

CALGARY, ALBERTA--(Marketwired - Mar 31, 2015) - [Terra Energy Corp.](#) ("Terra" or the "Company") (TSX:TT) announces its 2014 year-end financial results. Terra's 2014 Audited Financial Statements and Management's Discussion and Analysis may be obtained at [www.sedar.com](http://www.sedar.com) or [www.terraenergy.ca](http://www.terraenergy.ca).

The Company's focus for 2014 was centered on the Company's multi-year plan to pursue its objective of becoming a more balanced energy producer. Although the Company made progress towards this objective during the year, all forward momentum was frustrated in the fourth quarter as result of the combination of weak oil and natural gas commodity prices. The Company's approach in 2014 to limit capital spending to available cash flow resulted in the discontinuation of the capital expenditures program (involving oil development in Stoddard and Boudreau, British Columbia) in 2014-Q4.

#### 2014 Financial and Operating Summary

(\$ in thousands, except per share and boe amounts)	Year ended December 31			
	2014	2013	2014	2013
	\$	\$	(\$/boe)	(\$/boe)
Revenue before Royalties	47,125	42,361	35.90	29.95
Royalties	(8,846 )	(7,251 )	(6.74 )	(5.13 )
Revenue after Royalties	38,279	35,110	29.16	24.82
Production Expenses	(22,819 )	(21,238 )	(17.39 )	(15.01 )
Operating Netback	15,459	13,872	11.77	9.81
General and Administrative Expenses	(5,804 )	(7,503 )	(4.42 )	(5.30 )
Financing Costs	(2,028 )	(3,102 )	(1.55 )	(2.19 )
Realized Gain (Loss) on Derivatives	(405 )	(455 )	(0.31 )	(0.32 )
Unrealized Gain (Loss) on Derivatives	4,225	759	3.22	0.54
Realized Foreign Exchange Gain	(4 )	3	-	-
Unrealized Foreign Exchange Gain (Loss)	1	(3 )	-	-
Other Income - flow-through Shares	79	-	0.06	-
Non-cash Expenses	(27,762 )	(13,982 )	(21.15 )	(9.88 )
Loss before Income Taxes and Other Income	(16,239 )	(10,411 )	(12.38 )	(7.36 )
Gain on Disposition of Other Assets	467	12,302	0.36	8.70
Net Income (Loss)	(15,772 )	1,891	(12.02 )	1.34

G&A Expense for the Company was previously reduced from 2013 to 2014, year-over-year, by 22%, and a further 10% reduction in G&A Expense is targeted for 2015. To meet this objective, the Company has frozen all employee salaries, suspended its Annual Bonus Program for employees, eliminated all but essential new hires and has suspended its capital replacement program (for head office equipment). In addition, the Company has eliminated virtually all contract positions from its head office and has reduced the number of full-time positions. Further, the directors of the Company have implemented a voluntary reduction of director's fees of approximately 20%, and the President has agreed to a voluntary reduction of his salary of approximately 10%.

In view of this prudent fiscal approach for 2015, management's focus will not be directed at growth opportunities, but at productivity improvements and gains in operational efficiencies, which will make the Company that much stronger in the long term. These improvements and gains will continue to benefit the Company when commodity prices eventually improve and when discretionary cash flow becomes more available.

Management's target for 2015 will be to offset production declines. The Company will limit spending to those projects which involve operational efficiencies, cost reductions, productivity improvements or very short (6 month) payback periods. In the process the Company will endeavor to reduce both operating costs and general and administrative "G&A" expense on a per BOE unit of production basis.

The Company does have several low risk and low cost projects for adding production during 2015, including the reduction of inlet suction pressures in several of its major gas fields. At the same time, the Company has experienced curtailments of service in 2015-Q1 and interruptions in third party transportation/processing which continue to create near term challenges.

Strategically, the Company will continue to rely on commodity hedging in order to ensure that cash flows are sufficient to fund and execute on our overall plans. To that end, Terra has previously hedged approximately 8000 Gj/day at an average price of \$3.68 from January 1, through December 31, 2015 and 6000 Gj/day from January 1, 2016 to March 31, 2016 at an average price of \$3.75.

Terra is a junior oil and gas Company engaged in the exploration for, and development and production of, natural gas and oil in Western Canada. Terra's common shares trade on the Toronto Stock Exchange under the symbol 'TT'.

All amounts in Canadian dollars unless otherwise specified.

## Information Regarding Disclosure in Oil and Gas Reserves and Operational Information

A boe conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency for the individual products at the wellhead. Such disclosure of boe's may be misleading, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1; utilizing a conversion of a 6:1 basis may be misleading as an indication of value.

## Forward-Looking Statements

This media release may contain certain statements which constitute forward-looking statements or information ("forward-looking statements"), including statements concerning management's strategy for 2015, reduction of operating costs and G&A expenses, management's focus for 2015 on productivity improvements and operational efficiencies and commodity hedging. Although Terra believes that the expectations reflected in our forward-looking statements are reasonable, our forward-looking statements have been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate. Those expectations, factors and assumptions are based upon currently available information available to the Company. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. As such, readers are cautioned not to place undue reliance on the forward-looking statements, as no assurance can be provided as to future results, levels of activity or achievements. The risks, uncertainties, material assumptions and other factors that could affect actual results are discussed in our Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com). Furthermore, the forward-looking statements contained in this document are made as of the date of this document and, except as required by applicable law, Terra does not undertake any obligation to publicly update or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

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