This Supplemental News Report is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED Manuals and will be included in the bound July 2016 Monthly News Reports and is published on our Website.

TERAPHYSICS CORP
Company Website: www.teraphysics.com

Mergent New Listing Report

July 29, 2016

The following is an excerpt from the Report of the Independent Auditors, Artesian CPA, LLC, as it appeared in Co.'s Dec. 31, 2015 Annual Report:

"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teraphysics Corporation, as of December 31, 2015 and December 31, 2014, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has not yet commenced principal operations, has not generated profits since inception, has a stockholders' deficiency of $4,261,585 and $3,336,727, and has sustained net losses of $1,502,358 and $4,587,086 for the years ended December 31, 2015 and 2014, respectively. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter."

Subsequent Financing: During 2016, Co. issued three unsecured promissory notes for combined principal of $65,000 at an interest rate of 10.0% per annum. The notes mature two years from issuance in Feb. - Mar. 2018.

Capital Stock: 1. Teraphysics Corp common; par $ 0.0001. AUTHORIZED–95,000,000 shs. OUTSTANDING–Dec. 31, 2015, 61,415,898 shs; par $ 0.0001. T REASURY–336,500 shs. WARRANTS–1,356,000 shs. OPTIONS–Dec. 31, 2015, outstanding, 2,778,000; available for grant, 1,762,000; authorized for issuance, 6,000,000.

2. Teraphysics Corp series A convertible preferred stock; par $ 0.0001. AUTHORIZED–5,000,000 shs. OUTSTANDING–Dec. 31, 2015, 518,000 shs; par $ 0.0001. CONVERTIBLE–Each preferred share has the option to convert into two common shares at any time.