

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC PROVIDES UPDATE ON RESTRUCTURING PROCESS

Toronto, Canada, Monday, April 11, 2016 – Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) today confirmed that it continues to work with its creditors to formulate a comprehensive financial restructuring that will reduce debt, improve liquidity, and best position the Company to navigate the current oil price environment. The Company, in conjunction with its creditors, continues to evaluate methods to restructure its balance sheet, ensure the long-term viability of its business and preserve the Company's asset base. Despite it being an ongoing and confidential process, the Company is issuing this news release to address and clarify certain reports that have appeared in the media concerning the involvement of management in the process and to respond to various other enquiries it has received.

- As previously announced, the Company is in default under certain of its debt instruments, being its: (i) U.S.\$1.3 billion principal amount 5.375% senior notes due 2019 (the "**2019 Notes**"); and (ii) U.S.\$1.114 billion principal amount 5.625% senior notes due 2025 (the "**2025 Notes**"), and certain of its credit agreements, being its: (i) U.S.\$1 billion revolving credit and guaranty agreement with a syndicate of lenders and Bank of America, N.A. as administrative agent; (ii) U.S.\$250 million credit and guaranty agreement with HSBC Bank USA, N.A., as agent; (iii) U.S.\$109 million credit and guaranty agreement with Bank of America, N.A., as lender; and (iv) U.S.\$75 million master credit agreement with Banco Latino Americano de Comercio Exterior, S.A., as lender (collectively, the "**Credit Facilities**"). The Company has entered into agreements with certain holders (collectively, the "**Noteholders**") of the 2019 Notes and the 2025 Notes and with the requisite lenders (collectively, the "**Bank Lenders**") pursuant to the Credit Facilities pursuant to which such Noteholders and Bank Lenders have agreed: (i) in the case of the Noteholders, to forbear from declaring the principal amounts of such Notes due and payable as a result of certain specified defaults; and (ii) in the case of the Bank Lenders, to forbear from declaring the principal amounts of such Credit Facilities due and payable as a result of certain specified defaults, in each case until April 29, 2016 (the "**Forbearance Period**"). Upon the termination of the Forbearance Period, all of the debt of the Company will potentially become due and payable. As the Company does not have the capital resources to repay such amounts, it has been working with its creditors to effect the comprehensive financial restructuring of the Company.
- A number of proposals have been received from third parties regarding the restructuring; however these proposals are confidential by their terms. Disclosing details at this point would not only breach confidentiality obligations of the Company, but could also jeopardize the process that the Company has undertaken to restructure its balance sheet.
- The Company's operations continue as normal and without disruption.
- Throughout the discussions the Company has remained, and intends to remain, current with its suppliers, trade partners and contractors.

- Additionally, all proposals contemplate that the Company will continue to remain current with its suppliers, trade partners and contractors.
- Employees have been paid and will continue to be paid, without disruption.
- Contrary to reports in the media, management (or members thereof) of the Company will not be “given” equity in the restructured Company under any proposal. Rather, it is anticipated that the restructuring will involve an incentive component whereby management and key employees, post-restructuring, will be able to earn a small percentage of equity in the restructured Company. However, this will only be over time and upon achieving agreed, pre-established performance metrics. Providing this type of incentive to employees of the Company is customary and commonly required by sponsors of restructuring plans to provide for the retention and recruitment of employees critical to the ongoing operations of the Company. No awards under any such plan have yet been awarded or otherwise allocated to any member of management. As a result, no equity of the reorganized Company will be awarded to management (or the Company's Executive Co-Chairmen) on implementation of the restructuring.
- It is anticipated that current bank lenders and holders of the Company’s senior notes will take significant losses on the debt of the Company that they hold and will likely be required to convert much of their remaining debt into equity of the Company; as well the Company will require additional capital. Thus, current shareholders will, as a result of the debt restructuring, likely see their current shareholdings significantly diluted (such that they will, following the restructuring, hold in the aggregate only a nominal amount of common shares) or possibly canceled or extinguished.
- Contrary to media reports, the Company is advised that neither of the Company’s Executive Co-Chairmen nor any other member of management has a financial interest in any of the proposals (other than the possibility of participating in the equity incentive plan described above).
- The Company has been keeping all relevant authorities in Colombia informed about the process and will continue to do so. In that regard, the Company points interested shareholders to a communication issued on April 9, 2016 by the Superintendency of Finance of Colombia that states, among other things (unofficial translation provided by the Company) “Issuers of securities domiciled abroad are subject to, among others, the corporate, corporate governance, tax and currency exchange regulations of the country of domicile and are subject to judicial and administrative authorities of the jurisdiction of origin, regardless of where they carry out their corporate objects or where their securities are registered. In Pacific’s case, the company – due to having its domicile in Canada – is subject to administrative and corporate regulation of that jurisdiction.” Shareholders are reminded that any questions or concerns can be directed to the Company at ir@pacificcorp.energy.

