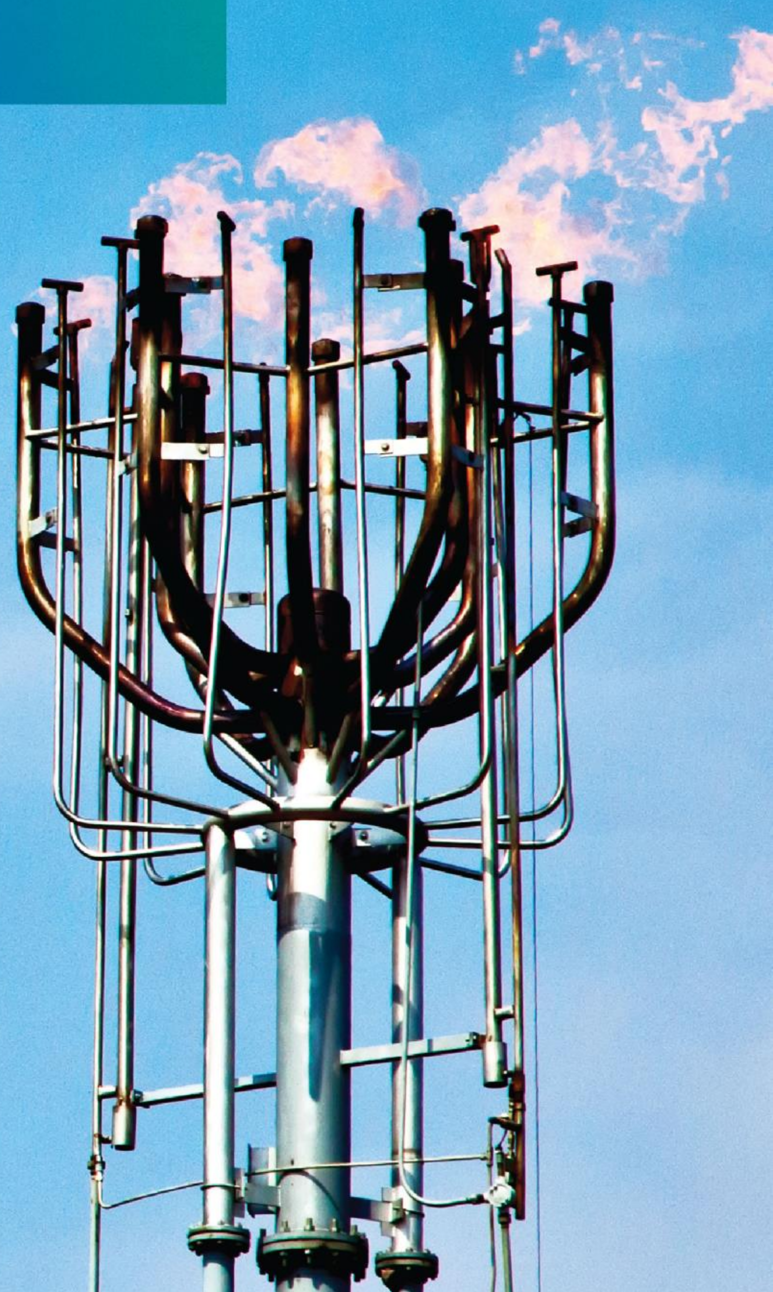
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended
March 31, 2016 and 2015



Interim Condensed Consolidated Statements of Loss

(In thousands of U.S. Dollars, except per share information; unaudited)	Notes	Three months ended March 31 2016	2015
Sales			
Oil and gas sales		$ 455,916	$ 732,312
Trading sales		915	67,536
Total sales	3	456,831	799,848
Cost of operations			
Oil & gas operating cost	4	267,763	347,764
Purchase of oil for trading		841	64,016
(Underlift) overlift		(34,690)	60,805
Fees paid on suspended pipeline capacity	5	25,391	2,785
Gross earnings		197,526	324,478
Depletion, depreciation and amortization		230,592	406,419
General and administrative		33,814	54,905
Impairment and exploration expenses	17	666,898	448,967
Share-based compensation	22c	(3,206)	2,086
Restructuring costs	2	16,780	-
Loss from operations		(747,352)	(587,899)
Finance costs	18	(68,914)	(78,858)
Share of gain of equity-accounted investees	15	26,847	17,453
Equity tax	6	(26,901)	(39,149)
Foreign exchange loss		(3,339)	(35,780)
Unrealized loss on risk management		(113,545)	(167)
Other income (expenses)		42,210	(21,570)
Net loss before income tax		(890,994)	(745,970)
Current income tax	7	(11,494)	(18,193)
Deferred income tax	7	1,546	39,687
Total income tax (expense) recovery		(9,948)	21,494
Net loss for the period		$ (900,942)	$ (724,476)
Attributable to:			
Equity holders of the parent		(900,949)	(722,256)
Non-controlling interests		7	(2,220)
		$ (900,942)	$ (724,476)
Basic and diluted loss per share attributable to equity holders of the parent	8	(2.86)	(2.31)

See accompanying notes to the Interim Condensed Consolidated Financial Statements and Going Concern Note

Interim Condensed Consolidated Statements Comprehensive Loss

(In thousands of U.S. Dollars; unaudited)	Notes	2016	2015
		Three months ended March 31	
Net loss for the period		$ (900,942)	$ (724,476)
Other comprehensive (loss) income not to be reclassified to net earnings in subsequent periods (nil tax effect)			
Fair value adjustments		-	(2,466)
Other comprehensive income (loss) to be reclassified to net earnings in subsequent periods (nil tax effect)			
Foreign currency translation		26,030	(33,096)
Unrealized gain on cash flow hedges	24d	-	10,391
Unrealized gain (loss) on the time value of cash flow hedges		(99)	17,750
Realized gain on cash flow hedges transferred to earnings	24d	(6,073)	(37,262)
		19,858	(44,683)
Total comprehensive loss for the period		$ (881,084)	$ (769,159)
Attributable to:			
Equity holders of the parent		$ (887,379)	$ (766,939)
Non-controlling interests		6,295	(2,220)
		$ (881,084)	$ (769,159)

See accompanying notes to the Interim Condensed Consolidated Financial Statements and Going Concern Note

Interim Condensed Consolidated Statement Financial Position

(In thousands of U.S. Dollars; unaudited)	Notes	As at March 31 2016	As at December 31 2015
ASSETS			
Current			
Cash and cash equivalents		$ 205,874	$ 342,660
Restricted cash		41,374	18,181
Accounts receivables	24b	372,201	517,997
Inventories	10	33,416	27,411
Income tax receivable		155,021	200,813
Prepaid expenses		4,722	5,424
Risk management assets	24d	-	172,783
		812,608	1,285,269
Non-current			
Oil and gas properties	11	1,078,643	1,821,330
Plant and equipment	13	72,854	115,619
Intangible assets	14	36,050	40,877
Investments in associates	15	452,300	448,266
Other assets	16	215,664	257,019
Restricted cash		19,739	17,741
		$ 2,687,858	$ 3,986,121
LIABILITIES			
Current			
Accounts payable and accrued liabilities	24c	$ 963,433	$ 1,216,891
Deferred revenue	9	-	74,795
Risk management liability	24d	-	53,066
Income tax payable		1,056	838
Current portion of long-term debt	18	5,319,640	5,377,346
Current portion of obligations under finance lease	19	10,593	13,559
Asset retirement obligation	20	3,594	3,449
		6,298,316	6,739,944
Non-current			
Obligations under finance lease	19	22,086	22,952
Deferred tax liability	7	4,761	6,308
Asset retirement obligation	20	229,195	207,148
		$ 6,554,358	$ 6,976,352
DEFICIT			
Common shares	22a	$ 2,615,788	$ 2,615,788
Contributed surplus		124,150	124,150
Other reserves		(238,991)	(252,561)
Retained deficit		(6,487,702)	(5,586,753)
Deficit attributable to equity holders of the parent		(3,986,755)	(3,099,376)
Non-controlling interests		120,255	109,145
Total deficit		$ (3,866,500)	$ (2,990,231)
		$ 2,687,858	$ 3,986,121

See accompanying notes to the Interim Condensed Consolidated Financial Statements and Going Concern Note

Interim Condensed Consolidated Statement of Changes in Equity (Deficit)

For the three months ended March 31, 2016

(In thousands of U.S. Dollars; unaudited)	Note	Attributable to equity holders of parent: Common Shares	Contributed Surplus	Retained Deficit	Cash flow hedge	Time Value Reserves	Foreign currency translation	Fair value Investment	Total	Non-controlling interests	Total Deficit
As at December 31, 2015		$ 2,615,788	$ 124,150	$ (5,586,753)	$ 12,146	$ 99	$ (259,414)	$ (5,392)	$ (3,099,376)	$ 109,145	$ (2,990,231)
Net loss for the period		-	-	(900,949)	-	-	-	-	(900,949)	7	(900,942)
Other comprehensive income		-	-	-	(6,073)	(99)	19,742	-	13,570	6,288	19,858
Total comprehensive income		-	-	(900,949)	(6,073)	(99)	19,742	-	(887,379)	6,295	(881,084)
Dividends paid to non-controlling interest	15	-	-	-	-	-	-	-	-	(14,618)	(14,618)
Effect of deconsolidation of subsidiary	15	-	-	-	-	-	-	-	-	19,433	19,433
As at March 31, 2016		$ 2,615,788	$ 124,150	$ (6,487,702)	$ 6,073	$ -	$ (239,672)	$ (5,392)	$ (3,986,755)	$ 120,255	$ (3,866,500)

For the three months ended March 31, 2015

(In thousands of U.S. Dollars; unaudited)	Note	Attributable to equity holders of parent: Common Shares	Contributed Surplus	Retained Deficit	Cash flow hedge	Time Value Reserves	Foreign currency translation	Fair value Investment	Total	Non-controlling interests	Total Equity
As at December 31, 2014		$ 2,610,485	$ 129,029	$ (124,894)	$ 5,100	$ (7,806)	$ (141,320)	$ (2,957)	$ 2,467,637	$ 187,011	$ 2,654,648
Net loss for the period		-	-	(722,256)	-	-	-	-	(722,256)	(2,220)	(724,476)
Other comprehensive income		-	-	-	(26,871)	17,750	(33,096)	(2,466)	(44,683)	-	(44,683)
Total comprehensive income		-	-	(722,256)	(26,871)	17,750	(33,096)	(2,466)	(766,939)	(2,220)	(769,159)
Dividends paid to non-controlling interest	15	-	-	-	-	-	-	-	-	(13,164)	(13,164)
Transaction with non-controlling interest		-	(4,822)	-	-	-	-	-	(4,822)	2,679	(2,143)
As at March 31, 2015		$ 2,610,485	$ 124,207	$ (847,150)	$ (21,771)	$ 9,944	$ (174,416)	$ (5,423)	$ 1,695,876	$ 174,306	$ 1,870,182

See accompanying notes to the Interim Condensed Consolidated Financial Statements and Going Concern Note

