

# Terra Energy Corp. Announces Shut-In of Production, Cessation of Operations and Resignation of Directors and Officers

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[Terra Energy Corp.](#) ("Terra" or the "Company") (TSX:TT) in furtherance of its announcement of March 18, 2016, that its lender, Canadian Western Bank (CWB), has made a demand on Terra, as debtor, and each of its Guarantors for payment in full of Terra's outstanding indebtedness plus accrued interest, costs and fees and that CWB provided Terra and each of its Guarantors with a Notice of Intention to Enforce Security under section 244(2) of the Bankruptcy and Insolvency Act (Canada), announces that Terra and each of its Guarantors has consented to the enforcement by CWB, as secured lender to Terra of CWB's security pursuant to section 244(2) of the Bankruptcy and Insolvency Act (Canada).

Terra in furtherance of its announcement of March 18, 2016, that it has undertaken a process of shutting-in all of its operated/licensed wells and facilities in order to secure and enhance the safety of its operations, announces that all of its operated/licensed wells and facilities have now been shut-in in Alberta and British Columbia and that Terra has now terminated certain officers of the Company and all of its remaining non-executive employees. Terra has notified its lender, Canadian Western Bank, and both the Alberta Energy Regulator and the British Columbia Oil and Gas Commission of the shutting-in by Terra of its operated/licensed wells and facilities in both Alberta and British Columbia and that Terra no longer has the financial capability to carry on its operations.

The cost of operations, including processing and transportation of commodities, field labour and production costs, royalties, and administrative expenses, exceed gross revenues at current commodity pricing levels. The Company's lender has declined to provide further financial support to Terra and there is no other means of financing available to the Company at this time. As such, Terra no longer has the financial capability to carry on its operations. The Company has been actively engaged, with financial advisors, in an asset sales and restructuring process since September of 2015 to monetize any or all assets and shares of the Company and to reorganize and restructure the Company. Since commencement of the asset sales and restructuring process began, proceeds from completed transactions of approximately \$12 million, have been utilized to reduce the Company's indebtedness but the asset sales process has been insufficient to satisfy all the liabilities of the Company. The Company's asset sales process has also been hampered in Alberta due to the Company having a LMR rating below one. Attempts by the Company to reorganize or restructure the Company have also been unsuccessful.

The directors have determined that Terra's business is no longer viable, that Terra's realizable asset value is less than its current debt, that in the present economic environment and in Terra's present circumstances with its current asset base, Terra cannot refinance or recapitalize its operations, that Terra no longer has the financial capability to carry on its operations and that no further business can be conducted by Terra. As result, Terra announces that the directors and officers of Terra have resigned.

## Contact

[Terra Energy Corp.](#)  
[www.terraenergy.ca](http://www.terraenergy.ca)

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