

Terrace Energy Announces Noteholder Meeting To Approve Convertible Note Exchange

Vancouver, BC April 8, 2016 – **Terrace Energy Corp. {TSX.V: TZR}** have announced that, further to the Company's previous press release dated March 31, the Supreme Court of British Columbia has issued an interim order authorising a special meeting of the holders (the "Noteholders") of its outstanding 8% convertible unsecured notes due April 2, 2018.

Terrace Announces Noteholder Meeting To Approve Previously Announced Convertible Note Exchange By Arrangement



Vancouver, BC April 8, 2016 – **Terrace Energy Corp. {TSX.V: TZR}** have announced that, further to the Company's previous press release dated March 31, announcing its restructuring plans, the Supreme Court of British Columbia has issued an interim order authorising, among other things, a special meeting of the holders (the "Noteholders") of its outstanding 8% convertible unsecured notes due April 2, 2018 to seek approval for an arrangement under the *Business Corporations Act* (British Columbia) (the "Act"), pursuant to which all of

the issued and outstanding Notes will be exchanged for new convertible secured notes of the Company due April 2, 2021, which shall be governed by a new trust indenture.

The Meeting is scheduled to be held on May 9, 2016 at 10:00 a.m. (Vancouver time) at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, and the record date for determining registered Noteholders entitled to receive notice of and attend and vote at the Meeting is April 1, 2016.

The Arrangement is subject to court approval and approval by both a majority in number of Noteholders and Noteholders representing 75% in value of the Notes present, in person or by proxy, at the Meeting. All Noteholders are encouraged to attend and vote their Notes either in person or by proxy.

The TSX Venture Exchange ("TSX-V") has granted conditional approval to list the New Notes, subject to fulfilling its customary listing conditions.

Details regarding the terms of the Arrangement are set out in the plan of arrangement and management information circular, which will be available under the Company's profile on SEDAR at www.sedar.com.

If the Arrangement is approved by Noteholders at the Meeting, the Company will attend a hearing before the Court, currently scheduled for May 11, 2016, to ask the Court to grant a final order in respect of the Arrangement. The Arrangement is also subject to customary conditions, including, among others, the receipt of applicable regulatory approvals, including any required approval of the TSX-V, and the satisfaction of other customary closing conditions.

The Company currently anticipates that the Arrangement will be completed on or about May 13, 2016.

Holders of 8% convertible unsecured notes issued in April and June 2013 and due on April 2, 2018 (the “Old Notes”) who did not exchange such Old Notes for Notes pursuant to the plan of arrangement completed by the Company in October 2014, will need to exchange their Old Notes for Notes by 10:00 a.m. (Vancouver time) on May 5, 2016 in order to have the right to attend and vote at the meeting.

The Arrangement constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 –*Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and Terrace has relied on the financial hardship exemption in sections 5.5(g) and 5.7(e) of MI 61-101 in respect of the valuation and minority approval requirements therein, respectively.

This press release shall not constitute an offer or a solicitation in any jurisdiction where such offer or solicitation would be unlawful.

About Terrace Energy

Terrace Energy is an oil & gas development stage company that is focused on unconventional oil extraction in onshore areas of the United States with a particular focus on South Texas.

ON BEHALF OF THE BOARD OF DIRECTORS

“Dave Gibbs”

Dave Gibbs, President and Chief Executive Officer

NEITHER THE TSX-V NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX-V) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

Cautionary Statement and Forward-Looking Information

This press release includes forward-looking information and forward-looking statements (together, “forward-looking information”) within the meaning of applicable Canadian and United States securities laws. Forward-looking information includes statements: regarding the Company’s beliefs and expectations regarding the completion and/or timing of the transactions contemplated under the Arrangement; the terms and conditions of the New Notes; the expected benefits of the exchange of the outstanding Notes for the New Notes; and the listing of the New Notes on the TSX-V. Users of forward-looking information are cautioned that actual results may vary from the forward-looking information disclosed in this press release. The material risk factors that could cause actual results to differ materially from the forward-looking information contained in this press release include: the risk that the Company will be unable to obtain all necessary court, Noteholder, regulatory or other approvals for the Arrangement; no market may develop for trading the New Notes or such market may lack liquidity; the trustee under the indenture to govern the New Notes may fail to efficiently administer the New Notes or effectively act on behalf of the holders thereof; and other risks and uncertainties described under the heading “Risk Factors” and elsewhere in the Company’s most recent Annual Information Form and other documents filed with Canadian securities regulators at www.sedar.com.

Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed

on forward-looking information. The material assumptions used to develop the forward-looking information include: that the Company will obtain all necessary consents and approvals, including any necessary court, Noteholder and/or regulatory approval, including the TSX-V for the Arrangement; the trustee under the indenture to govern the New Notes will fulfill its duties and responsibilities thereunder; that the Company will obtain TSX-V approval for the listing of the New Notes; and that other conditions under the plan of arrangement will be fulfilled or waived.

The Company does not assume the obligation to update any forward-looking information, except as required by applicable law.

For further information please contact:

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