Interim Condensed Consolidated Statement of Cash Flows

(In thousands of U.S. Dollars; unaudited)	Notes	Three months ended March 31 2016	2015
OPERATING ACTIVITIES			
Net loss for the period		$ (900,942)	$ (724,476)
Items not affecting cash:			
Depletion, depreciation and amortization		230,592	406,419
Impairment and exploration expenses	17	666,898	448,967
Accretion (income) expense		(278)	14,145
Unrealized loss on risk management contracts		113,545	167
Share-based compensation		(3,206)	2,086
Loss on cash flow hedges included in operating expense	24d	-	13,483
Deferred income tax recovery	7	(1,546)	(39,687)
Unrealized foreign exchange loss (gain)		13,979	(9,653)
Share of gain of equity-accounted investees	15	(26,847)	(17,453)
Gain on loss of control	15	(15,597)	-
Dividends from associates	15	40,839	25,666
Equity tax	6	26,901	39,149
Other		(1,236)	11,661
Deferred revenue net proceeds	9	(75,000)	199,475
Changes in non-cash working capital	25	(103,828)	(271,003)
Net cash (used) provided by operating activities		$ (35,726)	$ 98,946
INVESTING ACTIVITIES			
Additions to oil and gas properties and plant and equipment		(20,071)	(135,961)
Additions to exploration and evaluation assets	12	(9,211)	(50,902)
Investment in associates and other assets		(8,922)	-
Increase in restricted cash and others		(21,392)	(659)
Finance loan repayment from Bicentenario		-	17,216
Net cash used in investing activities		$ (59,596)	$ (170,306)
FINANCING ACTIVITIES			
Payment of debt and leases		(29,312)	(506,912)
Transaction costs		-	(5,418)
Drawdown of revolving credit facility		-	1,000,000
Advances from short-term debt		-	125,000
Dividends paid to non-controlling interest	15	(14,618)	(13,164)
Net cash (used) provided by financing activities		$ (43,930)	$ 599,506
Effect of exchange rate changes on cash and cash equivalents		2,466	(1,449)
Change in cash and cash equivalents during the period		(136,786)	526,697
Cash and cash equivalents, beginning of the period		342,660	333,754
Cash and cash equivalents, end of the period		$ 205,874	$ 860,451
Cash		$ 107,384	$ 260,451
Short-term money market instruments		98,490	600,000
		$ 205,874	$ 860,451

See accompanying notes to the Interim Condensed Consolidated Financial Statements and Going Concern Note

Notes to the Interim Condensed Consolidated Financial Statements

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

1. Corporate Information

Pacific Exploration & Production Corporation (formerly Pacific Rubiales Energy Corp. and the "Company") is an oil and gas company incorporated and domiciled in Canada and engaged in the exploration, development and production of crude oil and natural gas in Colombia, Peru, Brazil, Guatemala, Guyana and Belize. Prior to April 19, 2016, the Company's common shares were listed and publicly traded on the Toronto Stock Exchange ("**TSX**") and Bolsa de Valores de Colombia (the Colombian Stock Exchange). On April 19, 2016 and as a result of the Company's entering into a comprehensive restructuring plan (Note 2 – "Comprehensive Restructuring Agreement"), the Company's common shares were suspended from trading on the TSX and the Colombian Stock Exchange and on May 25 the Company's common shares will be delisted from the TSX and the Colombian Stock Exchange. The Company's registered office is located at Suite 650 – 1188 West Georgia Street, Vancouver, British Columbia, V6E 4A2, Canada, and it also has corporate offices in Toronto, Canada and Bogota, Colombia.

These Interim Condensed Consolidated Financial Statements of the Company were authorized for issuance by the Audit Committee of the Board of Directors on May 11, 2016.

2. Basis of Preparation and Significant Accounting Policies

The Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2015.

Going Concern Assumption

These Interim Condensed Consolidated Financial Statements were prepared on a going concern basis that contemplated the realization of assets and the settlement of liabilities in the normal course of business as they become due, except for the revaluation to fair value of certain financial assets and financial liabilities in accordance with the Company's accounting policies.

For the three months ended March 31, 2016, the Company incurred a net loss of $900.9 million and has a deficit of $3,866 million as of March 31, 2016.

Since late 2014, the Company has implemented a number of cost reduction initiatives in response to the prevailing low crude oil prices, including:

- Significantly reduced operating and general and administrative expenses;
- Lowered the 2016 capital expenditure budget;
- Engaged in ongoing debt restructuring negotiations; and
- Continued negotiations on non-core asset sales

Despite the above initiatives, at current crude oil prices, the Company will need to significantly reduce debt and arrange new financing to fund operating cash needs and improve liquidity. On January 14, 2016, the Company announced it had elected to utilize the 30-day grace period under the applicable note indentures and not make interest payments of $66.2 million in the aggregate on its September 2014 Senior Notes and November 2013 Senior Notes (Note 18) as they became due on January 19, 2016 and January 26, 2016, respectively. The failure to pay such interest constituted an event of default under the applicable note indentures on February 25, 2016 in respect of the September 2014 Senior Notes and February 18, 2016 in respect of the November 2013 Senior Notes. On February 18, 2016, the Company entered into an extension agreement with certain holders of these Senior Notes (the "**Noteholder Extension Agreement**"). Under the terms of the Noteholder Extension Agreement, holders of approximately 34% of the aggregate principal amount of outstanding November 2013 Senior Notes and 42% of the aggregate principal amount of outstanding September 2014 Senior Notes have agreed, subject to certain terms and conditions, to forbear from declaring the principal amounts of the

Notes (and certain additional amounts) due and payable as a result of certain specified defaults until March 31, 2016. On March 24, 2016, the Company announced it had extended the Noteholder Extension Agreement to April 29, 2016.

The Company has also obtained waivers from its lenders, which were granted on December 28, 2015, for the period ending on February 26, 2016, of the debt leverage and net equity covenants under the Revolving Credit Facility and the Bank of America, Bladex, and HSBC credit facilities (Note 18). On February 19, 2016, the Company entered into separate forbearance agreements in respect of the Revolving Credit Facility and the Bank of America, Bladex, and HSBC credit facilities (the "**Lender Forbearance Agreements**").

Under the terms of the Lender Forbearance Agreements, the lenders pursuant to the credit agreements have also agreed, subject to certain terms and conditions, to forbear from declaring the principal amounts of such credit agreements due and payable as a result of certain specified defaults until March 31, 2016. On March 24, 2016, the Company announced it had extended the Lender Forbearance Agreements to April 29, 2016.

On March 28, 2016, the Company announced it had elected to utilize the 30-day grace period under the applicable note indentures and not make interest payments of $25.6 million in the aggregate on its March 2013 Senior (Note 18) as they became due on March 28, 2016. The failure to pay such interest did not constitute an event of default under the applicable note indentures.

The Company has also breached several minimum credit rating covenants in respect to certain operational agreements it has entered into, as a result of downgrades of the Company's credit rating during 2015. Consequently, the counterparties of these operational agreements have the option to demand a range of remedies including letters of credit and penalties. Waivers related to these credit rating covenants have been granted, refer to Note 21 for more details. There is no assurance that the Company will be able to successfully negotiate amendments to the minimum credit rating requirements or obtain future extensions of these waivers.

There can be no certainty as to the ability of the Company to successfully restructure its long-term debts (further explained below in "**Comprehensive Restructuring Agreement**") and amend the relevant operating agreements to eliminate credit rating covenants should low crude prices persist, and accordingly, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

Comprehensive Restructuring Agreement

On April 19, 2016, the Company with the support of certain holders of its Senior notes and lenders under its credit facilities, entered into an agreement with The Catalyst Capital Group Inc. ("**Catalyst**") in respect of a comprehensive financial restructuring ("**Restructuring Transaction**"). Under the terms of the agreement, the entire principal of the Company's long-term debt will be exchanged for common shares of a reorganized company. In addition, Catalyst and certain Senior noteholders will provide new cash financing to recapitalize the Company.

On April 27, 2016, the Company, including certain of its direct and indirect subsidiaries, have obtained an Initial Order from the Superior Court of Justice in Ontario (the "**Court**") under the Companies' Creditors Arrangement Act ("**CCAA**"), in respect of the Restructuring Plan.

The Restructuring Transaction includes the following key features to be implemented by way of arrangement pursuant to the CCAA in Canada, together with appropriate proceedings in Colombia and in the United States.

- The operations of the Company will continue as normal and all obligations to the Company's suppliers, trade partners and contractors will continue to be met.
- The Company's existing outstanding common shares will either be cancelled for no consideration or subject to extensive dilution and a new class of shares will be issued ("common shares of the reorganized company").

- Claims by the Company’s creditors in respect of the $4.1 billion Senior Notes and $1.2 billion of credit facilities (“**Affected Creditors**”) will be fully extinguished and exchanged for 58.2% of the common shares of the reorganized company.
- A $500 million debtor-in-possession financing (“**DIP Financing**”) less an original issue discount of 4% secured by assets of the Company, will be provided jointly by certain Senior note holders (“**Funding Creditors**”) and Catalyst, of which:
  - $250 million will be provided by Funding Creditors and will convert into a five-year secured note upon completion of the Restructuring Transaction.
  - $250 million will be provided by Catalyst and will be converted or exchanged for 16.8% of the common shares of the reorganized company.
  - Providers of the DIP financing will receive warrants with a nominal exercise price to acquire their pro rata share of 25% of the fully diluted common shares of the reorganized company on implementation of the Restructuring Transaction.
- Upon implementation of the Restructuring Transaction, the Affected Creditors will have the right to receive cash in lieu of up to 25% of the fully diluted common shares of the reorganized company they would otherwise be entitled to receive (“cash out offer”), and Catalyst is obligated to subscribe for the same number of common shares as elected under the cash out offer, for a total subscription price of at least $200 million or such larger amount as Catalyst may agree in cash.

The Restructuring Transaction is intended to ensure the long-term viability of the Company. There is no assurance that the Restructuring Transaction will be successful and that all relevant and required regulatory, creditor and court approvals will be attained.

During the three months ended March 31, 2016, the Company incurred $16.8 million in costs related to the signing of the Forbearance Agreement and Comprehensive Restructuring Agreement. These restructuring costs were predominantly the appointment of independent financial advisors to assist with the ongoing negotiations and counsel all counter parties involved.

Critical Judgments in Applying Accounting Policies

CGX

The Company was required to apply judgement to assess whether it retained control over CGX Energy Inc. (“**CGX**”) after its interest was reduced to below 50% and it no longer held a majority of the voting rights. In determining control, the Company analyzed whether it held additional rights which are sufficient enough to give it the practical ability to direct the relevant activities of CGX, including potential voting rights or rights arising from any contractual agreements. Based on this analysis, it was determined that any additional rights held by the Company were not substantive and as a result the Company no longer held control over CGX and CGX was deconsolidated.

Estimation Uncertainty and Assumptions

Oil and gas properties

Oil and gas properties are depreciated using the unit-of-production method. During 2016, in applying the unit-of-production method, oil and gas properties in general are depleted over proved reserves, compared to 2015 when they were depleted over proved and probable. The calculation of the unit-of-production rate of amortization could be impacted to the extent that actual production in the future is different from current forecasted production based on proved reserves. This would generally result from significant changes in any of the following:

- Changes in reserves;
- The effect on reserves of differences between actual commodity prices and commodity price assumptions; and/or
- Unforeseen operational issues.

New Standards, Interpretations and Amendments Adopted by the Company

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Company's Annual Consolidated Financial Statements for the year ended December 31, 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016, which have or may reasonably have an impact on the Company as described below.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company as there has been no interest acquired in a joint operation during the period.

IAS 34 *Interim Financial Reporting*

The amendment clarifies that the required interim disclosures must be either in the interim condensed financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

The other information within the interim condensed financial statements must be available to users on the same terms as the interim condensed financial statements and at the same time. The amendment must be applied retrospectively and do not have any impact on the Company.

