

# Transforming Pacific E&P

## Investor Presentation

November 2016

# ADVISORIES

## Cautionary Note Concerning Forward-Looking Statements

This presentation 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 financial condition and outlook of the Company following the Creditor/Catalyst Restructuring Transaction, the pro forma financial position of the Company as of September 30, 2016, the position of the Company following implementation of the Creditor/Catalyst Restructuring Transaction, the Company's ongoing strategic focus and planning and the Company's planned expense reduction and the achievement of strategic priorities, 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 impact of contingent liabilities and various commitments; volatility in market prices for oil and natural gas; a continued depressed oil price environment with a potential of further decline; 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 completion of the Creditor/Catalyst Restructuring Transaction or otherwise; the effect of the Creditor/Catalyst Restructuring Transaction on the Company's business and operations; political developments in Colombia, Guatemala, Peru and Guyana; 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 Amended and Restated Annual Information Form dated October 17, 2016. 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. In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this presentation due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

# PACIFIC E&P OVERVIEW

 Leading producer of crude oil and natural gas, with operations focused on Colombia and Peru

 New leadership, skilled employees, a unique collection of assets, a strong balance sheet

 New strategy to narrow the Company's geographic focus, reduce organizational scale, complexity and cost

 Interest in 53 E&P blocks in Colombia, Peru, and Belize

 Net Daily production of approximately 75,000 boe/d post Rubiales-Piriri contract expiry

 50,002,537 common shares listed on the Toronto Stock Exchange (TSX:PEN)



# COMPANY STRATEGY

*With improved capital and cost discipline Pacific aims to be the leading low-cost producer in the region!*

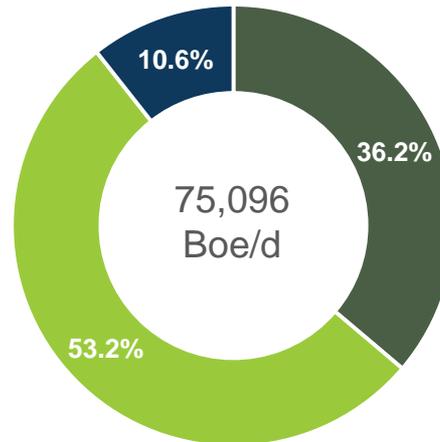
## Pacific emerged from its recapitalization with:

- Approximately U.S.\$500 million of cash
- A strong balance sheet
- Significantly reduced payables
- Positive cash flow
- New Board of Directors
- Renewed corporate culture
- Renewed strategic focus

## The New Pacific intends to:

- Narrow its geographic focus to Colombia and Peru
- Reduced organizational scale, complexity and cost
- Seek sustainable production and growth
- Be disciplined and margin-focused
- Review upstream and midstream assets within the Company's portfolio with an emphasis on value-maximizing initiatives

## Production Mix\*



■ Heavy Oil    ■ L&M Oil    ■ Natural gas

\* Third Quarter 2016 Average Daily Net Production

# COMPANY LEADERSHIP

Pacific's new Board is comprised of seven best-in-class directors with the needed industry and financial experience to guide Pacific towards reaching its full potential.

## ***Chairman of the Board***

 Gabriel de Alba

## ***Other Independent Directors***

-  Luis F. Alarcon
-  W. Ellis Armstrong
-  Raymond Bromark
-  Russell Ford
-  Barry Larson
-  Camilo Marulanda



Jim Latimer, previously the Chief Restructuring Officer at Pacific, serves as interim President and CEO while the Board, assisted by executive search firm Spencer Stuart, completes the process to select a permanent replacement.

Camilo McAllister, a seasoned Colombian oil and gas executive, will serve as Pacific's CFO.

# PRO-FORMA HIGHLIGHTS

Creditor and Catalyst Led Restructuring provided U.S.\$480 million of additional liquidity through the DIP Financing and a committed letter of credit facility of approximately U.S.\$116 million.

Annual interest cost was reduced by approximately U.S.\$232 million and no material debt matures until 2021, significantly improving the Company's capital structure.

