

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC RELEASES CERTAIN PROJECTED FINANCIAL INFORMATION

Toronto, Canada, Friday, June 17, 2016 – Pacific Exploration & Production Corporation (“**Pacific**” or the “**Company**”) announced today that in connection with its previously announced restructuring transaction (the “**Restructuring Transaction**”) the Company disclosed certain information, including certain non-public information (the “**Non-Public Information**”), to certain holders of the Company’s senior unsecured notes (the “**Restricted Noteholders**”). The Restricted Noteholders were prohibited from trading in the securities of the Company or using the Non-Public Information while in possession of the Non-Public Information.

This news release contains the Non-Public Information that is required to be disclosed to satisfy the Company’s obligations to the Restricted Noteholders to now disclose such Non-Public Information.

The Company does not, as a matter of course, publish its (include those prepared for it by its advisors) business plans, budgets or strategies or make external projections or forecasts of its anticipated financial position, capital expenditures, capital requirements, cash flow, production plans and costs, or results of operations or the assumptions forming the basis for such projections or forecasts. The Non-Public Information provided to the Restricted Noteholders is now included in this news release only because such information was made available to the Restricted Noteholders; therefore, the inclusion of any Non-Public Information in this news release should not be regarded as an indication that the Company or any other person considered, or now considers, this information to be necessarily predictive of actual future results, and does not constitute an admission or representation by any person that such information is material, or that the expectations, beliefs, opinions, and assumptions that underlie such information remain the same as of the date of this news release. The Company has not made any determination as to whether the Non-Public Information disclosed may be, or may be deemed to be, in whole or in part, material to a person in making an investment decision or for any other purpose.

The Non-Public Information was, when provided to the Restricted Noteholders, and continues to be, speculative by its nature and was, and is, based upon numerous expectations, beliefs, opinions, and assumptions, as further described below, and it does not necessarily reflect current estimates, expectations, beliefs, opinions, or assumptions and may not reflect current results or expected future performance. The Non-Public Information provided to the Restricted Noteholders, and therefore contained herein, may be incomplete or may no longer be accurate and is subject to interpretation. Accordingly, investors are cautioned not to place undue reliance on such information or forward-looking statements.

The Non-Public Information has not been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and therefore does not have any standardized meaning prescribed by the IASB and is therefore unlikely to be comparable to similar measures presented by other issuers. Neither the Company, the independent auditor of the Company nor any other independent accountant has expressed any opinion or any other form of

assurance on such information or its achievability and none assumes any responsibility for the prospective financial information.

Subject to applicable securities law, the Company does not intend to or anticipate that it will, and disclaims any obligation to, furnish updated business plans, budgets, strategies, projections or forecasts or similar forward-looking information to holders of securities issued by the Company or to include such information in documents required to be filed with the applicable Canadian regulators. These considerations should be taken into account in reviewing the forward-looking information included herein, which was prepared as of an earlier date.

While presented in this news release with numeric specificity, the projections and other forward-looking financial information were not, when made, and are not historical facts, but represent forward-looking statements about the objectives, plans, strategies, goals, financial conditions, results of operations, activities and businesses of the Company at the time prepared and are subject to important risks, uncertainties and assumptions. The forward-looking statements set out in this news release are based upon the Company's reasonable estimates, assumptions and expectations about its business, operations, financial condition, and the markets in which it operates, and upon other third party information and data such as analyst reports, market studies and government projections, in each case available at the time such information was prepared and are subject to significant business, operational, economic, competitive and other uncertainties and contingencies (including those set out under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form dated March 18, 2016 and filed on SEDAR and available at www.sedar.com).

Forward-looking statements are subjective in many respects and reflect numerous assumptions by the Company with respect to future events, economic, competitive and regulatory conditions, financial market conditions and future business decisions, including, but not limited to, the following key assumptions: (i) no material adverse impact on the Company's business on a going forward basis resulting from the Restructuring Transaction or otherwise; (ii) a continuation of business arrangements on substantially the same basis as existed prior to the Restructuring Transaction (other than as those business arrangements that may be impacted by the implementation of the Restructuring Transaction); (iii) the future price of oil and natural gas, fluctuations in inflation and exchange rates, and other economic matters; and (iv) the Company's ongoing operations, including its costs to extract oil and natural gas, production rates, availability of labour and equipment, the possibility of labour strikes or work stoppages, or governmental intervention or regulation relating to production, exploration and development, environmental protection, health and safety and other matters.