Standards Issued but Not Yet Effective

IFRS 9 *Financial Instruments*

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss ("**FVTPL**"). Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income ("**FVOCI**"), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option ("**FVO**") that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by instrument basis to present changes in the fair value of nontrading instruments in other comprehensive income ("**OCI**") without subsequent reclassification to profit or loss.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 *Financial Instruments*: *Recognition and Measurement* classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss ("**ECL**") model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 *Revenue from Contracts with Customers* and lease receivables under IAS 17 *Leases*. Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The amendments are effective for annual periods beginning on or after January 1, 2018. Early application is permitted for reporting periods beginning after the issue of IFRS 9 on 24 July 2014 by applying all of the requirements in this standard at the same time. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

Company plans to adopt the new standard at the effective date and is in the process of assessing the impact on its consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customer*

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 *Construction Contracts*, IAS *18 Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue rising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage. The new standard will apply for annual periods beginning on or after January 1, 2018. Entities can choose to apply the standard using either a full retrospective approach, with some limited relief provided, or a modified retrospective approach. Early application is permitted and must be disclosed.

The Company plans to adopt the new standard at the effective date and is in the process of assessing the impact on its consolidated financial statements.

IFRS 16 *Leases*

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (i.e., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (i.e., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. The new standard will apply for annual periods beginning on or after January 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

The Company plans to adopt the new standard at the effective date and is in the process of assessing the impact on its consolidated financial statements.

IAS 7 *Statement of Cash Flows*

The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are effective for annual periods beginning on or after January 1, 2017, with early application permitted.

The Company plans to adopt the new standard at the effective date and is in the process of assessing the impact on its consolidated financial statements.

IAS 12 *Income taxes*

The IASB issued the amendments to IAS 12 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The amendments are effective for annual periods beginning on or after January 1, 2017. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application is permitted. If an entity applies the amendments for an earlier period, it must disclose that fact.

The Company plans to adopt the new standard at the effective date and is in the process of assessing the impact on its consolidated financial statements.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

3. Segmented Information

The Company is organized into business units based on the main types of activities and has two reportable segments as at March 31, 2016: the exploration, development, and production of heavy crude oil and gas in Colombia and Peru. The Company's assets and operations in other countries are still in the early stages of development and are not significant and therefore are not considered a reportable segment as at March 31, 2016. The Company manages its operations to reflect differences in the regulatory environments and risk factors for each country.

As at March 31, 2016	Canada	Colombia	Peru	Papua New Guinea	Guatemala	Belize	Others	Total
Cash and cash equivalents	$ 123,273	$ 65,050	$ 6,508	$ -	$ 477	$ 1,039	$ 9,527	$ 205,874
Non-current assets	27,215	1,672,629	111,587	51,553	-	-	12,266	1,875,250
	$ 150,488	$ 1,737,679	$ 118,095	$ 51,553	$ 477	$ 1,039	$ 21,793	$ 2,081,124

As at December 31, 2015	Canada	Colombia	Peru	Papua New Guinea	Guatemala	Belize	Others	Total
Cash and cash equivalents	$ 157,505	$ 154,296	$ 9,563	$ -	$ 490	$ 1,064	$ 19,742	$ 342,660
Non-current assets	20,014	2,414,168	200,795	50,094	-	-	15,781	2,700,852
	$ 177,519	$ 2,568,464	$ 210,358	$ 50,094	$ 490	$ 1,064	$ 35,523	$ 3,043,512

The selected Interim Consolidated Statement of Loss components by reporting segment are as follows:

Three months ended March 31, 2016	Colombia	Peru	Corporate	Other Non-Reportable Segments	Total
Oil and gas sales	$ 446,438	$ 9,478	$ -	$ -	$ 455,916
Trading sales	915	-	-	-	915
Oil & gas operating cost	244,247	23,516	-	-	267,763
Purchase of oil for trading	841	-	-	-	841
Underlift	(34,054)	(636)	-	-	(34,690)
Fees paid on suspended pipeline capacity	25,391	-	-	-	25,391
General and administrative	20,643	2,288	6,224	4,659	33,814
Restructuring costs	-	-	16,780	-	16,780
Depletion, depreciation, amortization	186,425	43,658	79	430	230,592
Impairment	587,011	78,763	-	1,124	666,898
Finance costs (income)	1,603	(2,025)	70,782	(1,446)	68,914
Share of gain of equity-accounted investees	(26,809)	-	(38)	-	(26,847)
Income tax expense	9,167	-	218	563	9,948
Net loss	(684,037)	(135,558)	(75,960)	(5,387)	(900,942)

Three months ended March 31, 2015	Colombia	Peru	Corporate	Other Non-Reportable Segments	Total
Oil and gas sales	$ 721,260	$ 11,052	$ -	$ -	$ 732,312
Trading sales	67,536	-	-	-	67,536
Oil & gas operating cost	340,134	7,630	-	-	347,764
Purchase of oil for trading	64,016	-	-	-	64,016
Overlift	60,805	-	-	-	60,805
Fees paid on suspended pipeline capacity	2,785	-	-	-	2,785
General and administrative	37,878	2,392	8,411	6,224	54,905
Depletion, depreciation, amortization	401,060	4,907	192	260	406,419
Impairment	349,009	33,000	-	66,958	448,967
Finance costs	1,457	6,085	71,241	75	78,858
Share of (gain) loss of equity-accounted investees	(17,944)	-	491	-	(17,453)
Income tax recovery	(20,332)	(894)	-	(268)	(21,494)
Net loss	(551,725)	(45,830)	(95,364)	(31,557)	(724,476)

The Company's revenue based on geographic location of customers is as follows:

	Three months ended March 31	
	2016	2015
United States	$ 327,465	$ 664,615
China	94,705	50,456
Colombia	25,183	37,630
Peru	9,478	11,052
Ivory Coast	-	36,095
Total sales	$ 456,831	$ 799,848

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

4. Oil & Gas Operating Costs

	Three months ended March 31	
	2016	2015
Oil and gas production costs	$ 96,953	$ 130,725
Transportation costs	150,787	178,805
Dilution costs	25,999	25,243
Other costs	(5,976)	12,991
Total cost	$ 267,763	$ 347,764

5. Fees Paid on Suspended Pipeline

The Bicentenario pipeline (Note 15) has experienced periodic suspensions following security-related disruptions. For the three months ended March 31, 2016, the net fees paid relating to the periods of disrupted pipeline capacity were $25.4 million (2015: $2.8 million).

6. Equity Tax

Effective January 1, 2015, the Colombian Congress introduced a new wealth tax that is calculated on a taxable base (net equity) in excess of COP$1 billion ($0.4 million) as at January 1 of the applicable taxation year. The applicable rates for January 1, 2015, 2016, and 2017 are 1.15%, 1.00% and 0.40%, respectively. Based on the Company's taxable base, the Company has accrued a liability for the 2016 fiscal year. Pursuant to IAS 37 and IFRIC 21, in the current year the Company has not made an accrual for future years. The 2016 wealth tax has been estimated at $26.9 million, and recorded as an expense in the statement of loss (2015: $39.1 million).

7. Income Tax

Reconciliation between income tax expense and the product of accounting profit multiplied by the Company's domestic tax rate is provided below:

	Three months ended March 31	
	2016	2015
Net loss before income tax	$ (890,994)	$ (745,970)
Colombian statutory income tax rate	40%	39%
Income tax recovery at statutory rate	$ (356,398)	$ (290,928)
Increase in income tax provision resulting from:		
Other non-deductible expenses	$ 49,476	$ 9,612
Foreign exchange impact on deferred income tax	-	117,667
Share-based compensation	(901)	279
Risk management loss	-	3,516
Differences in tax rates in foreign jurisdictions	14,258	(1,156)
Others and losses for which no tax benefit is recorded	233,586	139,516
Additional presumtive taxable income	73,799	-
Movements in deferred tax not recognized	(3,872)	-
Income tax expense (recovery)	$ 9,948	$ (21,494)
Current income tax expense	$ 11,494	$ 18,193
Deferred income tax recovery:		
Relating to origination and reversal of temporary differences	(1,546)	(39,687)
Income tax expense (recovery)	$ 9,948	$ (21,494)

The Company's deferred tax relates to the following:

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

	As at March 31 2016	As at December 31 2015
Oil and gas properties and equipment	$ (834)	$ (10,120)
Other	(3,927)	3,812
Deferred tax liability	$ (4,761)	$ (6,308)

	Three months ended March 31 2016	2015
Beginning of period	$ (6,308)	$ (523,634)
Recognized in deferred income tax (recovery) expense		
Tax loss carry-forwards	-	(35,199)
Oil and gas properties and equipment	9,286	473,040
Other	(7,739)	79,485
End of the period	$ (4,761)	$ (6,308)

The Canadian statutory combined income tax rate was 26.5% as at March 31, 2016 and for 2015.

The Colombian statutory tax rate as at March 31, 2016 was 40% (2015: 39%), which includes the general income tax rate of 25% (2015: 25%), and the fairness tax ("**CREE**") rate of 15% (2015: 14%).

The Peruvian statutory income tax rate was 28% as at March 31, 2016 (2015: 30%). The Peruvian income tax rate for Block Z-1 was 22% as at March 31, 2016 (2015: 22%).

The Company's cumulative effective tax rate (income tax expenses as a percentage of net earnings before income tax) was -1.1% for the three months ending March 31, 2016 (2015: 2.9%).

As at March 31, 2016, non-capital losses totalled $689 million (December 31, 2015: $708 million) in Canada and expire between 2016 and 2036. Capital losses totalled $16.6 million as at March 31, 2016 (December 31, 2015: $5 million). No deferred tax assets have been recognized with respect to the non-capital losses as at March 31, 2016 (December 31, 2015: $Nil). In Colombia, non-capital losses totalled $404 million (December 31, 2015: $200 million). No deferred tax assets have been recognized in respect of these losses. In Peru, non-capital losses totaled $173.9 million (December 31, 2015: $162.7 million) and expire between 2016 and 2019. No deferred tax assets have been recognized in respect of these losses.

8. Loss per Share

Loss per share amounts are calculated by dividing the net loss for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

	Three months ended March 31 2016	2015
Net loss attributable to shareholders of the Company	$ (900,949)	$ (722,256)
Basic weighted average number of shares	315,021,198	313,255,053
Diluted weighted average number of shares	315,021,198	313,255,053
Basic and diluted loss per share attributable to shareholders of the Company	(2.86)	(2.31)

All options that are anti-dilutive have been excluded from the diluted weighted average number of common shares. 12,521,367 options (2015: 19,523,742) are excluded from the calculation of dilution as they are out-of-the-money.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

9. Deferred Revenue

In 2015, the Company received an advance of $350 million (less $0.85 million in fees) in exchange for the delivery of twelve million barrels of crude oil between April 2015 and March 2016. The advance was recognized as a deferred revenue liability and was amortized and recognized as revenue upon the monthly delivery of the crude oil. The deferred revenue balance as at March 31, 2016 was $Nil (December 31, 2015: $74.8 million).

10. Inventories

	As at March 31	As at December 31
	2016	2015
Crude oil and gas	$ 9,363	$ 3,077
Materials and supplies	24,053	24,334
	$ 33,416	$ 27,411

11. Oil and Gas Properties

Cost	Note	Amount
Cost as at December 31, 2015		$ 11,064,204
Additions		19,407
Currency translation adjustment		10,114
Change in asset retirement obligation	20	19,026
Cost as at March 31, 2016		$ 11,112,751

Accumulated depletion and impairment	Note	Amount
Accumulated depreciation and impairment as at December 31, 2015		$ 9,242,874
Charge for the period		216,754
Currency translation adjustment		1,476
Impairment	17	573,004
Accumulated depletion and impairment as at March 31, 2016		$ 10,034,108

Net book value	Amount
As at December 31, 2015	$ 1,821,330
As at March 31, 2016	1,078,643

During the three months ended March 31, 2016, Oil and gas assets were depleted over the Company's proved reserves (2015: Proved and probable reserves).

