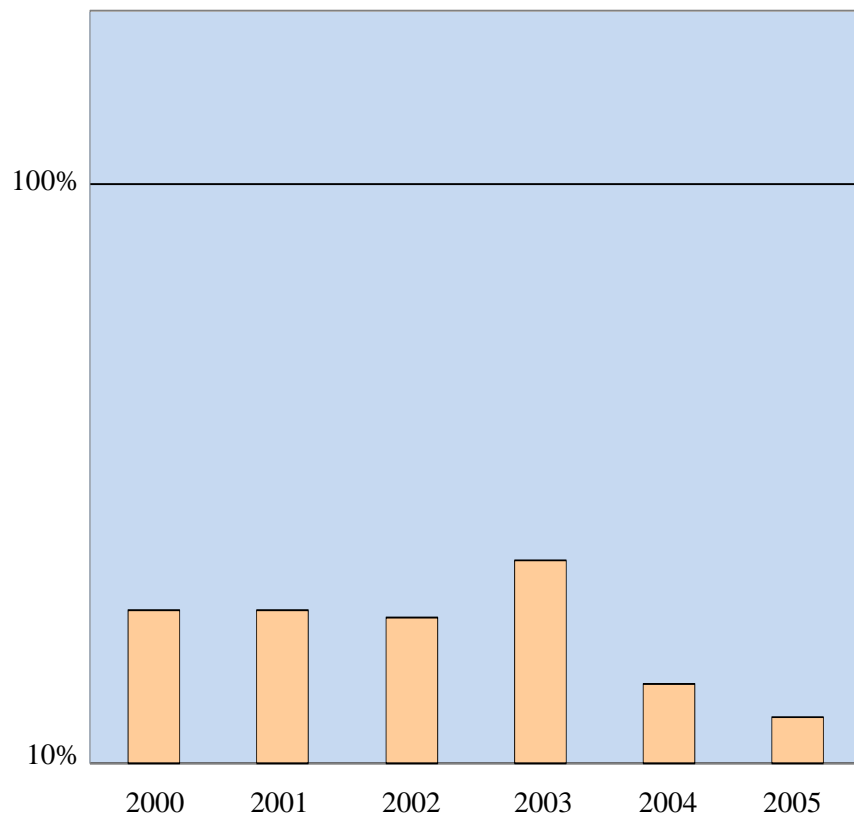
Mass Financial Corp



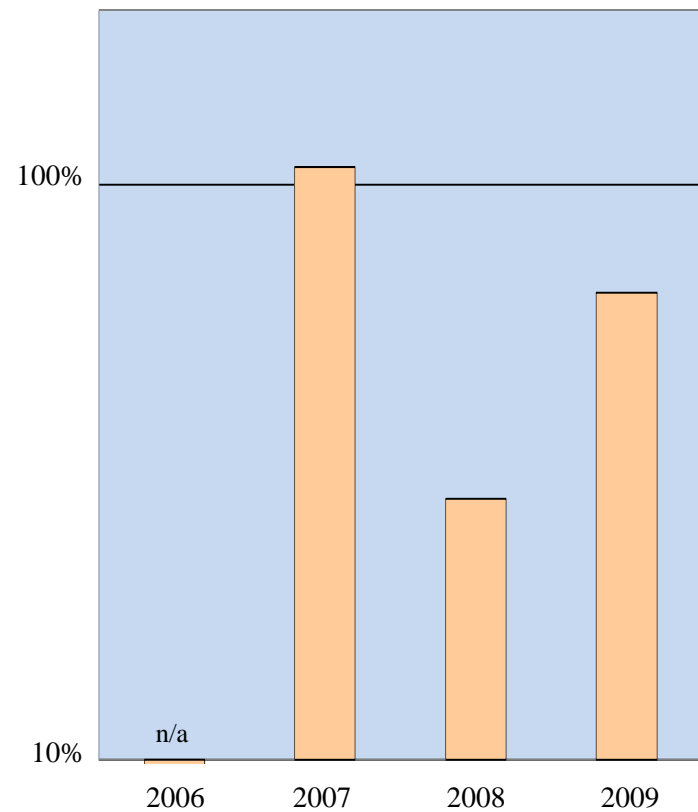
2006 – 2009 results are for Mass Financial Corp.

Return on Equity

MFC Bancorp Ltd.



Mass Financial Corp



- 2000 – 2005 results are for MFC Bancorp Ltd.
- 2006 – 2009 results are for Mass Financial Corp.
- Mass Financial had nominal equity at the beginning of 2006 so return on equity was not meaningful.