(in thousands of U.S.\$)	As reported September 30, 2016	Restructuring Effect	Adjusted as of September 30, 2016
Current liabilities	\$797,169	(\$183,227)	\$613,942
Loans and borrowings	\$5,814,681	(\$5,564,681)	\$250,000
Common shares	\$2,615,788	\$881,435	\$3,497,223
Retained deficit	(\$7,163,424)	\$4,866,473	(\$2,296,951)
Deficit attributable to equity holders of the parent	(\$4,653,119)	\$5,747,908	\$1,094,789
Number of Common Shares Outstanding	315,021,158	(265,018,661)	50,002,537

# RISK MANAGEMENT & IMPROVEMENTS

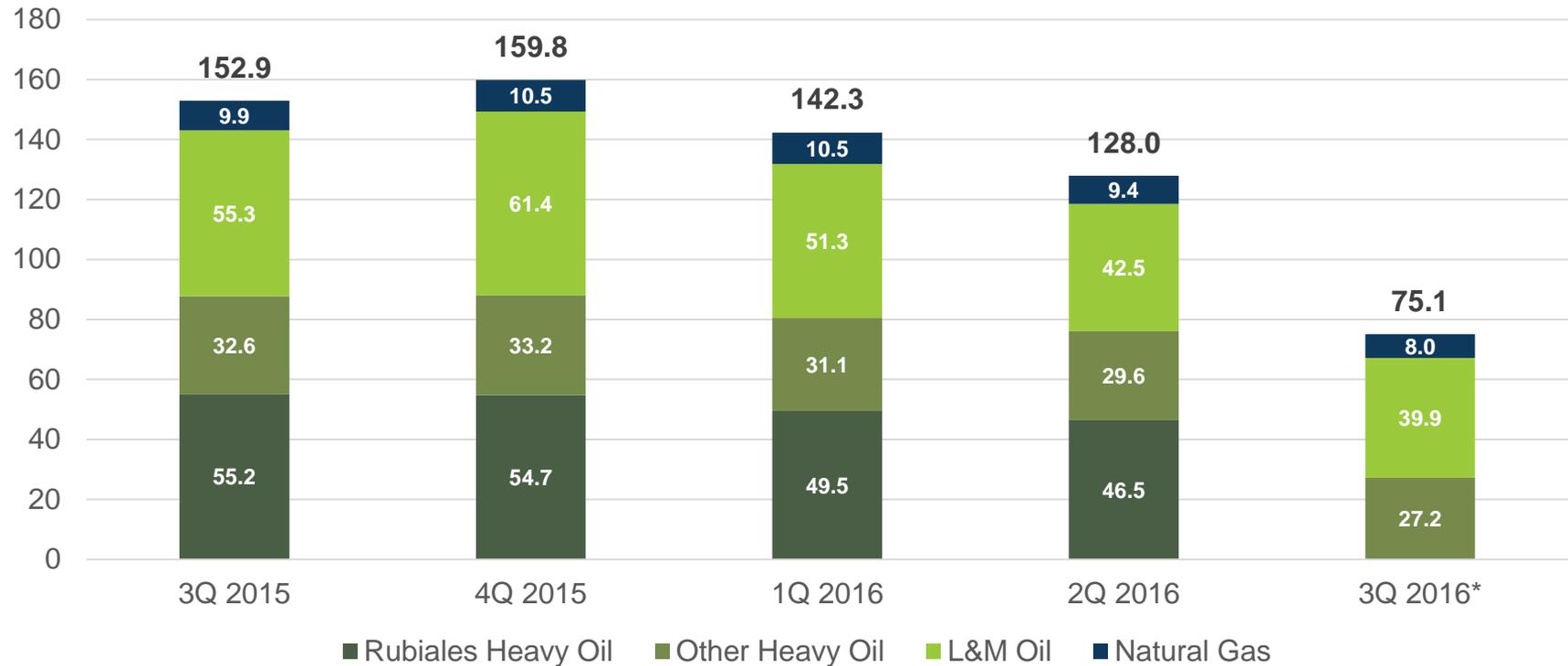
-  Entered into several oil price risk management contracts to hedge against oil price volatility through April 2017.
-  Continue to control G&A and all non-essential spending activities in light of the decrease in oil prices and are taking additional steps to achieve further reductions.
-  Reductions in field costs achieved through a number of initiatives, including streamlining the workforce.