12. Exploration and Evaluation Assets

	Note	Amount
Cost net of impairment as at December 31, 2015		$ -
Additions		9,211
Loss of control of CGX		(245)
Impairment and exploration expenses	17	(10,053)
Change in asset retirement obligation	20	1,087
Cost net of impairment as at March 31, 2016		$ -

13. Plant and Equipment

Cost	Land & buildings	Assets under construction	Other plant & equipment	Total
Cost as at December 31, 2015	$ 63,235	$ 7,251	$ 198,519	$ 269,005
Additions	110	-	464	574
Effect of deconsolidation of subsidiary	-	(7,251)	-	(7,251)
Currency translation adjustment	-	-	94	94
Cost as at March 31, 2016	$ 63,345	$ -	$ 199,077	$ 262,422

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Accumulated depreciation and impairment	Note	Land & buildings	Assets under construction	Other plant & equipment	Total
Accumulated depreciation and impairment as at December 31, 2015		$ 48,050	$ 4,200	$ 101,136	$ 153,386
Charge for the period		1,929	-	7,431	9,360
Impairment	17	-	-	30,994	30,994
Currency translation adjustment		-	-	28	28
Effect of deconsolidation of subsidiary		-	(4,200)	-	(4,200)
Accumulated depreciation and impairment as at March 31, 2016		$ 49,979	$ -	$ 139,589	$ 189,568

Net book value					
As at December 31, 2015		$ 15,185	$ 3,051	$ 97,383	$ 115,619
As at March 31, 2016		13,366	-	59,488	72,854

14. Intangible Assets

Cost	Capacity Rights
Cost as at December 31, 2015 and March 31, 2016	$ 190,000

Accumulated amortization	Amount
Accumulated amortization as at December 31, 2015	$ 149,123
Charge for the period	4,827
Accumulated amortization as at March 31, 2016	$ 153,950

Net book value	Amount
As at December 31, 2015	$ 40,877
As at March 31, 2016	36,050

Capacity rights are comprised of the rights to the available capacity of the OCENSA pipeline system in Colombia and the right to available capacity at the crude blending station. The OCENSA right is amortized based on the usage of the 160 million barrel capacity over the term of the agreement.

15. Investments in Associates

Set out below are the investments in associates as of March 31, 2016. Investments in associates are accounted for using the equity method, with the Company's share of the associates' net income or loss recognized in the Interim Condensed Consolidated Statement of Loss.

	ODL	Bicentenario	PII	Pacific Power	CRC	CGX	Total
As at December 31, 2015	$ 135,072	$ 198,287	$ 93,905	$ 20,952	$ 50	$ -	$ 448,266
Investment	-	-	-	843	-	6,348	7,191
Income (loss) from equity investments	9,593	15,156	2,060	333	-	(295)	26,847
Dividends	(25,598)	(15,241)	-	-	-	-	(40,839)
Foreign currency translation	4,905	5,008	922	-	-	-	10,835
As at March 31, 2016	$ 123,972	$ 203,210	$ 96,887	$ 22,128	$ 50	$ 6,053	$ 452,300

ODL Finance S.A. ("ODL")

The Company's investment represents a 35% interest in ODL, a Panamanian company with a Colombian branch that has constructed an oil pipeline for the transportation of heavy crude oil produced from the Rubiales field. The remaining 65% interest is owned by Ecopetrol, S.A. ("**Ecopetrol**"), the national oil company of Colombia. ODL's functional currency is the Colombian peso and the currency translation adjustment upon conversion to U.S. dollars has been recorded in other comprehensive income.

Oleoducto Bicentenario de Colombia ("Bicentenario")

Bicentenario is a corporation established and owned by a consortium of oil producers operating in Colombia led by Ecopetrol; the Company owns 43%. Bicentenario operates a private-use oil pipeline in Colombia between Casanare and Coveñas. Bicentenario's functional currency is the Colombian peso and the currency translation adjustment upon conversion to U.S. dollars has been recorded in other comprehensive income.

Pacific Infrastructure Ventures Inc. ("PII")

PII is a BVI company established for the purpose of developing an export terminal, an industrial park, and a free trade zone in Cartagena. The Company's interest in PII is 41.79%; it holds two board seats in PII. The functional currency of PII is the U.S. dollar.

Pacific Power Generation Corp ("Pacific Power")

The Company's investment in Pacific Power represents a 21.09% indirect interest in Promotora de Energia Electrica de Cartagena & Cia, S.C.A. E.S.P. ("**Proelectrica**"). Proelectrica is a private, Cartagena, Colombia-based 90-megawatt electrical utility peak-demand supplier to the local Cartagena utility. The functional currency of Pacific Power is the U.S. dollar.

Caribbean Resources Corporation (formerly Pacific Coal Resources Ltd.) ("CRC")

CRC is engaged in the acquisition and development of coal mining assets and related businesses in Colombia. The Company's interest in CRC is 8.49%. The functional currency of Pacific Coal is the U.S. dollar.

The Company has determined that it holds significant influence but not control over Pacific Coal as a result of the Company's equity interests and the right to nominate a director.

CGX Energy Inc.

CGX is a company listed on the TSX Venture Exchange and is involved in the exploration and development of petroleum and natural gas in Guyana. Prior to January 21, 2016, the Company had control of CGX by way of a 53.7% interest and accounted for it as a fully consolidated subsidiary. The functional currency of CGX is the U.S. dollar.

On January 21, 2016, pursuant to a contract settlement agreement, CGX issued 16,522,500 common shares to an independent third party. As a result of the share issue, the Company's interest was reduced to 45.61% and the Company determined it no longer held control over CGX.

Upon loss of control, the Company de-recognized the assets and liabilities of CGX from the statement of financial position. Following the deconsolidation, CGX has been accounted for as an equity investment. As such, an investment in an associate was recognized at fair value and a gain of approximately $15.6 million was recognized in other income (expense) in the Interim Condensed Consolidated Statement of Loss.

As at March 31, 2016, based on the last traded share price on the TSX Venture Exchange, the Company's investment in CGX has a fair value of $7 million.

Dividends

During the three months ended March 31, 2016, the Company received cash dividends of $40.8 million from its equity-accounted investments (2015: $25.7 million). The Company holds a 57% interest in Pacific Midstream Ltd. ("**PM**") which is the holding company for a number of the Company's pipeline and power transmission assets, including a 35% interest in the ODL pipeline, a 41.5% interest in the Bicentenario pipeline and a 100% interest in Petroelectrica. During the three months ended March 31, 2016, the Company distributed $14.6 million (2015: $13.2 million) in dividends to the minority interests of PM.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

16. Other Assets

	As at March 31 2016	As at December 31 2015
Bicentenario prepayments	$ 46,997	$ 87,971
Long-term receivables	61,928	60,469
Long-term recoverable VAT	75,168	64,958
Advances	30,418	42,496
Investments	1,153	1,125
	$ 215,664	$ 257,019

Bicentenario Prepayments

Prepayments include advances for the usage of the Bicentenario pipeline, which will be amortized against the barrels transported at the earlier 2025 or certain contracted capacity limits being met.

Long term receivables, Investments and Advances

These assets include a variety of items such as receivables from the sale of OCENSA, investments in other companies such as Oleoducto de Colombia, and advances for pipeline usage and on the construction, testing and commissioning of gas facilities.

During the year ending December 31, 2015, the Company decided to withdraw from its participation in the exploratory blocks in Papua New Guinea. Per the terms of the withdrawal, the Company agreed to accept a receivable of $96 million (present value of $51.6 million and $50.1 million as at March 31, 2016 and December 31, 2015, respectively), payable in six years from its partner in the blocks.

Long-Term Recoverable VAT

This amount includes recoverable VAT that the Company expects to receive one year after the end of the reported period.

17. Impairment

The Company assesses at the end of each reporting period whether there is any indication, from external and internal sources of information, that an asset or cash generating unit ("**CGU**") may be impaired. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of the oil & gas, exploration and evaluation properties.

The Company's impairment tests of oil and gas and exploration and evaluation assets are performed at the CGU level. The recoverable amount is calculated based on the higher of value-in-use and fair value less cost to sell. For the three months ended March 31, 2016 the recoverable amount was determined based on the fair value less cost to sell (2015: value-in-use).

As a result of the restructuring being negotiated between the Company and its lenders and Senior note holders, as well as the Restructuring Transaction entered into on April 19, 2016 (Note 2 – "Comprehensive Restructuring Agreement"), the Company believed there to be an indication of impairment as of March 31, 2016. The Company performed a test of impairment of the carry amounts of its long-term assets against the higher of their value-in-use and the fair value less cost to sell.

Assumptions used in the model to determine the recoverable amounts included:

- After-tax discount rate of 11% (19% before tax) (2015: 18% and 23% before tax) as determined by the weighted average cost of capital taking into consideration the expected return on investment by the Company's investors, the cost of debt based on the interest-bearing borrowings of the Company and segment specific risk based on publicly available market data.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

- Long-term WTI benchmark oil price of $46, $49, $50, $52 and $53 per barrel for 2016-2020 (2015: of $41, $50, $58, $66 and $71 per barrel for 2016-2020) respectively and inflated by approximately 2% (2015: 2%) subsequent to that period. Prices are based on futures strip prices (2015: compilation of independent industry analyst forecasts), published indices and management's own assumptions.

- Future production is based on proved developed producing and proved developed non-producing reserves (2015: proved developed producing, proved developed non-producing and probable reserves).

- Production costs have remained the same from the year end December 31, 2015 model.

As a result of the test, the Company recorded a total impairment charge of $666.7 million as detailed below:

	Three months ended March 31	
	2016	**2015**
Oil and gas properties		
Central Colombia CGU	$ 503,004	$ -
Peru	70,000	-
Oil and gas properties	$ 573,004	$ -
Plant and equipment		
Colombia	$ 30,994	$ -
Exploration and evaluation assets		
Colombia	$ 166	$ 112,000
Belize	182	-
Peru	8,763	33,000
Brazil	924	35,000
Papua New Guinea	-	13,000
Other	18	8,000
Exploration and evaluation assets	$ 10,053	$ 201,000
Impairment of other assets		
Colombia	52,595	-
Goodwill allocated to Colombia	-	237,009
Total impairment	$ 666,646	$ 438,009

The recoverable amounts of the above CGUs are as follows: Central Colombia CGU: $562 million (December 31, 2015: $1,237 million); Other non-Colombian CGU: $74 million (December 31, 2015: $170 million).

The impairments recorded, excluding goodwill, may be reversed, in whole or in part, if and when the recoverable amount of the assets and CGUs increase in future periods.