Pro Forma Consolidated Balance Sheet Information June 30, 2010 (Unaudited)

Pro forma financial statements for our acquisition of Mass as at June 30, 2010 prepared in accordance with GAAP are set forth in our registration statement on Form F-4 dated October 7, 2010 and available on the SEC website.

For the purposes of the acquisition of Mass, the parties agreed upon exchange ratio (the Offer Ratio) based upon the fully diluted adjusted net book value per share of each company as at June 30, 2010 adjusted to reflect the following Offer Ratio Adjustments:

For Terra Nova:

- the Rights Offering completed after June 30, 2010
- the third distribution of KHD shares
- the change to the fair value of its royalty interest in resource property
- the Arbitration Award in connection with royalty interest
- a payment for a resource property in the third quarter of 2010

For Mass:

- the change to the fair value of its resource property
- the conversion of debt instruments

This resulted in adjusted shareholders' equity per share for the purposes of the Offer Ratio of:

For Terra Nova	\$ 8.91
For Mass	\$ 9.00

After giving pro forma effect to the acquisition of Mass, the Offer Ratio Adjustment and the distribution of the remaining of KHD shares to Terra Nova's shareholders, the combined entity would have:

Cash and cash equivalents	\$ 363 million
Working capital	\$ 354 million
Total assets	\$ 826 million
Long-term debt	\$ 48 million
Shareholders' equity	\$ 522 million

(See Appendix A hereto for a reconciliation.)

FINANCIAL PLATFORM

- New York Stock Exchange listing
- Stock option plan to retain and attract management
- Reporting transparent to United States Standards
- Net book value \$522 million
- Net book value per share \$8.34
- Long-term debt to shareholders' equity ratio 0.09
- Working capital \$354 million
- Credit lines \$397 million
- Cash and cash equivalents \$363 million
- Annual cash dividend policy
- Require a clear image and business platform

(All numbers based upon Pro-forma effect to the acquisition of Mass, the Offer Ratio Adjustments and the fourth distribution of KHD shares in the fourth quarter of 2010. - see page 10)