The results, estimates, projections, events or other forward-looking information predicted in any forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect the Company's business, or if the Company's estimates or assumptions turn out to be inaccurate. Some assumptions may not materialize, and results, estimates, projections, events and circumstances occurring subsequent to the date on which the information was prepared may be different from those assumed or may be unanticipated, and thus may affect the forward-looking statements in a material manner. In addition, the information in this news release does not contemplate outcomes where the Company is unable to complete the Restructuring Transaction. Accordingly, it is expected that there will be differences between actual and projected amounts and results, and actual amounts and results may be materially different from those in this news release and there can be no assurance that any projection, estimate or forecast will materialize.

All dollar amounts set out below are in U.S. dollars, unless otherwise stated.

The Company regularly generates, or has generated for it, internal cash flow projections, which it updates, or causes to be updated, from time to time as circumstances change. On or about June 15, 2016 one such internal projection was provided to the Restricted Noteholders (the “**Cash Flow Projection**”). The Cash Flow Projection spans 29 weeks, from week ending June 4, 2016 through week ending December 17, 2016. Attached hereto as Appendix A is substantially the form of the Cash Flow Projection.

Shareholder Contact Information

Shareholders are reminded that any questions or concerns can be directed to the Company at ir@pacificcorp.energy.

Noteholder Contact Information

Noteholders with questions concerning the Restructuring Transaction are encouraged to contact Kingsdale Shareholder Services at 1-877-659-1821 toll-free in North America or call collect at 1-416-867-2272 outside of North America or by email at contactus@kingsdaleshareholder.com.

About Pacific:

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

Advisories:

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives and its strategy) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the Company's ability to continue as a going concern; volatility in market prices for oil and natural gas; a continued depressed

oil price environment with a potential of further decline; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; amounts becoming due and payable under the credit facilities and/or the senior notes, notwithstanding the entering into of support arrangements, whether through the actions of holders of senior notes or the trustee under the respective senior note indentures or otherwise; the impact of events of defaults in respect of the credit facilities and/or senior notes on other material contracts of the Company, including but not limited to, cross-defaults resulting in acceleration of amounts payable thereunder or the termination of such agreements notwithstanding the protection obtained by the Company under the CCAA proceedings in Canada and/or sought in proceedings under other applicable jurisdictions (including Colombia and the United States); failure of the Company to complete the Restructuring Transaction (including the DIP Financing), which is subject to a number of conditions and other risks and uncertainties including, without limitation, court, creditor and required regulatory approvals or otherwise; failure to satisfy any terms or conditions of any other agreement with the Company's creditors on a proposed restructuring; any negative impact on the Company's current operations as a result of the Restructuring Transaction or any other proposed restructuring or failure to reach any other agreement with the creditors thereon; perceptions of the Company's prospects and the prospects of the oil and gas industry in Colombia and the other countries where the Company operates and/or has investments as the result of the entering into of the Restructuring Transaction or commencing voluntary insolvency proceedings or otherwise; expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development; the cancellation or extensive dilution of the Company's equity securities as a result of the Restructuring Transaction; the effect of the Restructuring Transaction on the Company's business and operations; political developments in Colombia, Guatemala, Peru, Brazil, Guyana and Mexico; liabilities inherent in oil and gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and/or past integration problems; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates and stock market volatility; delays in obtaining required environmental and other licenses; uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; changes in income tax laws or changes in tax laws, accounting principles and incentive programs relating to the oil and gas industry; and the other factors discussed under the heading entitled "Risk Factors" and elsewhere in the Company's AIF dated March 18, 2016 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Translation

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

FOR FURTHER INFORMATION:

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Appendix A

See attached.