Total impairment is summarized below:

	Three months ended March 31	
	2016	**2015**
Impairment	$ 666,646	$ 438,009
Impairment of financial assets	252	10,958
Total impairment	$ 666,898	$ 448,967

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

18. Interest-Bearing Loans and Borrowings

	Maturity	Currency	Interest Rate	As at March 31 2016	As at December 31 2015
Senior Notes - 2011	December 12, 2021	USD	7.25%	$ 690,549	$ 690,549
Senior Notes - March 2013	March 28, 2023	USD	5.13%	1,000,000	1,000,000
Senior Notes - November 2013	November 26, 2019	USD	5.38%	1,300,000	1,300,000
Senior Notes - September 2014	January 16, 2025	USD	5.63%	1,113,651	1,113,651
Other debt	Various 2016 to 2018	USD	Various	215,440	273,146
Revolving credit facility	2017	USD	LIBOR + 3.5%	1,000,000	1,000,000
				$ 5,319,640	$ 5,377,346
Current portion				$ 5,319,640	$ 5,377,346
				$ 5,319,640	$ 5,377,346

Senior Notes

The Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and trade on the Euro MTF. Under the terms of the notes, the Company is required to maintain certain covenants, including: (1) an interest coverage ratio of greater than 2.5, and (2) a debt-to-EBITDA ratio of less than 3.5. The covenants do not apply during any period of time when the notes have an investment grade rating from at least two rating agencies. These financial covenants are incurrence covenants which, if breached, would restrict the Company from incurring additional indebtedness, but would not result in an event of default or acceleration of repayment. The Company was compliant with the interest coverage covenant during the period. The Company was in breach of the debt-to-EBITDA covenant during the period.

Other Debts and Revolving Credit Facility

In 2013, the Company borrowed $109 million from Bank of America ("**2013 BOFA Loan**") which carries an interest rate of LIBOR + 1.5% and matures in November 2016, with interest payments due biannually. On February 19, 2016 as settlement for a hedge position with Bank of America, the Company agreed to offset its $33.4 million receivable against the 2013 BOFA loan balance. As a result the March 31, 2016 principal outstanding was $2.9 million (December 31, 2015: $36.3 million).

On April 4, 2014, the Company borrowed $75 million from Banco Latinoamericano de Comercio Exterior ("**Bladex Facility**") which carried an interest rate of LIBOR + 2.70%. On January 8, 2016 and February 3, 2016 the Company repaid $17.2 million and $7.1 million respectively of the principle, at which time the Bladex facility was fully repaid and cancelled (December 31, 2015 $24.2 million).

On April 8, 2014, the Company received $250 million under a working capital facility from HSBC Bank USA ("**HSBC Facility**"). The HSBC Facility carries an interest rate of LIBOR + 2.75%. As at March 31, 2016, the principal amount outstanding was $212.5 million (December 31, 2015: $212.5 million), with $62.5 million contractually due in 2016 and $150 million due in 2017.

The U.S. dollar credit facility ("**Revolving Credit Facility**") is fully committed from a syndicate of lenders to the maturity in 2017 and the Company is required to pay commitment fees of 0.95% on the unutilized portion under the revolving credit facility. As at March 31, 2016, the principal amount outstanding was $1 billion (December 31, 2015: $1 billion).

The credit facilities are subject to certain financial covenants that require the Company to maintain: (1) an interest coverage ratio of greater than 2.5; (2) a debt-to-EBITDA ratio of less than 4.5; and (3) a net worth greater than $1 billion. Net worth is calculated as total assets less total liabilities, excluding those of the excluded subsidiaries, which are Pacific Midstream Ltd. and Pacific Infrastructure Ventures Inc.

Forbearance Agreements and Grace Period election

On January 14, 2016, the Company announced it had elected to utilize the 30-day grace period under the applicable note indentures and not make interest payments on its September 2014 Senior Notes and November 2013 Senior Notes of

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

$66.2 million in the aggregate as they became due on January 19, 2016 and January 26, 2016, respectively. The failure to pay such interest constituted an event of default under the applicable note indentures on February 25, 2016 in respect of the September 2014 Senior Notes and February 18, 2016 in respect of the November 2013 Senior Notes. On February 18, 2016, the Company entered into the Noteholder Extension Agreement with certain holders of these Senior Notes. Under the terms of the Noteholder Extension Agreement, holders of approximately 34% of the aggregate principal amount of outstanding November 2013 Senior Notes and 42% of the aggregate principal amount of outstanding September 2014 Senior Notes have agreed, subject to certain terms and conditions, to forbear from declaring the principal amounts of the Notes (and certain additional amounts) due and payable as a result of certain specified defaults until March 31, 2016.

Furthermore, on February 19, 2016, the Company entered into the Lender Forbearance Agreements in respect of the Revolving Credit Facility and the Bank of America, Bladex, and HSBC credit facilities. Under the terms of the Lender Forbearance Agreements, the lenders pursuant to the credit agreements have also agreed, subject to certain terms and conditions, to forbear from declaring the principal amounts of such credit agreements due and payable as a result of certain specified defaults until March 31, 2016.

On March 24, 2016, the Company announced it had extended these forbearance agreements to April 29, 2016.

On March 21, 2016, the Company announced it had elected to utilize the 30-day grace period under the applicable note indebentures and not make interest payments on its March 2013 Senior notes of $25.6 million in aggregate as they became due on March 28, 2016. The failure to pay such interest did not constitute an event of default under the applicable note indentures.

On April 19, 2016, the Company entered into a comprehensive restructuring plan (Note 2 – "Comprehensive Restructuring Agreement") under which the entire principal outstanding on the Senior notes, the Revolving Credit Facility, and the other credit facilities will be exchanged for new common shares of the reorganized company.

The following table summarizes the main components of finance cost for the period:

	Three months ended March 31	
	2016	**2015**
Interest on Senior Notes	$ 58,458	$ 63,468
Interest on other debt	12,819	10,370
Accretion of asset retirement obligations	2,602	2,715
Interest income	(3,099)	(5,224)
Other	(1,866)	7,529
	$ 68,914	$ 78,858

19. Finance Leases

The Company has entered into two power generation arrangements to supply electricity for three of its oil fields in Colombia until June 2016 and August 2021. In addition, the Company has lease and take-or-pay arrangements for airplanes, IT equipment and a gas facility that are accounted for as finance leases. These finance leases have an average effective interest rate of 14.52% (2015: 14.52%). The Company's minimum lease payments are as follows:

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

	As at March 31 2016	As at December 31 2015
Within 1 year	$ 14,156	$ 17,473
Year 2	6,778	6,787
Year 3	6,778	6,778
Year 4	6,797	6,778
Year 5	6,778	6,797
Thereafter	2,841	4,514
Total minimum lease payments	$ 44,128	$ 49,127
Amounts representing interest	(11,449)	(12,616)
Present value of net minimum lease payments	$ 32,679	$ 36,511
Current portion	$ 10,593	$ 13,559
Non-current portion	22,086	22,952
Total obligations under finance lease	$ 32,679	$ 36,511

For the three months ended March 31, 2016, interest expense of $1.2 million (2015: $1.7 million) was incurred on these finance leases.

20. Asset Retirement Obligation

The Company makes full provision for the future cost of decommissioning oil production facilities on a discounted basis on the installation of those facilities.

	Note	Amount
As at December 31, 2015		$ 210,597
Accretion expense		2,602
Uses		(523)
Changes during the year	11,12	12,172
Foreign exchange	11,12	7,941
As at March 31, 2016		$ 232,789
Current portion		$ 3,594
Non-current portion		229,195
		$ 232,789

The asset retirement obligation represents the present value of decommissioning costs relating to oil and gas properties, of which up to $340 million is expected to be incurred (December 31, 2015: $307 million). Cash flows are expected to occur in a variety of countries and currencies, and the discount rates and inflation rates are chosen in association with the currencies in which the liabilities are expected to be settled. The future decommissioning costs are discounted using the risk-free rate between 3.18% and 4.34% and an inflation rate of 1.1% for cash flows expected to be settled in U.S. dollars, and a risk-free rate between 6.51% and 10.04% and an inflation rate between 3% and 4% for cash flows expected to be settled in Colombian pesos (December 31, 2015: U.S. dollars risk-free rate between 3.52% and 4.97% with inflation of 0.6%; Colombian pesos risk-free rate between 6.01% and 10.2% with inflation rate between 3% and 5.2%) to arrive at the present value. Assumptions, based on the current economic environment, have been made that management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend on future market prices for the necessary decommissioning expenditures, which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend on future oil and gas prices, which are inherently uncertain.

21. Contingencies and Commitments

A summary of the Company’s commitments, undiscounted and by calendar year, is presented below:

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

As at March 31, 2016	2016	2017	2018	2019	2020	Subsequent to 2021	Total
ODL Take-or-Pay Agreement	$ 38,503	$ 26,415	$ 25,181	$ 23,946	$ 11,426	$ -	$ 125,471
Minimum work commitments	30,133	120,125	55,295	8,500	46,609	8,500	269,162
Bicentenario Take-or-Pay Agreement	118,572	157,423	157,423	157,423	157,827	721,555	1,470,223
Operating purchase and leases	204,786	60,756	56,917	56,056	55,590	41,777	475,882
Transportation and processing commitments	27,138	119,574	114,519	114,519	114,519	518,192	1,008,461
Purchase Genser Power	7,266	-	-	-	-	-	7,266
Community obligations	8,571	-	-	-	-	-	8,571
Total	$ 434,969	$ 484,293	$ 409,335	$ 360,444	$ 385,971	$ 1,290,024	$ 3,365,036

The Company has various guarantees in place in the normal course of business. As at March 31, 2016, the Company had issued letters of credit and guarantees for exploration and operational commitments for a total of $199 million (December 31, 2015: $272 million).

The Company has an assignment agreement with Transporte Incorporado S.A.S. ("**Transporte Incorporado**"), a Colombian company owned by an unrelated international private equity fund. Transporte Incorporado owns a 5% equity interest and capacity right in the OCENSA pipeline in Colombia. Under the assignment agreement, the Company is entitled to use Transporte Incorporado's capacity to transport crude oil through the OCENSA pipeline for a set monthly premium until 2024. Pursuant to the assignment agreement, the Company is required for the duration of the agreement to maintain a minimum credit rating of Ba3 (Moody's), which was breached in September and December 2015 and January 2016 when Moody's downgraded the Company's credit rating to B3, Caa3 and C respectively. As a result of the downgrade and in accordance with the assignment agreement, upon giving notice to the Company, Transporte Incorporado would have the right to early-terminate the assignment agreement and the Company would be required to pay an amount determined in accordance with the agreement, estimated at $129 million. The Company has not received such notice from Transporte Incorporado, and on January 6, 2016, the Company received a waiver from Transporte Incorporado of its right to early-terminate for a period of 45 days until February 15, 2016, which was further extended several times to June 4, 2016. The Company continues to pay monthly premiums and is currently in negotiation with Transporte Incorporado regarding the terms of the agreement and the minimum credit rating requirement. No provision has been recognized as of March 31, 2016 relating to the breach of the credit rating requirement.

In Colombia, the Company is participating in a project to expand the OCENSA pipeline, which is expected to be completed and commence operation in 2016. As part of the expansion project, the Company, through its subsidiaries Meta Petroleum and Petrominerales Colombia, entered into separate crude oil transport agreements with OCENSA for future transport capacity. The Company will start paying ship-or-pay fees once the expansion project is complete and operational. As part of the transport agreements, the Company is required to maintain minimum credit ratings of BB- (Fitch) and Ba3 (Moody's). This covenant was breached in September and December 2015 and January 2016 when Moody's downgraded the Company's credit rating to B3, Caa3 and C respectively. As a result of the downgrades and pursuant to the transport agreements, upon giving notice to the Company, OCENSA has the right to require the Company to provide a letter of credit or proof of sufficient equity or working capital within a cure period of 60 days starting from the day on which notice is received by the Company. On November 5, 2015, the Company received a waiver from OCENSA of its rights to receive a letter of credit which will expire once the project is complete and operational. No provision has been recognized as of March 31, 2016 relating to the breach of the credit rating requirement.