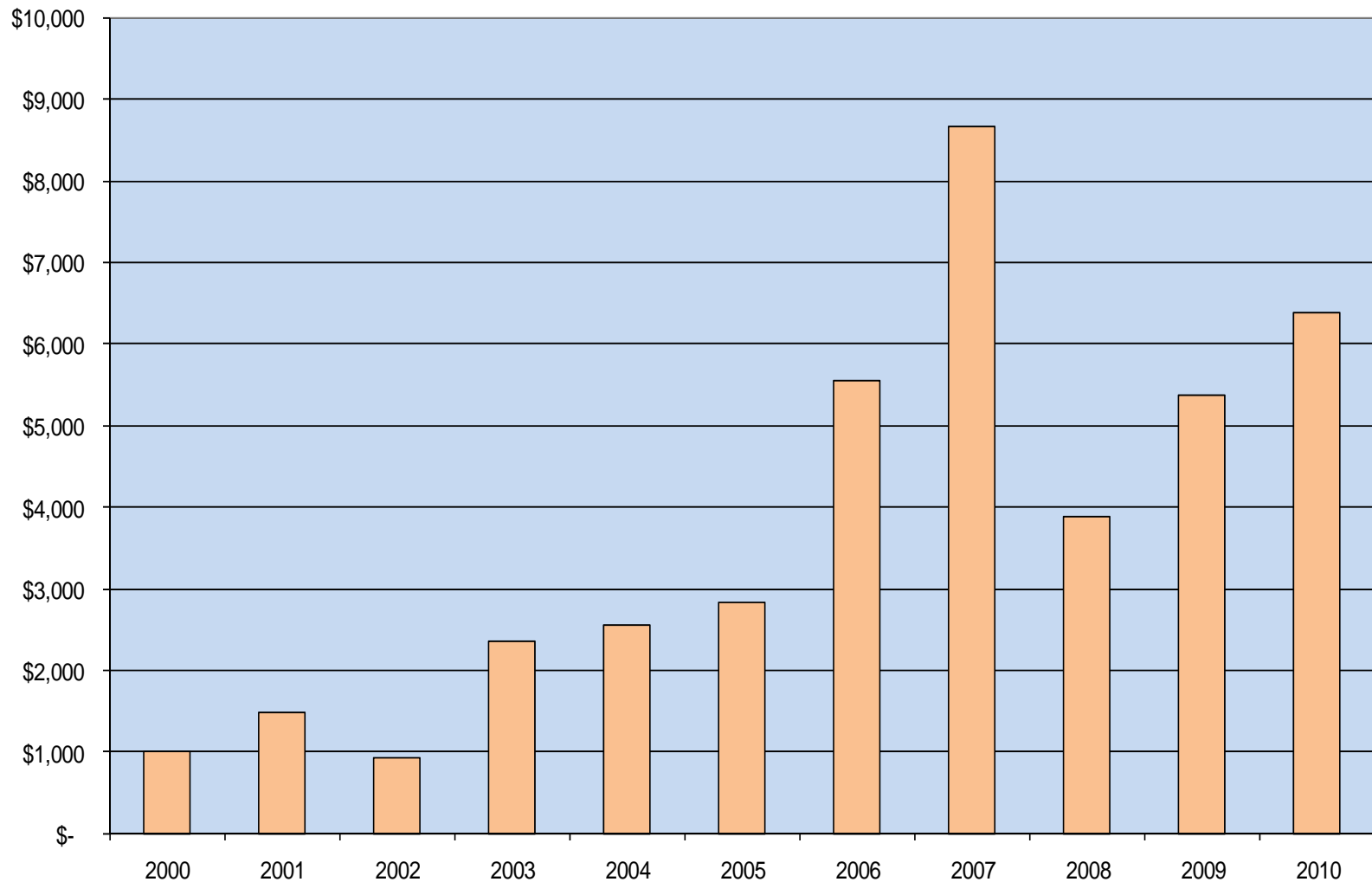
Price to Book Values by Index

	<u>NYSE Composite</u>	<u>Russell 2000</u>	<u>S&P 500</u>
P/BV	3.1x	2.0x	3.7x
Dividend Yield	2.1%	1.1%	1.8%

Ratios are as of December 31,2010

\$1,000 Invested 10 Years Ago Would Have Grown to More Than \$6,300

A Compound Annual Return of 20.4%



The return is computed based upon the market price of Terra Nova at the end of each year, taking into consideration the stock split and distributions.



Appendix

Computation of Return on Equity on Pages 6 and 9

Thousands US\$

<u>MFC Bancorp</u>	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net income for the year	10,258	17,058	20,381	24,452	26,105	28,437	32,129	38,004	30,701	28,225
Shareholders' equity, beginning of the year	37,628	66,819	84,078	100,878	118,348	142,070	154,462	180,608	169,024	223,844
Return on Equity (ROE)	27.3%	25.5%	24.2%	24.2%	22.1%	20.0%	20.8%	21.0%	18.2%	12.6%

Computation method: ROE = net income for the year divided by shareholders' equity at the beginning of the year (i.e. end of the preceding year)

Appendix

Computation of Return on Equity on Page 9

Thousands US\$

<u>Mass</u>	2006	2007	2008	2009
Net income for the year	14,223	48,492	23,288	75,179
Shareholders' equity, beginning of the year	n/a	45,131	81,583	116,010
Return on Equity (ROE)	n/a	107.4%	28.5%	64.8%

Computation method: ROE = net income for the year divided by shareholders' equity at the beginning of the year (i.e. end of the preceding year)

Appendix

Computation of Selected Pro Forma Data

million US\$, except per share amount

	<u>Cash and cash equivalents</u>	<u>Working capital</u>	<u>Total assets</u>	<u>Long-term debt</u>	<u>Shareholders' equity</u>
Initial pro forma amount*	\$ 306	\$ 263	\$ 713	\$ 48	\$ 427
Giving effect to following adjustments:					
(a) Payment of the second distribution of KHD shares	0	37	-37	0	0
(b) Offer Ratio Adjustments*					
- the Rights Offering	48	48	48	0	48
- the Arbitration Award	9	6	9	0	6
- the third distribution of KHD shares	0	0	-47	0	-47
- revaluation of interest in Wabush resource property	0	0	173	0	121
(c) Intended distribution of remaining KHD shares to shareholders*	0	0	-33	0	-33
Final pro forma amount	<u>\$ 363</u>	<u>\$ 354</u>	<u>\$ 826</u>	<u>\$ 48</u>	<u>\$ 522</u>
Pro forma net book value per share					<u>\$ 8.34</u>
# of Terra Nova shares outstanding at June 30, 2010 (in thousands)					30,285
Pro forma adjustments*:					
- the Arbitration Award					7,243
- the acquisition of Mass					25,001
- the payment for resource property					41
					<u>62,570</u>
Pro Forma					

* per Form F-4 dated October 7, 2010 which is available on the SEC website

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