



## TERREX ENERGY INC. PROVIDES UPDATE REGARDING HYDROCARBON PURCHASE AGREEMENT

**For Immediate Release**

**October 1, 2012**

Calgary, Alberta – Terrex Energy Inc. (“Terrex” or the “Company”) (TSX-V: TER) announces that it has received written notice from Sandstorm Metals & Energy Ltd. (“Sandstorm”) indicating that Terrex is in default under the terms of the Hydrocarbon Purchase Agreement dated as of March 18, 2011 (the “Purchase Agreement”) among Terrex, Sandstorm and an affiliate of Sandstorm (a copy of which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company’s SEDAR profile), due to Terrex’s failure to fulfil certain drilling obligations by the date contemplated by the Purchase Agreement. Pursuant to the Purchase Agreement, if Terrex does not remedy the default to Sandstorm’s reasonable satisfaction or refund \$1.5 million to Sandstorm within the applicable cure period, Sandstorm will have the right to, among other things, realize on its security interest in all of Terrex’ assets. Terrex continues to actively pursue various strategic alternatives including potential financing, merger and and/or joint venture arrangements in order to continue the development of its properties and meet its obligations, including those contained in the Purchase Agreement.

Terrex recently entered into a non-binding letter of intent with an arms’ length public company providing for a potential business combination, which if consummated in accordance with its proposed terms, would allow Terrex to cure the default under the Purchase Agreement. However there is no assurance that the proposed business combination will be completed and the letter of intent remains subject to a number of conditions, including approval by the boards of directors of both parties, approval by Sandstorm, the negotiation of a definitive agreement, as well as TSX Venture Exchange and shareholder approval.

### ABOUT TERREX

Terrex Energy Inc. is a Calgary based junior oil company that focuses on the application of proven enhanced oil recovery (“EOR”) methods to improve oil production from existing mature fields. Terrex targets underexploited and undercapitalized light to medium oil reservoirs in Western Canada. The Company’s shares are listed on the TSX Venture Exchange under the trading symbol “TER”.

### CONTACT INFORMATION

For additional information please contact Jonathan Lexier, President & CEO, or Norman Knecht, VP Finance and CFO, at (403) 264-4430, or visit the Company’s website at [www.terrexenergy.ca](http://www.terrexenergy.ca).

### ADVISORIES

#### Forward-Looking Information

*This News Release contains forward-looking information within the meaning of applicable Canadian securities laws. All information other than historical fact is forward-looking information. Forward-looking information relates to future events or future performance and is based on Terrex’s current internal expectations, estimates, projections, assumptions and beliefs. Forward-looking information is often, but not always, identified by the use of words such as “expect”, “project”, “proposed”, “intend”, “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “forecast”, “may”, “will”, “predict”, “potential”, “targeting”, “could”, “might”, “should”, “believe” and similar expressions.*

*Although management considers the assumptions and estimates, reflected in forward-looking information, to be reasonable, based on information currently available, there can be no assurance that such information will prove to be correct. As a consequence, actual results may differ materially from those anticipated.*

*In particular, this News Release contains forward-looking information relating to the Purchase Agreement and to possible transactions which may arise from the Company's review of strategic alternatives.*

*Undue reliance should not be placed on forward-looking information which is inherently uncertain, and subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward looking information will not occur. These risks include, but are not limited to risks associated with the Purchase Agreement, risks associated with completing a strategic transaction, financial risks, and substantial capital requirements. Further information regarding these risks may be found under the heading "Risk Factors" in the company's Annual Information Form. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive.*

*The forward-looking statements contained in this news release are made as of the date hereof and Terrex does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

***Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***