Contingencies

The Company is involved in various claims and litigation arising in the normal course of business. Since the outcome of these matters is uncertain, there can be no assurance that such matters will be resolved in the Company's favour. The Company does not currently believe that the outcome of adverse decisions in any pending or threatened proceedings related to these and other matters or any amount which it may be required to pay by reason thereof would have a material impact on its financial position, results of operations or cash flows.

Tax Review in Colombia

The Company currently has a number of tax filings under review by the Colombian tax authority ("**DIAN**").

The DIAN has officially reassessed several value-added tax ("**IVA**") declarations on the basis that the volume of oil produced and used for internal consumption at certain fields in Colombia should have been subject to IVA. For the three months ended March 31, 2016, the amounts reassessed, including interest and penalties, is estimated at $63.4 million, of which the Company estimates that $23 million should be assumed by companies that share interests in these contracts. The Company disagrees with the DIAN's reassessment and official appeals have been initiated.

On February 24, 2016, the DIAN released a general ruling to a third party, which concluded that the internal consumption of oil produced does not create an IVA obligation. The Company expects the current dispute regarding IVA to be resolved in its favour, and as such no provision has been recognized in the interim condensed consolidated financial statement.

The Company continues to utilize oil produced for internal consumption, which is an accepted practice for the oil industry in Colombia.

The DIAN is also reviewing certain income tax deductions with respect to the special tax benefit for qualifying petroleum assets as well as other exploration expenditures. As at March 31, 2016, the DIAN has reassessed $60 million of tax owing, including estimated interest and penalties, with respect to the denied deductions.

As at March 31, 2016, the Company believes that the disagreements with the DIAN related to the denied income tax deductions will be resolved in favour of the Company. No provision with respect to income tax deductions under dispute has been recognized in the interim condensed consolidated financial statements.

High-Price Royalty in Colombia

The Company has certain exploration contracts acquired through business acquisitions where there existed outstanding disagreements with the Agencia Nacional de Hidrocarburos (National Hydrocarbon Agency or "**ANH**" of Colombia) relating to the interpretation of the high-price participation clause. These contracts require high-price participation payments to be paid to the ANH once an exploitation area within a contracted area has cumulatively produced five million or more barrels of oil. The disagreement is around whether the exploitation areas under these contracts should be determined individually or combined with other exploration areas within the same contracted area, for the purpose of determining the five million barrel threshold. The ANH has interpreted that the high-price participation should be calculated on a combined basis.

The Company disagrees with the ANH's interpretation and asserts that in accordance with the exploration contracts, the five million barrel threshold should be applied on each of the exploitation areas within a contracted area. The Company has several contracts that are subject to ANH high-price participation. One of these contracts is the Corcel Block, which was acquired as part of the Petrominerales acquisition and which is the only one for which an arbitration process has been initiated. However, the arbitration process for Corcel was under suspension at the time the Company acquired Petrominerales. As at March 31, 2016, the amount under arbitration is approximately $194 million plus related interest of $39 million. The Company also disagrees with the interest rate that the ANH has used in calculating the interest cost. The Company asserts that since the high-price participation is denominated in the U.S. dollar, the contract requires the interest rate to be three-month LIBOR + 4%, whereas the ANH has applied the highest legally authorized interest rate on Colombian peso liabilities, which is over 20%. An amount under discussion with the ANH for another contract is approximately $99 million plus interest.

The Company and the ANH are currently in discussion to further understand the differences in interpretation of these exploration contracts. The Company believes that it has a strong position with respect to the high-price participation based on legal interpretation of the contracts and technical data available. However, in accordance with IFRS 3, to account for business acquisitions the Company is required to and has recorded a liability for such contingencies as of the date of acquisition, even though the Company believes the disagreement will be resolved in favour of the Company. The Company does not disclose the amount recognized as required by paragraphs 84 and 85 of IAS 37, on the grounds that this would be prejudicial to the outcome of the dispute resolution.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

22. Issued Capital

a) Authorized, Issued and Fully Paid Common Shares

The Company has an unlimited number of common shares with no par value.

The continuity schedule of share capital is as follows:

	Number of Shares	Amount
As at December 31, 2015 and March 31, 2016	315,021,198	$ 2,615,788

b) Stock Options

The Company has established a "rolling" Stock Option Plan (the "**Plan**") in compliance with the applicable TSX policy for granting stock options. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares. The exercise price of each option shall not be less than the market price (as defined under the TSX Company Manual) of the Company's stock at the date of grant.

A summary of the changes in stock options is presented below:

	Number of options outstanding	Weighted average exercise price (C$)
As at December 31, 2015	16,521,117	23.76
Cancelled during the period	(3,999,750)	26.28
As at March 31, 2016	12,521,367	22.95

The following table summarizes information about the stock options outstanding and exercisable as of March 31, 2016:

Outstanding & exercisable	Exercise price (C$)	Expiry date	Remaining contractual life (years)
116,667	6.30	July 10, 2017	1.28
53,000	28.01	May 3, 2016	0.09
12,000	25.59	May 26, 2016	0.15
160,000	22.05	September 27, 2016	0.49
2,500	24.68	October 24, 2016	0.57
5,166,700	22.75	January 18, 2017	0.80
69,000	29.10	March 30, 2017	1.00
6,112,000	23.26	January 28, 2018	1.83
704,500	24.32	February 8, 2018	1.86
125,000	19.21	November 15, 2018	2.63
12,521,367	22.95		1.38

c) Deferred Share Units

The Company established the Deferred Share Unit Plan (the "**DSU Plan**") for its non-employee directors in 2012 and for its employees in July 2014. Each DSU represents the right to receive a cash payment on retirement or termination equal to the volume-weighted average market price of the Company's shares at the time of surrender. Cash dividends paid by the Company are credited as additional DSUs. The fair value of the DSUs granted and the changes in their fair value during the period were recognized as share-based compensation on the Interim Condensed Consolidated Statement of Loss with a corresponding amount recorded in accounts payable and accrued liabilities on the Interim Condensed Consolidated Statement of Financial Position.

The following table summarizes information about the DSUs outstanding:

	Number of DSUs outstanding	Amount
As at December 31, 2015	6,880,425	$ 8,500
Fair value adjustment for the period	-	(4,097)
Granted during the period	1,883,321	1,224
Settled during the period	(107,278)	(95)
Foreign exchange translation	-	(236)
As at March 31, 2016	8,656,468	$ 5,296

The March 31, 2016 liability is based on an estimated fair value of $0.64 (December 31, 2015: $1.71) per DSU using the Company's closing share price in U.S. dollars.

For the three months ended March 31, 2016, a $3.2 million of gain (2015: $1.05 million loss) was recorded as share-based compensation expenses with respect to DSUs granted during the period and the change in fair value.

23. Related-Party Transactions

The following sets out the details of the Company's related-party transactions:

a) During the three months ended March 31, 2016, the Company received cash of $12 million in accordance with its joint operations obligation associated with its 49% interest in Block Z-1 in Peru. In addition, the Company had accounts receivable of $1 million under the joint operation agreement from Alfa SAB de CV ("**Alfa**") who owns a 51% working capital interest in Block Z-1 and also holds 19.2% of the issued and outstanding capital of the Company.

b) In October 2012, the Company and Ecopetrol signed two Build, Own, Manage, and Transfer ("**BOMT**") agreements with Consorcio Genser Power-Proelectrica and its subsidiaries ("**Genser-Proelectrica**") to acquire certain power generation assets for the Rubiales field. Genser-Proelectrica is a joint venture between Proelectrica, in which the Company has a 24.9% indirect interest and Genser Power Inc. ("**Genser**") which is 51% owned by Pacific Power. On March 1, 2013, these contracts were assigned to TermoMorichal SAS ("**TermoMorichal**"), the company created to perform the agreements, in which Pacific Power has a 51% indirect interest. Total commitment under the BOMT agreements is $229.7 million over ten years. In April 2013, the Company and Ecopetrol entered into another agreement with Genser-Proelectrica to acquire additional assets for a total commitment of $57 million over ten years. At the end of the Rubiales Association Contract in 2016, the Company's obligations along with the power generation assets will be transferred to Ecopetrol. During the three months ended March 31, 2016, those assets were under construction and the Company paid $Nil (2015: $7.1 million) under the Rubiales Association Contract. As at March 31, 2016, the Company had an advance of $Nil (December 2015: $3.3 million).

   The Company had accounts payable of $3.4 million (December 2015: $3.6 million) due to Genser-Proelectrica as at March 31, 2016. In addition, on May 5, 2014, a subsidiary of the Company provided a guarantee in favour of XM Compañia de Expertos en Mercados S.A. on behalf of Proelectrica guaranteeing obligations pursuant to an energy supply agreement in the aggregate amount of approximately $16.7 million. In December 2014, the Company entered into a new contract with Genser related to the operation and maintenance of the power generation facility located in the Sabanero field.

   In October 2013, the Company entered into connection agreements and energy supply agreements with Proelectrica for the supply of power to the oil fields in the Llanos basin. The connection agreements authorize Meta Petroleum Corp. and Agro Cascada S.A.S. to use the connection assets of Petroelectrica for power supply at the Quifa and Rubiales fields. The agreement commenced on November 1, 2013 and will operate for 13 years. During the three months ended March 31, 2016 the Company made payments of $6.1 million (2015: $13 million) under this agreement.

   The Company has entered into several take-or-pay agreements as well as interruptible gas sales and transport agreements to supply gas from the La Creciente natural gas field to Proelectrica's gas-fired plant. During the three months ended March 31, 2016, the Company recorded revenues of $5.9 million (2015: $0.7 million) from such agreements. As at March 31, 2016, the Company had trade accounts receivable of $6 million (December 2015: $12.3 million) from Proelectrica.

   Under the energy supply agreements, Proelectrica provides electricity to the Company for power supply at the Quifa and Rubiales fields, with payments to be calculated monthly on a demand-and-deliver basis. The term of the agreement is until December 31, 2026. The aggregate estimated energy supply agreement is for 1.5 million kilowatts.

c) As at March 31, 2016, the Company had trade accounts receivable of $6 million (December 31, 2015: $12.3 million) from Proelectrica, in which the Company has a 21.1% indirect interest and which is 5% owned by Blue Pacific Assets Corp. ("**Blue Pacific**"). Two directors, one executive officer and one director until August 14, 2015 of the Company, control or provide investment advice to the holders of 88% of shares of Blue Pacific. The Company and Blue Pacific's indirect interests are held through Pacific Power. Revenue from Proelectrica in the normal course of the Company's business was $5.9 million for the three months ended March 31, 2016 (2015: $0.7 million).

d) As at March 31, 2016, loans receivable from related parties in the aggregate amount of $0.5 million (December 31, 2015: $0.5 million) are due from one executive director and seven officers of the Company. The loans are non-interest bearing and payable in equal monthly payments over a 48-month term.

