

# Terrace Energy defer interest repayment – a sign of industry problems to come?

**Terrace Energy Corp {TSX.V: TZR}** have announced they will not be paying the 8% interest due on their convertible loan notes due on 31st January 2016.

Clearly as a result of low oil prices, this does not put them in immediate default, but it begs the question, if oil prices remain at current levels can they pay the next installment due 31st April 2016?

VANCOUVER, Jan. 27, 2016 – **Terrace Energy Corporation {TSX.V: TZR}** announced today that it will not be making the January 31, 2016 interest payment on its 8% convertible unsecured notes (the “Notes”) due 2018.

Pursuant to the terms of the Indenture, interest payments are payable on a quarterly basis, on the last day of January, April, July and October in each fiscal year of the Company. An event of default will occur if the Company fails to make an interest payment within the 15 day cure period provided for in the Indenture, in respect of two consecutive interest payment dates. **As such, the Company will not be in default for failing to make the January 31, 2016 payment.**

The interest deferral will result in approximately \$800,000 net cash savings for the quarter.

Given current market conditions in the oil and gas industry and projected outlook and the Company's liquidity and other requirements, the Company is reviewing strategic alternatives to preserve liquidity and its ongoing business and may seek to restructure the terms of the Notes.

### **About Terrace Energy**

Terrace Energy is an oil and 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, CEO.

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

### **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 effect of the deferral of the interest payments and the liquidity of the Company following the deferred payments. 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 are 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](http://www.sedar.com).

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

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