

Terrace Announces Proposed Recapitalization of Debts

VANCOUVER, BC, Feb. 25, 2021 /CNW/ - Terrace Energy Corp. (the "**Company**") (TSXV: TZR) announces a proposed Plan of Arrangement (the "**Arrangement**") under the the *Business Corporations Act* (British Columbia), pursuant to which its outstanding convertible secured notes due in April 2021 (the "**Notes**"), of which \$33,470,000 in aggregate principal amount was outstanding as of February 16, 2021 (being the record date of the Meeting (as defined below)) and a guarantee claim in the amount of US\$500,000 will be exchanged for newly issued common shares (the "**Common Shares**") on the basis of 20,000 Common Shares for each \$1,000 of principal amount outstanding under the Notes and the guarantee claim.

Meeting of Noteholders and Guarantee Claim Holder

The Company plans to hold a special meeting (the "**Meeting**") of holders of the Notes and certain holder of a guarantee claim (the "**Guarantee Holder**") to approve the Arrangement. The Meeting will be held at 10:00 a.m. (Vancouver time) on March 29, 2021. At the Meeting, noteholders, and the holder of the guarantee claim, will be asked to consider and vote upon a resolution approving the Arrangement.

The Arrangement

Pursuant to the Arrangement, among other things, noteholders will receive 20,000 Common Shares for each \$1,000 principal amount of Notes held by such noteholder and the Guarantee Holder will receive 20,000 Common Shares for each \$1,000 principal amount of the guarantee claim. Only principal amounts outstanding under the Notes and the guarantee claim are being exchange and other accrued amounts, including interest and any maturity bonus are being cancelled pursuant to the Arrangement.

After giving effect to the Arrangement, the Noteholders and the Guarantee Holder are expected to receive, in the aggregate, 682,084,000 Common Shares which will represent approximately 87% of the issued and outstanding common shares of the Company based on the number of issued and outstanding common shares as at the record date of the Meeting (as defined below), being February 16, 2021. As a result of approval requirements of the TSX Venture Exchange (the "**TSX-V**"), the deemed price of the Common Shares under the Arrangement is \$0.05 per share.

The Arrangement is subject to court approval and approval by both (i) a majority in number of the aggregate number of noteholders and the Guarantee Holder; and (ii) noteholders and the Guarantee Holder representing 75% in the aggregate value of the Notes and the guarantee claim present, in person or by proxy, at the Meeting. The Arrangement will also be subject to customary conditions, including, among other things, the receipt of applicable regulatory approvals, including approval of the TSX-V and the satisfaction of other customary closing conditions.

Details regarding these and other terms of the Arrangement will be set out in a management information circular, which will be sent to noteholders and made available under the Company's profile at www.sedar.com prior to the Meeting.

"Dave Gibbs"

Dave Gibbs, CEO

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. 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 and Guarantee Holder,, regulatory or other approvals for the Arrangement; and other risks and uncertainties described in the 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 Guarantee Holder and/or regulatory approval, including the TSX-V for the Arrangement; 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.

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

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