   In August 2015, the Company agreed to pay $8.3 million in severance to one of its officers, who retired from the Company on August 14, 2015, which included $5.5 million in cash paid during 2015, $1.4 million paid in three months ended March 31, 2016 and $1.4 million payable in June 2016. In addition, the departing officer's DSU entitlement was paid in kind with the Company's shares held in treasury on a one-to-one basis for a total of approximately 1.3 million common shares. Also during 2015, the Company made payments in kind of approximately 0.5 million common shares to three departing directors as settlement for DSU entitlements.

e) The Company has take-or-pay contracts with ODL for the transportation of crude oil from the Rubiales field to Colombia's oil transportation system for a total commitment of $125 million from 2016 to 2020. During the three months ended March 31 2016, the Company paid $29.6 million to ODL (2015: $34.4 million) for crude oil transport services under the pipeline take-or-pay agreement, and had accounts payable of $10 million (December 31, 2015: $13.1 million). In addition, the Company received $0.1 million from ODL during the three months ended March 31, 2016 (2015: $0.4 million) with respect to certain administrative services and rental equipment and machinery. The Company accounts receivable from ODL as at March 31, 2016 of $0.1 million (December 31, 2015: $0.1 million). The Company has an approximately 22% indirect interest in ODL.

f) The Company has ship-or-pay contracts with Bicentenario for the transportation of crude oil from the Rubiales field to Colombia's oil transportation system for a total commitment of $1.5 billion from 2016 to 2025. The Bicentenario pipeline has experienced periodic suspensions following security-related disruptions. During the three months ended March 31, 2016, the Company paid $50.3 million to Oleoducto Bicentenario de Colombia S.A.S. (2015: $27.9 million), a pipeline company in which the Company has a 27.9% interest, for crude oil transport services under the pipeline ship-or-pay agreement. As at March 31, 2016, the balance of loans outstanding to Bicentenario was $Nil (December 31, 2015: $Nil). Interest income of $Nil was recognized during the three months ended March 31, 2016 (2015: $0.6 million). Interest of $Nil was paid on the loans during the three months ended March 31, 2016 (2015: $1.3 million, and capital of $Nil was paid on the loans in the three months ended in March 31, 2016 (2015: $17.2 million). The Company has advanced $87.9 million as at March 31, 2016 (2015: $87.9 million) to Bicentenario as a prepayment of transport tariff, which is amortized against the barrels transported. As at March 31, 2016 the Company had trade accounts receivable of $13.5 million (December 31, 2015: $0.4 million) as a short-term advance.

g) The Company has established two charitable foundations in Colombia: the Pacific Rubiales Foundation and the Foundation for Social Development of Energy Available ("**FUDES**"). Both foundations have the objective of advancing social and community development projects in the country. During the three months ended March 31, 2016, the Company contributed $3.6 million to these foundations (2015: $2.5 million). At as March 31, 2016, the Company had accounts receivable (advances) of $0.9 million (December 31, 2015: $0.4 million) and accounts payable of $0.5 million (December 31, 2015: $3.2 million). Three of the Company's directors and an officer of the Company sit on the board of directors of the Pacific Rubiales Foundation.

h) At as March 31, 2016, the Company had demand loans receivable from PII in the amount of $72.4 million (December 31, 2014: $72.4 million). The loans are guaranteed by PII's pipeline project and bear interest that ranges from LIBOR + 2% to 7% per annum. The Company owns 41.79% of PII. Interest income of $1.3 million was recognized during the three months ended March 31, 2016 (2015: $1.2 million) regarding to the loan. In addition, during the three months ended March 31, 2016, the Company received $2.1 million (2015: $Nil) from PII with respect to contract fees for advisory services and technical assistance in pipeline construction of "Oleoducto del Caribe". In addition, as at March 31, 2016, the Company had accounts receivable of $2.4 million (December 31, 2015: $0.5 million) from Pacific Infrastructure Ventures Inc., a branch of PII. As at March 31, 2016 the Company had accounts payable of $0.7 million to PII (December 31, 2015: $0.5 million).

In December 2012, the Company entered into a take-or-pay agreement with Sociedad Puerto Bahia S.A., a company that is wholly owned by PII. Pursuant to the terms of the agreement, Sociedad Puerto Bahia S.A. will provide for the storage, transfer, loading and unloading of hydrocarbons at its port facilities. The contract term commenced in 2014 and will continue for seven years, renewable in one-year increments thereafter. These agreements may indirectly benefit Blue Pacific and other unrelated minority shareholders of PII.

i) In October 2012, the Company entered into an agreement with CRC, Blue Advanced Colloidal Fuels Corp. ("**Blue ACF**"), Alpha Ventures Finance Inc. ("**AVF**"), and an unrelated party whereby the Company acquired from CRC the right to a 5% equity interest in Blue ACF for a cash consideration of $5 million. Blue ACF is a company engaged in developing colloidal fuels; its majority shareholder is AVF, which is controlled by Blue Pacific. As part of the purchase, CRC also assigned to the Company the right to acquire up to an additional 5% equity interest in Blue ACF for an additional investment of up to $5 million. The Company currently has an 8.49% equity interest in CRC. In addition, the Company has an indirect equity interest of 8.61% in CRC through its 21.1% ownership of Pacific Power, which in turn has a 40.86% equity interest in CRC. A director of the Company, is the Executive Chairman of CRC.

j) The Company has a lease agreement for an office in Caracas, Venezuela for approximately $6 thousand per month. The office space is 50% owned by a family member of an executive officer of the Company.

k) On February 29, 2016, the Company agreed to provide CGX with a bridge loan of up to $2 million at an interest rate of 2% per annum and payable within 12 months of the first draw down. As at March 31, 2016, the amount CGX had drawn down from the bridge loan was $Nil.

In October 2014, the Company extended a bridge loan to CGX of $7.5 million Canadian dollars with an interest rate of 5%, as at March 31, 2016 the full amount is still outstanding. In November 2015, CGX issued convertible debentures to the Company in an amount of $1.5 million with a conversion price of $0.335 Canadian dollars, as at March 31, 2016 the Company has not converted the debentures.

24. Financial Assets and Liabilities

Overview of Risk Management

The Company explores, develops and produces oil and gas and enters into contracts to sell its oil and gas production and to manage its market risk associated with commodity markets, notably its exposure to crude oil pricing. The Company also enters into supply agreements and purchases goods and services denominated in non-functional currencies such as Colombian pesos for its Colombia-based activities. These activities expose the Company to market risk from changes in commodity prices, foreign exchange rates, interest rates, and credit and liquidity risks that affect the Company's earnings and the value of associated financial instruments it holds.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge its risk exposures. The Company's strategy, policies and controls are designed to ensure that the risks it assumes comply with the Company's internal objectives and its risk tolerance. It is the Company's policy that no speculative trading in derivatives be undertaken.

When possible and cost effective, the Company applies hedge accounting. Hedging does not guard against all risks and is not always effective. The Company could recognize financial losses as a result of volatility in the market values of these contracts.

Risks Associated with Financial Assets and Liabilities

a) Market Risks

Commodity Price Risk

Commodity price risk is the risk that the cash flows and operations of the Company will fluctuate as a result of changes in commodity prices associated with crude oil pricing. Significant changes in commodity prices can also impact the Company's ability to raise capital or obtain additional debt financing. Commodity prices for crude oil are affected by world economic events that dictate the levels of supply and demand. While the Company does not engage in speculative financial instrument trading, it may enter into various hedging strategies such as costless collars, swaps, and forwards to minimize its commodity price risk exposure to crude oil pricing.

Foreign Currency Risk

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As the Company operates primarily in Colombia, fluctuations in the exchange rate between the Colombian peso and the U.S. dollar can have a significant effect on the Company's reported results.

To mitigate the exposure to the fluctuating COP/US.$ exchange rate associated with operating and general and administrative expenses incurred in COP, the Company may enter into various hedging strategies such as currency costless collars, swaps and forwards. In addition, the Company may also enter into currency derivatives to manage the foreign exchange risk on financial assets that are denominated in the Canadian dollar.

The Company's foreign exchange gain/loss primarily includes unrealized foreign exchange gains and losses on the translation of COP-denominated risk management assets and liabilities held in Colombia.

Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding variable-rate revolving credit borrowings due to fluctuations in market interest rates. The Company monitors its exposure to interest rates on an ongoing basis.

Sensitivity Analysis on Market Risks

The details below summarize the sensitivities of the Company's risk management positions to fluctuations in the underlying benchmark prices, with all other variables held constant. Fluctuations in the underlying benchmarks could have resulted in unrealized gains or losses affecting pre-tax net earnings as follows:

- A $1 change in the crude oil price would have resulted in a $10 million change in revenue as at March 31, 2016 (2015: $15 million);
- A 10% change in the COP/USD exchange rate would have resulted in a $0.3 million change in foreign exchange gain/loss as at March 31, 2016 (2015: $4 million); and
- A 1% (100 basis points) change in the interest rate would increase or decrease interest expense by $3.4 million (2015: $2.5 million).

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

b) Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligations in accordance with agreed terms. The Company actively limits the total exposure to individual client counterparties and holds a trade credit insurance policy for indemnification for losses from non-collection of trade receivables.

	As at March 31 2016	As at December 31 2015
Trade receivable	$ 90,872	$ 173,777
Advances / deposits	34,149	26,853
Recoverable VAT and withholding tax	47,923	57,845
Other receivables	119,238	182,384
Receivable from joint arrangements	104,283	101,413
Allowance for doubtful accounts	(24,264)	(24,275)
	$ 372,201	$ 517,997
Long-term recoverable VAT (non-current, Note 16)	75,168	64,958
	$ 447,369	$ 582,955

As at March 31, 2016, three of the Company's customers had accounts receivable that were greater than 10% of the total trade accounts receivable. The Company's credit exposure to these customers was $15.9 million, $15.7 million, $13.5 million or 18%, 17%,15% of trade accounts receivable respectively (March 31, 2015: four customers at $50.4 million, $50.4 million, $29.1 million and $24.1 million or 21%, 21%, 12% and 10% of trade accounts receivable). Revenues from these customers for 2016 were $28 million, $Nil and $27 million, or 6%, 0% and 6% of revenue (2015: $145 million, $131 million, $28 million and $24 million or 18%, 16%, 3% and 3% of revenue) respectively.

The majority of the recoverable VAT and withholding tax is due to the Colombian and Peruvian tax authorities.

The majority of the receivables from joint arrangements is due from Ecopetrol.

Included in other receivables are loans receivable from PII $72.4 million (December 2015: $72.4 million). The demand loan receivable from PII is guaranteed by PII's pipeline project and bears interest that ranges from LIBOR + 2% to 7% per annum and interest income of $1.3 million was recognized during the three months ended March 31, 2016 (2015: $1.2 million).

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except for the loan with PII.

QV Trading Litigation

The Company is in the process of commencing legal proceedings against an unrelated customer, QV Trading LLC, in respect of an overdue accounts receivable in the amount of approximately $16 million for the sale of oil in August 2015.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's process for managing liquidity risk includes ensuring, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due. The Company prepares annual capital expenditure budgets that are monitored and updated as required. In addition, the Company requires authorizations for expenditures on projects to assist with the management of capital. As at March 31, 2016, the Company had available $Nil of revolving credit.

In February 2016, the Company entered into a forbearance agreement with the counter parties of its debt obligations that may result in the entire debt balance becoming due as at March 31, 2016; refer to Note 18 for further details.