# 3Q 2016 HIGHLIGHTS

# NET PRODUCTION PROFILE

MMboe/d



*\*Rubiales and Piriri fields were returned to Ecopetrol on June 30, 2016, upon the expiration of the joint operating agreements*

# COST & NETBACKS SUMMARY

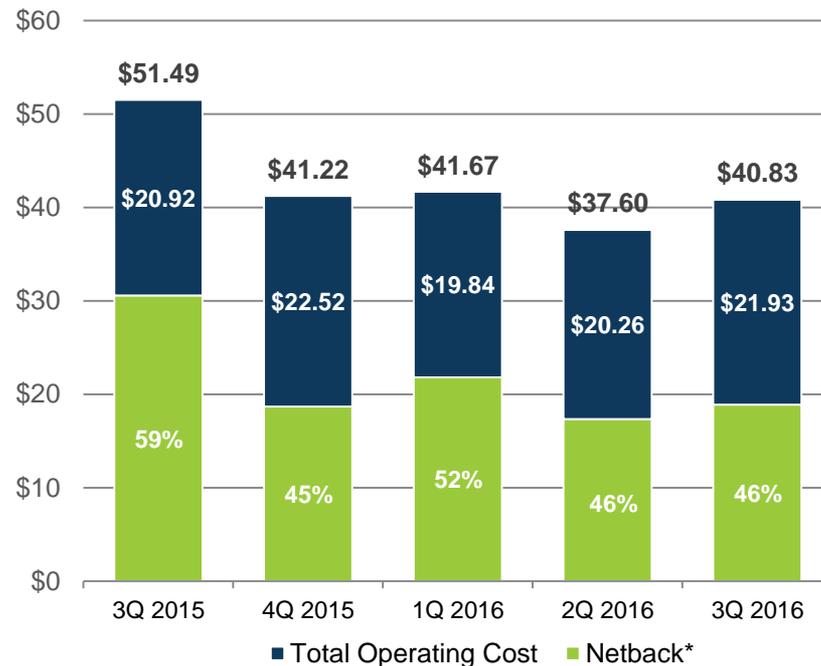
## Total Operating Cost

\$/boe



## Combined Operating Netbacks

\$/boe



*\*Rubiales and Piriri fields were returned to Ecopetrol on June 30, 2016, upon the expiration of the joint operating agreements*

# FINANCIAL & ADDITIONAL HIGHLIGHTS

Revenue for the third quarter totaled U.S.\$309 million, U.S.\$67 million lower as compared with the second quarter of 2016, reflecting lower volumes of sales during the quarter. Revenue decreased by U.S.\$361 million from U.S.\$670 million for the third quarter of 2015, mainly due to lower realized prices and the expiration of the Rubiales-Piriri contract.

Adjusted EBITDA in the third quarter of 2016 was U.S.\$42 million, compared to U.S.\$100 million in the second quarter of 2016 and U.S.\$272 million in the third quarter of 2015, with the decrease primarily due to lower volumes sold, and lower realized prices.

Recorded an impairment charge of U.S.\$424 million in the third quarter of 2016 mainly on oil and gas properties and other assets.

On September 27, 2016, the Company reached an agreement to sell its 35% working interest in five Karoon Blocks for U.S.\$15.5 million in cash.

On October 14, 2016, the Company and its Brazilian subsidiary entered into a farm-out agreement with QGEP, leading to reduced commitments of approximately \$25 million.

On November 3, 2016, Standard & Poor's Ratings Services upgraded Pacific to 'B+' from 'D'. On the same date, Fitch Ratings upgraded Pacific's Foreign and Local Currency Long-Term Issuer Default Rating to 'B' from 'D' ('B+' for the Exit Notes).

# PACIFIC E&P SUMMARY

*“We are bringing best reporting practices to the Company and the new Board will continue to update our stakeholders as we rebuild Pacific to become a truly competitive low-cost producer.”*

-  Low-cost Producer of Crude Oil & Natural Gas
-  Geographically Focused on Colombia and Peru
-  Strong Balance Sheet
-  Positive Cash Flow
-  Disciplined & Margin-focused Production Growth
-  Experienced Board & Management Team

INSPIRING  
ENERGY



## INVESTOR RELATIONS CONTACT:

Richard Oyelowo - Manager  
+1 (416) 362-7735  
[royelowo@pacificcorp.energy](mailto:royelowo@pacificcorp.energy)

---

[ir@pacificcorp.energy](mailto:ir@pacificcorp.energy)