

TORONTO, Jan. 21, 2016 /CNW/ - Pacific Exploration & Production Corp. (TSX: PRE) (BVC: PREC) announced on December 28, 2015, that it obtained certain waivers (the "Waivers") in respect of the: (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.

The Waivers obtained by the Company provide relief in respect of the covenant that requires its consolidated net worth to be above U.S.\$1 billion and in respect of the Company's consolidated leverage ratio of 4:50:1:00, which reflects the permitted gross debt-to-trailing twelve month adjusted EBITDA. The Waivers are set to expire on February 26, 2016 (the "Waiver Period") and are subject to the satisfaction of certain terms and conditions, including a condition that the Company and the requisite threshold of the Company's lenders reaching an agreement on or before January 21, 2016 ("Liquidity Deadline") with respect to a covenant providing for the minimum amount of unrestricted cash to be retained by the Company throughout the Waiver Period. The previous extension of the Liquidity Deadline was granted on January 14, 2016 through to January 21, 2016.

The Company announced today that the Company and its lenders have agreed to extend the Liquidity Deadline to February 4, 2016, or such later date as the Company and its lenders shall agree.

The Company also announced today the formation of an Independent Committee of the Board of Directors to assist the full Board of Directors in analysing strategic alternatives to its capital structure in this low oil price environment. The Company and its Board of Directors are committed to working with all of the Company's stakeholders, including its contracting parties in Colombia and abroad, to ensure the long-term viability of the Company and the preservation of value.

The Company is being advised by Lazard Frères & Co. LLC.

About Pacific:

Pacific 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 85 exploration and production blocks in seven countries including Colombia, Peru, Guatemala, Brazil, Guyana, Mexico 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.

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) 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: failure to reach an agreement with lenders (including holders of each series of the Company's notes) to restructure the Company's capital structure; failure to satisfy any terms or conditions of any agreement with the lenders 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 lenders thereon; failure to satisfy the terms and conditions of any one of the Waivers or any other waiver, failure to obtain further extensions of any of the Waivers, failure to obtain waivers of other covenants, or failure to come to agreement on the minimum liquidity requirements, 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 of Waivers or any other waiver; uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Guatemala, Peru, Brazil, Papua New Guinea, Guyana and Mexico; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 17, 2015 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.

SOURCE Pacific Exploration and Production Corporation

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