Notwithstanding the above paragraph, the following are the contractual maturities of non-derivative financial liabilities (based on calendar year and undiscounted):

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Financial liability due in	Note	2016	2017	2018	2019	2020	Subsequent to 2021	Total
Accounts payable and accrued liabilities		$ 963,433	$ -	$ -	$ -	$ -	$ -	$ 963,433
Long-term debt	18	65,443	1,150,000	-	1,300,000	-	2,804,197	5,319,640
Obligations under finance lease	19	12,476	6,788	6,778	6,778	6,796	4,512	44,128
Total		$ 1,041,352	$ 1,156,788	$ 6,778	$ 1,306,778	$ 6,796	$ 2,808,709	$ 6,327,201

Accounts payables and accrued liabilities consisted of the following as at March 31, 2016 and December 31, 2015:

	As at March 31 2016	As at December 31 2015
Trade and other payables	$ 186,127	$ 250,624
Accrued liabilities	416,267	602,907
Payables - JV partners	11,525	11,076
Advances, warranties, and deposits	81,029	91,982
Withholding tax and provisions	239,282	260,302
Equity tax	29,203	-
	$ 963,433	$ 1,216,891

d) Hedge Accounting and Risk Management Contracts

The terms and conditions of the hedging instruments and expected settlement periods are as follows for instruments outstanding as at:

March 31, 2016

As at December 31, 2015 it was determined that the derivatives subject to hedge accounting no longer met the requirement of highly probable, therefore hedge accounting for these instruments has been discontinued. The amount previously accumulated within equity as a cash flow hedge and time value reserve will be reclassified into net income (loss) as the original hedged transactions occur which are expected to occur between January and June 2016.

During the three months ended March 31, 2016, all of the Company’s outstanding oil price derivate contracts were early terminated and a $161 million settlement was recognized, which included $128.2 million in cash received and a $33.4 million reduction to the principle outstanding under the 2013 BOFA Loan (Note 18). The amount previously accumulated within equity as a cash flow hedge and time value reserve will be reclassified into net income (loss) as the original hedged transactions was contracted to occur which will occur between April and June 2016.

December 31, 2015

Type of Instrument	Term	Notional Amount / Volume (bbl)	Floor/ Ceiling or strike price	Benchmark	Carrying amount Assets	Carrying amount Liabilities
Previously Subject to Hedge Accounting:						
Zero-cost collars	January to June 2016	600,000	60-66	WTI	12,244	(3)
Total subject to hedge accounting					$ 12,244	$ (3)
Not Subject to Hedge Accounting:						
Commodities Price Risk						
Zero-cost collars	April to December 2016	1,800,000	48 / 68	WTI	15,360	-
Zero-cost collars	January to December 2016	1,500,000	48.60 - 56 / 58.75 -73.45	BRENT	77,867	(53,061)
(counterparty option)						
Extendable	Various 2016	1,650,000	57-59.30 / 62-64.30	BRENT	32,728	(1)
Extendable Swap	January to March 2016	2,100,000	55.20 - 55.30	BRENT	34,584	(1)
Total not subject to hedge accounting					$ 160,539	$ (53,063)
Total December 31, 2015					$ 172,783	$ (53,066)

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Impact of Hedging Relationship

The Company excludes changes in fair value relating to the option time value from ineffectiveness assessments and records these amounts in other comprehensive income, as a cost of hedging.

For the three months ended March 31, 2016:

	Change in the value of the hedging instrument recognized in OCI gain/(loss)	Hedge ineffectiveness recognized in profit or loss gain/(loss)	Line item in profit or loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to profit or loss gain/(loss)	Line item affected in profit or loss because of the reclassification
Commodities Price Risk					
Zero-cost collars	-	-	Risk management gain (loss)	6,073	Revenue
	$ -	$ -		$ 6,073	

For the three months ended March 31, 2015:

	Change in the value of the hedging instrument recognized in OCI gain/(loss)	Hedge ineffectiveness recognized in profit or loss gain/(loss)	Line item in profit or loss (that includes hedge ineffectiveness)	Amount reclassified from the cash flow hedge reserve to profit or loss gain/(loss)	Line item affected in profit or loss because of the reclassification
Foreign exchange risk					
Zero-cost collars	$ (18,908)	$ 6,857	Foreign exchange gain (loss)	$ (13,483)	Production and operating costs
Commodities Price Risk					
Zero-cost collars	29,299	(1,007)	Risk management gain (loss)	50,745	Revenue
	$ 10,391	$ 5,850		$ 37,262	

For the three months ended March 31, 2016, the Company recorded ineffectiveness on foreign currency risk management contracts of $Nil (2015: gain of $6.9 million).

For the three months ended March 31, 2016, the Company recorded ineffectiveness on commodity price risk management contracts of $Nil (2015: gain of $1 million).

Instruments Not Subject to Hedge Accounting

As part of the Company's risk management strategy, derivative financial instruments are used to manage exposure to risks in addition to those designated for hedge accounting. As these instruments have not been designated as hedges, the change in fair value is recorded in profit or loss as risk management gain or loss.

For the three months ended March 31, 2016, the Company recorded risk management losses of $107 million on commodity price risk management contracts in net losses (2015: gain of $0.9 million). In addition during the three months ended March 31, 2016, the Company recognized gains in revenue of $148 million related to these instruments, which were settled (2015: gain of $14 million).

For the three months ended March 31, 2016, the Company did not record risk management gains or losses on foreign currency risk management contracts in net losses (2015: gain of $13.7 million, included $35.3 million of unrealized gain) representing the change in fair value. In addition, during the three months ended March 31, 2016, the Company did not recognize realized gains or losses in foreign exchange, which were settled (2015: $21.5 million realized gain).

e) Fair Value

The Company's financial instruments are cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, risk management assets and liabilities, bank debt, finance lease obligations, debentures and equity investments on the statement of financial position. The carrying value and fair value of these financial instruments are disclosed below by financial instrument category.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

	Note	As at March 31, 2016 Carrying value	As at March 31, 2016 Fair value	As at December 31, 2015 Carrying value	As at December 31, 2015 Fair value
Financial Assets					
Financial assets measured at amortized cost					
Cash and cash equivalents		$ 205,874	$ 205,874	$ 342,660	$ 342,660
Restricted cash		61,113	61,113	35,922	35,922
Accounts receivable[1]	24b, 16	447,369	447,369	582,955	582,955
Long-term receivables	16	61,928	61,928	60,469	60,469
		776,284	776,284	1,022,006	1,022,006
Financial assets mandatorily measured at fair value through profit or loss (FVTPL)					
Held-for-trading derivatives that are not designated in hedge accounting relationships	24d	-	-	160,539	160,539
		-	-	160,539	160,539
Financial assets designated as measured at fair value through other comprehensive income (FVTOCI)					
Investments in equity instruments	16	1,153	1,153	1,125	1,125
		1,153	1,153	1,125	1,125
Derivative instruments in designated hedge accounting relationships	24d	-	-	12,244	12,244
		-	-	12,244	12,244
		$ 777,437	$ 777,437	$ 1,195,914	$ 1,195,914
Financial Liabilities					
Financial liabilities measured at amortized cost					
Accounts payable and accrued liabilities	24c	$ (963,433)	$ (963,433)	$ (1,216,891)	$ (1,216,891)
Long-term debt	18	(1,215,440)	(224,568)	(1,273,146)	(248,745)
Senior Notes [2]	18	(4,104,200)	(758,302)	(4,104,200)	(801,870)
Obligations under finance lease	19	(32,679)	(41,172)	(36,511)	(46,000)
		(6,315,752)	(1,987,475)	(6,630,748)	(2,313,506)
Financial liabilities measured at fair value through profit or loss (FVTPL)					
Held-for-trading derivatives that are not designated in hedge accounting relationships	24d	-	-	(53,063)	(53,063)
		-	-	(53,063)	(53,063)
Derivative instruments in designated hedge accounting relationships	24d	-	-	(3)	(3)
		-	-	(3)	(3)
		$ (6,315,752)	$ (1,987,475)	$ (6,683,814)	$ (2,366,572)

(1) Includes long-term VAT.

(2) Total fair value of the various Senior Notes is estimated using their last traded prices as at March 31, 2016.

When drawn, bank debt bears interest at a floating rate; accordingly, the fair value approximates the carrying value.

Due to the short-term nature of cash and cash equivalents, accounts receivable and other current assets and accounts payable and accrued liabilities, their carrying values approximate their fair values.

The following table summarizes the Company’s financial instruments that are carried or disclosed at fair value in accordance with the classification of fair value input hierarchy in IFRS 7 *Financial Instruments - Disclosures*.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

As at March 31, 2016:

	Quoted prices in active markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments	$ -	$ -	$ 1,153	$ 1,153
Other Assets				
Long-term receivables	$ -	$ 61,928	$ -	$ 61,928
Other liabilities				
Long-term debt	$ -	$ (224,568)	$ -	$ (224,568)
Senior notes	(758,302)	-	-	(758,302)
Obligations under finance lease	-	(41,172)	-	(41,172)

As at December 31, 2015:

	Quoted prices in active markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Financial assets at Fair Value				
Held-for-trading derivatives that are not designated in hedge accounting relationships	$ -	$ 160,539	$ -	$ 160,539
Derivative instruments in designated hedge accounting relationships	-	12,244	-	12,244
Financial assets at FVTOCI				
Investments in equity instruments	$ -	$ -	$ 1,125	$ 1,125
Other Assets				
Long-term receivables	$ -	$ 60,469	$ -	$ 60,469
Financial liabilities at Fair Value				
Held-for-trading derivatives that are not designated in hedge accounting relationships	$ -	$ (53,063)	$ -	$ (53,063)
Derivative instruments in designated hedge accounting relationships	-	(3)	-	(3)
Other liabilities				
Long-term debt	$ -	$ (248,745)	$ -	$ (248,745)
Senior notes	(801,870)	-	-	(801,870)
Obligations under finance lease	-	(46,000)	-	(46,000)

The Company uses Level 1 inputs, specifically the last quoted price of the traded investments, to measure the fair value of its financial assets at FVTOCI.

The Company uses Level 2 inputs to measure the fair value of its risk management contracts. The fair values of these contracts are estimated using internal discounted cash flows based on forward prices and quotes obtained from counterparties to the contracts, taking into account the creditworthiness of those counterparties or the Company's credit rating when applicable.

The Company uses Level 3 inputs to measure the fair value of certain investments that do not have an active market.

Valuation Techniques

Foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies, as well as the currency basis spreads between the respective currencies. The credit risks associated with the counterparties and the Company are estimated based on observable benchmark risk spreads.

(Unaudited, U.S.$ thousands, except share and per share amounts or unless otherwise stated)

Commodity risk management contracts are measured at observable spot and forward crude oil prices.

Investment in unquoted ordinary shares that have no observable market data are valued at cost.

25. Supplemental Disclosure on Cash Flows

Changes in non-cash working capital are as follows:

	Three months ended March 31	
	2016	**2015**
Decrease (increase) in accounts receivable	$ 149,655	$ (51,412)
Decrease (increase) in income taxes receivable	45,692	(21,646)
Decrease in accounts payable and accrued liabilities	(295,194)	(289,891)
Increase in inventories	(5,536)	(2,559)
Increase in income taxes payable	915	100,132
Decrease (increase) in prepaid expenses	640	(5,627)
	$ (103,828)	$ (271,003)

26. Subsequent Events

- Subsequent to March 31, 2016, the Company with the support certain holders of its Senior notes and lenders under its credit facilities entered into financial restructuring agreement with Catalyst on April 19, 2016. The restructuring agreement will be implemented by way of an arrangement pursuant to the Initial order obtained on April 27, 2016 from the Superior Court of Justice Ontario under the Companies Creditors Arrangement Act.`

- On May 3, 2016, the Colombian Superintendence of Corporations (the "**Superintendence**") increased the level of supervision and monitoring over the Colombian branches of Meta Petroleum Corp., Pacific Stratus Energy Colombia Corp., Petrominerales Colombia Corp. and Grupo C&C Energia (Barbados) Ltd. (collectively, the "**Colombian Branches**") 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.

27. Comparative Financial Statements

The Interim Condensed Consolidated Financial Statements have been reclassified from the ones previously presented to conform to the presentation of the current consolidated financial statements.