

# Terra Energy Corp. Releases Third Quarter 2015 Results

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[Terra Energy Corp.](#) ("Terra" or the "Corporation") (TSX:TT) announces its financial and operating results for the three month period ended September 30, 2015. Copies of Terra's Third quarter results may be obtained at [www.sedar.com](http://www.sedar.com) or [www.terraenergy.ca](http://www.terraenergy.ca).

## Summary of Third Quarter Results

	Three months ended September 30			
<i>(\$ in thousands, except per share and boe amounts)</i>	2015	2014	2015	2014
	\$	\$	(\$/boe)	(\$/boe)
Revenue before Royalties	4,221	12,007	18	36
Realized Gain (Loss) on Derivative Instruments	1,378	272	6	1
Royalties	(169 )	(1,791 )	(1 )	(5 )
Net Revenue	5,430	10,146	23	31
Production Expenses	(4,901 )	(6,178 )	(21 )	(18 )
Operating Netback	529	4,038	2	13
General and Administrative Expenses	(1,213 )	(1,338 )	(5 )	(4 )
Financing Costs	(535 )	(514 )	(2 )	(2 )
Unrealized Gain (Loss) on Derivative instruments	(659 )	(342 )	(3 )	(1 )
Other Non-cash Expenses	(15,849 )	(3,802 )	(69 )	(11 )
Loss before Income Taxes and Other	(17,727 )	(1,686 )	(77 )	(5 )
Gain on Disposition of Other Assets	500	-	2	-
Income Tax Recovery	-	-	-	-
Net Loss	(17,227 )	(1,686 )	(74 )	(5 )
Per Share - basic	(0.16 )	(0.02 )		
Per Share - diluted	(0.16 )	(0.02 )		

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There continues to be uncertainty with respect to natural gas pricing in North America as well as continued volatility and uncertainty with respect to oil pricing. There is significant speculation on the duration of these prevailing circumstances, but the Corporation's mandate is to continue to operate with discipline and within the limits of its cash flow from operations.

The operational strategy set by the Corporation's board of directors for 2015 is to not participate in any new drilling activity until such time as circumstances change, and to limit capital spending to those projects which involve operational efficiencies, cost reductions, productivity improvements or very short payback periods (6 months or less), and those capital projects relating to regulatory compliance. In pursuing this strategy during 2015, the key objective is to offset production declines and production lost through asset sales. In addition, management will endeavor to reduce both the Operating Cost and G&A Cost. The Corporation continues to review its cost structure for all fields with a view towards reducing Operating Costs on a per BOE basis, but is mindful of the need to cover the ongoing fixed cost portion of such Operating Costs which accrue regardless of production. The Corporation continues to reduce its (head office) G&A Costs and will implement additional cuts in staffing and systems expenses going forward. The Corporation imposed an across the board reduction in all head office salaries of 20% as of September 1, 2015 and has made additional staffing cuts.

During the quarter, the Corporation announced that it had engaged a financial advisor to assist in the process of attracting new capital, through a number of possible transaction types, including the sale of various assets/properties, joint ventures, recapitalizations or the sale of the entire Corporation. The Corporation subsequently announced at the end of September that it had completed the sale of \$10.6 million of oil and gas properties located in the Peace River Arch area of Alberta.

Subsequent to the end of the quarter, the Corporation, in conjunction with its lenders, finalized the use of proceeds realized on the sale of assets completed during the quarter and held in cash at September 30, 2015. \$6.7 million of the proceeds will be used to immediately reduce the revolving operating demand loan to \$15.7 million and the non-revolving development demand loan will be increased by \$0.5 million to \$0.8 million. The non-revolving development demand loan is subject to monthly repayments in \$0.1 million increments until fully retired. All other terms and conditions remain the same with the next annual review scheduled to be on or before April 1, 2016.

The Corporation is continuing its efforts to attract new capital and to market oil and gas properties. It is hoped that additional transactions will be realized through its marketing process.

Management will continue to be fiscally prudent and focused on productivity improvements and gains in

operational efficiencies. These improvements and gains will continue to benefit the Corporation when commodity prices eventually improve and when discretionary cash flow becomes more available.

Terra is a junior oil and gas corporation 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'.

#### Reader Advisory

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

All forward-looking information and statements ("forward-looking statements") contained herein that are not clearly historical in nature constitute forward looking statements, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", or the negative of these terms or other comparable terminology are generally intended to identify forward looking statements. In particular, without limiting the foregoing, this media release contains statements concerning the Company's plans, expectations, operational strategy, operating and G&A cost reductions. 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 and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including, without limitation: volatility in the market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates; health, safety and environmental risks; stock market volatility; global economic events or conditions; and other factors, many of which are beyond the control of the Company. We caution that the foregoing list of risks and uncertainties is not exhaustive.

Terra's actual results, performance or achievement could differ materially from those anticipated in these forward-looking statements and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. 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 further detail in our Annual Information Form and other documents available at [www.sedar.com](http://www.sedar.com).

The reader is cautioned that historical results are not necessarily indicative of future performance. 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.

The Company and its management believe that the financial outlook information contained herein has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected expenditures and results of operations.

However, because this information is highly subjective and subject to numerous risks, including the risks discussed herein and in Terra's Annual Information Form and Management's Discussion and Analysis, it should not be relied on as necessarily indicative of future results. Except as required by applicable law, Terra undertakes no obligation to update any financial outlook information.

## Contact

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