

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC ANNOUNCES THAT IT HAS FILED FOR RECOGNITION PROCEEDING UNDER LAW 1116 IN CONNECTION WITH PREVIOUSLY ANNOUNCED COMPREHENSIVE RESTRUCTURING INVOLVING CATALYST CAPITAL AND PACIFIC'S NOTEHOLDERS AND LENDERS

Toronto, Canada, Tuesday, May 3, 2016 – Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) announced today that the Company and the Colombian branches of the following subsidiaries of the Company: (i) Meta Petroleum Corp., (ii) Pacific Stratus Energy Colombia Corp. and (iii) Petrominerales Colombia Corp. (collectively, the “**Colombian Filers**”) filed a request for recognition in Colombia under Law 1116 of (a) the application for protection filed on April 27, 2016 under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) with the Superior Court of Justice (the “**Court**”) in Ontario and (b) the initial order obtained from the Court on April 27, 2016 pursuant to the CCAA in connection with the implementation of the comprehensive restructuring transaction (the “**Restructuring Transaction**”) previously announced with: (i) The Catalyst Capital Group Inc., on behalf of investment funds managed by it (“**Catalyst**”); (ii) certain holders of the Company’s senior unsecured notes; and (iii) certain of the Company’s lenders under its credit facilities, which will significantly reduce debt, improve liquidity, and best position the Company to navigate the current oil price environment.

The Company also announced that the Colombian Superintendence of Corporations (the “**Superintendence**”) increased the level of supervision and monitoring over the Colombian Filers and the Colombian branch of Grupo C&C Energia (Barbados) Ltd. (collectively, the “**Colombian Branches**”) that it has been exercising since February 2015 by formally assuming “control” over such branches pursuant to a resolution issued by the Superintendence under file 36241 (the “**Resolution**”). The assumption of “control” is an administrative procedure available to the Superintendence that allows the Superintendence to take any preventative or remedial actions that it considers necessary to allow a corporation to resolve critical legal, accounting, economic or other issues. As ordered by the Superintendence pursuant to its control power, the granting of security over the assets of the Colombian Branches, the transfer of their assets and transactions by the Colombian Branches outside the ordinary course of business will each require the prior consent of the Superintendence. The general control powers granted to the Superintendence by the applicable law include: (i) promotion of plans or arrangement to improve the situation of a corporation that is subject to such control powers; (ii) authorization of amendments to the by-laws of a corporation that is subject to such control powers; (iii) authorization for the issuance and placement of shares of a corporation that is subject to such control powers, (iv) authorization of the granting of security over corporate assets, transfers of corporate assets and transactions outside the ordinary course of business; (v) removal of the administrators and internal auditors of a corporation that is subject to such control powers, when irregularities in their actions deem it necessary; and (vi) the commencement of plenary reorganization procedures, among others.

All operations of the Company’s subsidiaries (the “**Pacific Subsidiaries**”), including the Colombian Branches, are expected to continue as normal throughout this process. Importantly, the Company expects regular payments will be made to all of the Pacific Subsidiaries’ suppliers, trade partners, and contractors across the jurisdictions in which it operates in accordance with local regulations. Additionally, employees will continue to be paid throughout this process, without disruption. The Company’s bank indebtedness

and indebtedness in respect of its senior unsecured notes will be restructured pursuant to the terms of the Restructuring Transaction.

The Company is also pleased to announce that as of the date hereof the Restructuring Transaction has received support from creditors (the “**Supporting Creditors**”) holding approximately 68% of the aggregate principal amount of the debt held by the Company’s noteholders and lenders under the Company’s credit facilities. Subject to the terms and conditions of the restructuring support agreement entered into by the Company, the Supporting Creditors and Catalyst, the Supporting Creditors have agreed to support and vote in favour of the Restructuring Transaction.

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.

About Catalyst:

The Catalyst Capital Group Inc., a private equity investment firm with more than \$6 billion in assets under management founded in 2002, is a leader in operationally focused turnaround investing. The firm’s mandate is to manufacture risk adjusted returns, in keeping with its philosophy of “we buy what we can build.” Catalyst’s Guiding Principles of investment excellence through operational involvement, superior analytics, attention to detail, intellectual curiosity, team and reputation are key to the firm’s success. The Catalyst team collectively possesses more than 110 years of extensive experience in restructuring, credit markets and merchant and investment banking in Canada, the United States, Latin America and Europe.

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; amounts becoming due and

payable under the credit facilities and/or the senior notes, notwithstanding the entering into of support 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 notwithstanding the protection obtained by the Company under the CCAA proceedings in Canada and/or sought in proceedings under other applicable jurisdictions (including Colombia and the United States); failure of the Company to complete the Restructuring Transaction, which is subject to a number of conditions and other risks and uncertainties including, without limitation, court, creditor and required regulatory approvals or otherwise; failure to satisfy any terms or conditions of any other agreement with the Company's creditors on a proposed restructuring; any negative impact on the Company's current operations as a result of the Restructuring Transaction or any other proposed restructuring or failure to reach any other agreement with the creditors thereon; 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 as the result of the entering into of the Restructuring Transaction or commencing voluntary insolvency proceedings or otherwise; 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 due to the Restructuring Transaction; the cancellation or extensive dilution of the Company's equity securities as a result of the Restructuring Transaction; the effect of the Restructuring Transaction 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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