

# PACIFIC EXPLORATION & PRODUCTION CORP.

## *NEWS RELEASE*

### PACIFIC ANNOUNCES COURT ORDER SANCTIONING ITS RESTRUCTURING TRANSACTION

**Toronto, Canada, Tuesday, August 23, 2016** – Pacific Exploration & Production Corp. (the “**Company**”) is pleased to announce that today the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (the “**Sanction Order**”) sanctioning and approving the Company’s plan of compromise and arrangement (the “**Plan**”) pursuant to the Companies’ Creditors Arrangement Act (Canada) in connection with its previously announced comprehensive restructuring transaction (the “**Creditor/Catalyst Restructuring Transaction**”).

“The granting by the Court of the Sanction Order represents another important step towards the implementation of the Plan and emergence from creditor protection,” said Dennis Mills, Chair of the Independent Committee of the Board of Directors.

“Catalyst, the Company’s creditors and the Independent Committee have worked tirelessly to ensure a foundation for the company that is focused on sustainability and long-term value creation,” said Gabriel De Alba, Managing Director and Partner of Catalyst. “We are very pleased that the restructuring transaction can now move forward with certainty, for the benefit of all of Pacific’s stakeholders and the communities in which the company operates.”

Assuming satisfaction or waiver of the conditions to the implementations of the Plan within the expected time frames, the Company anticipates implementing the Plan and completing the Creditor/Catalyst Restructuring Transaction late in the third quarter or early in the fourth quarter of 2016.

Further details regarding the Plan are available on the Monitor’s website at [www.pwc.com/ca/pacific](http://www.pwc.com/ca/pacific) and SEDAR.

#### *Shareholder Contact Information*

Shareholders are reminded that any questions or concerns can be directed to the Company at [ir@pacificcorp.energy](mailto:ir@pacificcorp.energy).

#### *Noteholder Contact Information*

Noteholders with questions about the Plan 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](mailto: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:**

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 the Plan, conditions to implementation of the Plan, timing of the implementation of the Plan and effect of the Plan on the Company 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 upon completion of the Plan; 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 Creditor/Catalyst Restructuring Transaction, which is subject to a number of conditions and other risks and uncertainties; 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 Creditor/Catalyst Restructuring Transaction or failure to implement the Plan or reach any other agreement with creditors; 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 Creditor/Catalyst Restructuring Transaction or otherwise commencing voluntary insolvency proceedings or otherwise; expectations regarding the Company's ability to raise*

*capital and to continually add to reserves through acquisitions and development; inability to obtain a listing on a stock exchange acceptable to the Company, The Catalyst Capital Group Inc. (the sponsor of the Plan) and certain other creditors supportive of the Plan; the effect of the Creditor/Catalyst Restructuring Transaction on the Company's business and operations; political developments in Colombia, Guatemala, Peru, Brazil, Guyana and Mexico; liabilities inherent in oil and gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and/or past integration problems; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates and stock market volatility; delays in obtaining required environmental and other licences; uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; changes in income tax laws or changes in tax laws, accounting principles and incentive programs relating to the oil and gas industry; and the other factors discussed under the heading entitled "Risk Factors" and elsewhere in the Company's AIF dated March 18, 2016 filed on SEDAR at [www.sedar.com](http://www.sedar.com) and in the circular dated July 8, 2016 prepared in connection with the meeting of creditors to approve the Plan. 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:**

Richard Oyelowo  
Manager, Investor Relations  
+1 (416) 362-7735

**MEDIA CONTACT:**

Tom Becker  
Sitrick & Company  
+1 (212) 573-6100