

PACIFIC EXPLORATION & PRODUCTION CORP.

NEWS RELEASE

PACIFIC EXTENDS FORBEARANCE ARRANGEMENTS WITH BANKS AND SIGNIFICANT GROUP OF NOTEHOLDERS TO APRIL 29, 2016

Toronto, Canada, Thursday, March 24, 2016 – Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) today announced that the terms of previously announced forbearance arrangements entered into with certain of its creditors have been extended to April 29, 2016, subject to certain terms and conditions.

As previously announced, the Company has entered into an agreement with certain holders (the "**2019 Noteholders**") of its 5.375% senior notes due 2019 (the "**2019 Notes**") and certain holders (the "**2025 Noteholders**"), and together with the 2019 Noteholders, the "**Noteholders**") of its 5.625% senior notes due 2025 (the "**2025 Notes**", and together with the 2019 Notes, the "**Notes**") pursuant to which such Noteholders had agreed to forbear from declaring the principal amounts of such Notes (and certain additional amounts) due and payable as a result of certain specified defaults until March 31, 2016. Such Noteholders have now agreed with the Company, subject to certain terms and conditions, to forbear from declaring such amounts due and payable as a result of such defaults (the "**Forbearance**") until April 29, 2016 (such agreement, as so extended, the "**Noteholder Extension Agreement**").

The Forbearance is in respect of the previously announced decision by the Company to not make scheduled interest payments under the Notes due on January 19, 2016 (in the case of the 2025 Notes) and January 26, 2016 (in the case of the 2019 Notes) (collectively, the "**January Interest Payments**"). Under the terms of the Noteholder Extension Agreement, holders of approximately 34% of the aggregate principal amount of outstanding 2019 Notes and 42% of the aggregate principal amount of outstanding 2025 Notes have agreed to forbear in the manner described above. Such Notes are governed by the terms of separate indentures (the "**Indentures**").

As previously announced, the Company has also entered into forbearance agreements in respect of the following agreements: (i) U.S.\$1 billion revolving credit and guaranty agreement with a syndicate of lenders and Bank of America, N.A. as administrative agent; (ii) U.S.\$250 million credit and guaranty agreement with HSBC Bank USA, N.A., as agent; (iii) U.S.\$109 million credit and guaranty agreement with Bank of America, N.A., as lender; and (iv) U.S.\$75 million master credit agreement with Banco Latino Americano de Comercio Exterior, S.A., as lender (collectively, the "**Credit Facilities**"). Under the terms of such agreements, the requisite lenders pursuant to the Credit Facilities agreed to forbear from declaring the principal amounts of such Credit Facilities due and payable as a result of certain specified defaults until March 31, 2016. Such lenders have now agreed with the Company, subject to certain terms and conditions, to forbear from declaring such amounts due and payable as a result of such defaults until April 29, 2016 (the agreements with such lenders, as so extended, the "**Lender Forbearance Agreements**" and, together with the Noteholder Extension Agreement, the "**Extension Agreements**" and the periods of forbearance provided for under the Extension Agreements, the "**Extension Period**"). Under the terms of the Extension Agreements, the Company has agreed that interest will not be paid pursuant to the Indentures or Credit Facilities during the Extension Period.

The Company intends to use the Extension Period to continue to work with its creditors to formulate a comprehensive plan to address the current oil price environment and ensure the long-term viability of its business. The Company remains, and intends to remain, current with its suppliers, trade partners and contractors. Normal operations continue in Colombia and the other jurisdictions within which the Company operates.

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

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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.

The Company's common shares trade on the Toronto Stock Exchange and La Bolsa de Valores de Colombia under the ticker symbols PRE, and PREC, respectively.

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; early termination of one or more of the forbearance arrangements entered into with certain of the Company's creditors; amounts becoming due and payable under the credit facilities and/or the senior notes, notwithstanding the entering into of such forbearance 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; failure of the Company to reach an agreement with its creditors to restructure the Company's capital structure; failure to satisfy any terms or conditions of any agreement with the Company's creditors on a proposed restructuring; any negative impact on the Company's current operations as a result of any proposed restructuring or failure to reach an agreement with the creditors thereon; failure to satisfy the terms and conditions of any one of the Company's waiver agreements with applicable creditors or counterparties or any other waiver, failure to obtain further extensions of any such waivers, or failure to obtain waivers of other covenants, if and when required; the terms of any waivers, including the impact on the Company of any restrictions imposed upon it in connection with any waiver; failure to obtain additional financial resources to avoid the need to seek relief under the bankruptcy and insolvency laws in one or more of Canada, the United States, Colombia and/or other jurisdictions (or avoid an involuntary petition for bankruptcy relief or similar creditor action filed against the Company); investors' 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; expectations regarding the Company's ability to raise capital and to continually add to reserves through acquisitions and development; inability to continue meeting the listing requirements of the exchanges on which the Company's securities are listed; the value of the Company's equity securities being reduced to zero as a result of an insolvency filing and that such proceeding may ultimately result in the cancellation of the Company's equity securities; the effect of ratings downgrades on the Company's business and operations; political developments in Colombia, Guatemala, Peru, Brazil, Guyana and

Mexico; liabilities inherent in oil and gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and/or past integration problems; geological, technical, drilling and processing problems; fluctuations in foreign exchange or interest rates and stock market volatility; delays in obtaining required environmental and other licences; uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; changes in income tax laws or changes in tax laws, accounting principles and incentive programs relating to the oil and gas industry; and the other factors discussed under the heading entitled “Risk Factors” and elsewhere in the Company’s AIF dated March 18, 2016 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Translation

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

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