The Board of Directors has formed an Independent Committee of directors to provide a recommendation to the Board with respect to any potential restructuring. The Independent Committee is comprised of members of the Board who have no potentially competing interest with respect to discharging the Committee’s mandate to recommend a solution that is in the best interests of the Company. No member of the Independent Committee:

- is an employee of the Company or otherwise part of management;

- is in any way involved in any of the proposals; nor
- has been nominated to the Board by a significant shareholder.

As such, the Independent Committee brings an independent oversight to the debt restructuring process. The Independent Committee has been actively involved in the process throughout and has taken steps to ensure its independent functioning, including retaining its own legal and financial advisors who are not advisors to the Company or any other potential party in the restructuring.

The Company and its creditors are committed to finding the best alternative for the long-term interests of the Company, its approximately 2,400 employees and more than 3,000 contract workers, suppliers, customers and other stakeholders. The Company intends to advise the market by further news release if and when any agreement is reached with respect to a restructuring.

The Company is being advised by Lazard Frères & Co. LLC, Norton Rose Fulbright Canada LLP (Canada), Proskauer Rose LLP (U.S.), Zolfo Cooper (U.S.) and Garrigues (Colombia). The Independent Committee of the Board is being advised by Osler, Hoskin & Harcourt LLP and UBS Securities Canada Inc. The noteholders forming part of the negotiating creditor group are being advised by Evercore Group LLC (U.S.), Goodmans LLP (Canada), Paul, Weiss, Rifkind, Wharton & Garrison LLP (U.S.) and Cardenas y Cardenas Abogados (Colombia). FTI Consulting (U.S.), Davis Polk & Wardwell LLP (U.S.), Torys LLP (Canada) and Gómez-Pinzón Zuleta Abogados (Colombia) are counsel to the Agent on the revolving credit facility, and Seward & Kissel is the counsel to the Agent on the HSBC term loan.

About Pacific:

Pacific Exploration & Production Corp. is a Canadian public company and a leading explorer and producer of natural gas and crude oil, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 70 exploration and production blocks in various countries including Colombia, Peru, Guatemala, Brazil, Guyana and Belize. The Company's strategy is focused on sustainable growth in production & reserves and cash generation. Pacific Exploration & Production is committed to conducting business safely, in a socially and environmentally responsible manner.

The Company's common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia under the ticker symbols PRE, and PREC, respectively.

Advisories:

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives and its strategy) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will

have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the Company's ability to continue as a going concern; volatility in market prices for oil and natural gas; a continued depressed oil price environment with a potential of further decline; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; early termination of one or more of the forbearance arrangements entered into with certain of the Company's creditors; amounts becoming due and payable under the credit facilities and/or the senior notes, notwithstanding the entering into of such forbearance arrangements, whether through the actions of holders of senior notes or the trustee under the respective senior note indentures or otherwise; the impact of events of defaults in respect of the credit facilities and/or senior notes on other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements; failure of the Company to reach an agreement with its creditors to restructure the Company's capital structure; failure to satisfy any terms or conditions of any agreement with the Company's creditors on a proposed restructuring; any negative impact on the Company's current operations as a result of any proposed restructuring or failure to reach an agreement with the creditors thereon; failure to satisfy the terms and conditions of any one of the Company's waiver agreements with applicable creditors or counterparties or any other waiver, failure to obtain further extensions of any such waivers, or failure to obtain waivers of other covenants, if and when required; the terms of any waivers, including the impact on the Company of any restrictions imposed upon it in connection with any waiver; failure to obtain additional financial resources to avoid the need to seek relief under the bankruptcy and insolvency laws in one or more of Canada, the United States, Colombia and/or other jurisdictions (or avoid an involuntary petition for bankruptcy relief or similar creditor action filed against the Company); investors' perceptions of the Company's prospects and the prospects of the oil and gas industry in Colombia and the other countries where the Company operates and/or has investments; expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development; inability to continue meeting the listing requirements of the exchanges on which the Company's securities are listed; the value of the Company's equity securities being significantly diluted or reduced to zero as a result of an insolvency filing and that such proceeding may ultimately result in the cancellation of the Company's equity securities; the effect of ratings downgrades on the Company's business and operations; political developments in Colombia, Guatemala, Peru, Brazil, Guyana and Mexico; liabilities inherent in oil and gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and/or past integration problems; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates and stock market volatility; delays in obtaining required environmental and other licences; uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; changes in income tax laws or changes in tax laws, accounting principles and incentive programs relating to the oil and gas industry; and the other factors discussed under the heading entitled "Risk Factors" and elsewhere in the Company's AIF dated March 18, 2016 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Translation

This news release was prepared in the English language and subsequently translated into Spanish. In the case of any differences between the English version and its translated counterparts, the English document should be treated as the governing version.

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