

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC ANNOUNCES SUCCESSFUL CLOSING OF U.S.\$500 MILLION DEBTOR-IN-POSSESSION FINANCING WITH CATALYST AND CERTAIN NOTEHOLDERS

Toronto, Canada, Wednesday, June 22, 2016 – Pacific Exploration & Production Corporation (“**Pacific**” or the “**Company**”) announced today the successful closing of a debtor-in-possession financing in the amount of U.S.\$500 million (the “**DIP Financing**”), less applicable fees and charges, with: (i) certain holders of the Company’s senior unsecured notes (the “**Supporting Noteholders**”); and (ii) The Catalyst Capital Group Inc., on behalf of investment funds managed by it (“**Catalyst**” and together with the Supporting Noteholders, the “**DIP Lenders**”). In addition, the Company entered into a U.S.\$115,532,794 new letter of credit facility (the “**Letter of Credit Facility**”) with certain lenders under the Company’s pre-existing credit facilities (the “**Supporting Bank Lenders**”, and together with the Supporting Noteholders, the “**Supporting Creditors**”).

The closing of the DIP Financing and entering into of the Letter of Credit Facility are in furtherance of the Company’s previously announced comprehensive restructuring transaction (the “**Restructuring Transaction**”) with the Supporting Creditors and Catalyst that will significantly reduce debt, improve liquidity, and best position the Company to navigate the current oil price environment. The Restructuring Transaction has received support from approximately 79% of the aggregate principal amount of the debt held by the Company’s noteholders and lenders under the Company’s credit facilities.

“The closing of the DIP Financing and the entering into of the Letter of Credit Facility are a significant milestone for the Restructuring Transaction. We continue to work constructively with the Supporting Noteholders, Catalyst and other stakeholders to ensure that Pacific emerges from creditor protection as a stronger, more efficient company,” commented Dennis Mills, Chair of the Independent Committee.

“The Catalyst Capital Group is excited to be the Creditors and Pacific’s partner and provide financing to ensure the long-term viability of the company,” said Gabriel de Alba, Managing Director and Partner of Catalyst. “Catalyst’s philosophy is to invest in businesses we can build. A strong Pacific will play a key role in its countries of operation, to the benefit of all its stakeholders. We believe we can contribute greatly to rebuilding that strength.”

As part of the DIP Financing, the Company has issued 6,250,000 warrants (the “**Warrants**”) to the Supporting Noteholders that are exercisable at a nominal exercise price into common shares in the reorganized capital of the Company upon completion of the Restructuring Transaction. Further information on the Restructuring Transaction is disclosed in the Company’s press release of April 20, 2016.

The description of the DIP Financing, the Letter of Credit Facility and the Warrants herein is qualified in its entirety by the text of these documents, copies of which are available on the Company’s SEDAR profile at www.sedar.com and on SIMEV at www.superfinanciera.gov.co/web_valores/Simev.

Shareholder Contact Information

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

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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.

About Catalyst:

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

Advisories:

Cautionary Note Concerning Forward-Looking Statements

This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives and its strategy) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: the Company's ability to continue as a going concern; volatility in market prices for oil and natural gas; a continued depressed oil price environment with a potential of further decline; default under the Company's credit facilities and/or the Company's senior notes due to a breach of covenants therein; amounts becoming due and payable under the credit facilities and/or the senior notes, notwithstanding the entering into of support arrangements, whether through the actions of holders of senior notes or the trustee under the respective senior note indentures or otherwise; the impact of events of defaults in respect of the credit facilities and/or senior notes on other material contracts of the Company, including but not limited to, cross-

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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 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.

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