



For Immediate Release

August 14, 2015

TSX: TT

## Terra Energy Releases Second Quarter 2015 Results

CALGARY, ALBERTA - (August 14, 2015) - Terra Energy Corp. (“Terra” or the “Corporation”) (TSX: TT) announces its financial and operating results for the three month period ended June 30, 2015. Copies of Terra’s first quarter results may be obtained at [www.sedar.com](http://www.sedar.com) or [www.terraenergy.ca](http://www.terraenergy.ca).

### Second Quarter 2015 Results

	Three months ended June 30			
	2015 \$	2014 \$	2015 (\$/boe)	2014 (\$/boe)
<i>(\$ in thousands, except per share and boe amounts)</i>				
Revenue before Royalties	<b>4,943</b>	12,511	<b>22.63</b>	38.08
Realized Gain (Loss) on Derivative Instruments	<b>606</b>	(51)	<b>2.78</b>	(0.15)
Royalties	<b>(118)</b>	(2,584)	<b>(0.54)</b>	(7.87)
Net Revenue	<b>5,431</b>	9,877	<b>24.87</b>	30.06
Production Expenses	<b>(4,184)</b>	(4,857)	<b>(19.15)</b>	(14.78)
Operating Netback	<b>1,247</b>	5,020	<b>5.72</b>	15.28
General and Administrative Expenses	<b>(1,634)</b>	(1,420)	<b>(7.48)</b>	(4.32)
Financing Costs	<b>(461)</b>	(479)	<b>(2.12)</b>	(1.46)
Unrealized Gain (Loss) on Derivative instruments	<b>(690)</b>	646	<b>(3.16)</b>	1.97
Other Non-cash Expenses	<b>(2,950)</b>	(3,754)	<b>(13.51)</b>	(11.43)
Loss before Income Taxes and Other Income	<b>(4,488)</b>	12	<b>(20.55)</b>	0.04
Gain on Disposition of Other Assets	<b>10</b>	-	<b>0.05</b>	-
Income Tax Recovery	-	-	-	-
Net Income (Loss)	<b>(4,478)</b>	12	<b>(20.50)</b>	0.04

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.

During the second quarter of 2015, the Corporation was disciplined in its approach to limit spending on both capital projects and on operations. Throughout 2014 and Q1 of 2015 the

Corporation completed a deferred maintenance program at many of its infrastructure and operating facilities. The benefit of the completion of this program and the current cost reduction efforts are evident in the reduced production expenses for the quarter.

The Corporation has implemented a G&A reduction program since the decline of natural gas commodity prices in 2012, resulting in a 35% reduction in G&A costs between December 31, 2012 and December 31, 2014. During the quarter ended June 30<sup>th</sup>, 2015 the Corporation has seen a rise in year over year G&A expenses from 2014 Q2 levels primarily as a result of increased external costs including head office rent, accounting and audit, engineering, insurance and software licensing.

On the production side, the Corporation's production in the second quarter of 2015 continued to be curtailed well below our production capability. At McMahon British Columbia, the Corporation was curtailed in conjunction with the scheduled four year maintenance shut down by Spectra Energy, which shut down was much longer than expected beginning in the first week of June and continuing until mid-July. The majority of the Corporation's natural gas production is processed through this third party processing facility. In addition, a series of curtailments of natural gas sales on the TransCanada system in Northwest Alberta resulted in approximately 200 boe/d of gas production being curtailed on average across the entire 2015 Q2 period, largely from the Corporation's Square Creek gas field and Hill gas field. These curtailments on the TransCanada system have been sporadic and unexpected, resulting in unpredictable production downtime.

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). In pursuing this strategy during 2015, the key objective will be to offset production declines. 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.

In addition, the Corporation has recently 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.

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.

***For further information, please contact:***

**Bud Love**

Vice President of Finance, &

Chief Financial Officer

Tel: 403.699.7777

Fax: 403.264.7189